



ARANJIN RESOURCES

Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(Expressed in Canadian dollars)



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April 29, 2024
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aranjin Resources Ltd.

Opinion

We have audited the consolidated financial statements of Aranjin Resources Ltd. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates that, since inception, the Company has incurred ongoing losses during the year ended December 31, 2023 and had a cumulative deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matter described in the Emphasis of Matter - Material Uncertainty Related to Going Concern section, we have determined that matters described below to be key audit matters to be communicated in our auditor's report.

Existence and Recoverability of Exploration and Evaluation Assets

(continues)

Independent Auditor's Report to the Shareholders of Aranjin Resources Ltd. *(continued)*

We refer to financial statement summary of material accounting policy information on exploration and evaluation assets and related disclosure in Note 4.

At December 31, 2023, the value of exploration and evaluation assets amounted to \$932,105.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Exploration and evaluation assets are assessed for impairment if sufficient evidence exists to determine technical feasibility and commercial viability, and facts and circumstances suggest the carrying amount exceeds the recoverable amount. Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property development assets within property and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependable on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

We considered this a key audit matter due to the significance of the deferred exploration and evaluation assets balance and the judgments made by management in its assessment of indicators of impairment related to mining claims and deferred exploration costs, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

To address the risk for material misstatement on exploration and evaluation assets, our audit procedures included, amongst other procedures:

- Assessing the compliance of Company's accounting policies over exploration and evaluation assets with applicable accounting standards in IFRS 6.
- Obtaining, for all mining claims, by reference to government registries, evidence to support the right to explore the area and claim expiration dates through examination of applicable licenses.
- Assessing the asset valuation processes and practices.
- Enquiring with management and reviewing budgets and other documentation as evidence that further exploration and evaluation activities in the area of interest will be continued in the future.
- Assessing whether any data exists to suggest that the carrying value of the exploration and evaluation assets is unlikely to be recovered through development or sale.

We assessed the adequacy of the Company's disclosures related to exploration and evaluation assets.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

(continues)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report to the Shareholders of Aranjin Resources Ltd. *(continued)*

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Justin Rousseau.

Kingston Ross Pasnak LLP
Kingston Ross Pasnak LLP
Chartered Professional Accountants

Aranjin Resources Ltd.

Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

As at		December 31, 2023	December 31, 2022
	Notes	\$	\$
Assets			
Current assets			
Cash		250,110	117,209
Prepays and other receivables	3	8,245	65,679
Total current assets		258,355	182,888
Non-current assets			
Deferred exploration and evaluation assets	4	932,105	647,424
Total non-current assets		932,105	647,424
Total assets		1,190,460	830,312
Liabilities			
Current liabilities			
Trade and other payables	5	1,133,988	1,640,819
Convertible debentures	7	-	2,524,222
Promissory note	6	-	101,749
Total current liabilities		1,133,988	4,266,790
Total liabilities		1,133,988	4,266,790
Equity			
Share capital	8	24,493,969	21,616,647
Reserves		3,498,128	4,439,627
Warrants	9	328,965	-
Accumulated other comprehensive loss		1,065,832	(1,081,680)
Deficit		(29,330,422)	(28,411,072)
Total equity		56,472	(3,436,478)
Total liabilities and equity		1,190,460	830,312

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

Approved and authorized by the Board of Directors on April 29, 2024:

Director
Matthew Wood

Director
David Wheeler

Aranjin Resources Ltd.

Consolidated Statements of Profit and Loss and Comprehensive Income and Loss (Expressed in Canadian Dollars, Except as otherwise noted)

	Notes	Years ended	
		December 31, 2023	December 31, 2022
		\$	\$
Administrative expenses		(12,790)	(17,373)
Public company costs		(38,795)	(49,843)
Accounting, audit and tax fees		(99,765)	(106,157)
Legal fees		(111,747)	(67,477)
Consultant and director fees	11	(241,925)	(293,519)
Financing cost	7	(339,078)	(999,194)
Stock based compensation	8	-	(40,385)
Foreign exchange loss		(8,397)	(85,985)
Advertising and marketing		(126,906)	(145,633)
Gain on debt modification	7	-	117,255
Impairment of assets	4	-	(3,445,749)
Other income		63,953	14,306
Other expenses		(3,900)	(10,559)
Net (loss) for the year		(919,350)	(5,130,313)
Other comprehensive income/(loss)			
Gain on debt settlement	7,8	2,145,627	-
Exchange differences on translation of foreign operations		1,885	(285,423)
Net profit/ (loss) and comprehensive income/(loss) for the year		1,228,162	(5,415,736)
Loss per share			
Basic		(0.003)	(0.019)
Diluted		(0.003)	(0.019)
Weighted average number of common shares outstanding – basic	10	316,218,548	270,430,361
Weighted average number of common shares outstanding – diluted	10	340,531,260	274,632,952

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

Aranjin Resources Ltd.

Consolidated Statements of Cash Flows (Expressed in Canadian Dollars)

For the years ended		December 31, 2023	December 31, 2022
	Notes	\$	\$
Operating activities			
Net (loss) for the year		(919,350)	(5,130,313)
Items not involving cash:			
Financing cost	7, 8	339,078	999,194
Stock based compensation	8,11	-	40,385
Foreign exchange movement		14,324	40,117
Impairment of assets	4	-	3,445,749
Gain on debt modification	7	-	(117,255)
Gain on write down of payables		(63,870)	-
Changes in non-cash working capital items			
Prepays and other receivables		57,433	(15,496)
Trade and other payables		95,827	415,192
Net cash outflow from operating activities		(476,558)	(322,427)
Investing activities			
Deferred exploration and evaluation expenditure	4	(297,120)	(369,106)
Net cash outflow from investing activities		(297,120)	(369,106)
Financing activities			
Promissory note	11	(100,000)	100,000
Proceeds from private placement	8	1,075,653	-
Cost of issuance - private placement	8	(69,074)	-
Net cash inflow from financing activities		906,579	100,000
Net increase/(decrease) in cash		132,901	(591,533)
Cash at the beginning of the year		117,209	708,742
Cash at the end of the year		250,110	117,209
Supplemental cash flow information			
Payment of interest on convertible debentures	8	-	98,295

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

Aranjin Resources Ltd.

Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars, Except as otherwise noted)

	Number of common shares	Share capital \$	Reserves \$	Warrants \$	Accumulated other comprehensive loss \$	Deficit \$	Total equity \$
Balance as at January 1, 2023	271,922,834	21,616,647	4,439,627	-	(1,081,680)	(28,411,072)	(3,436,478)
Private placement	53,782,668	724,114	-	351,539	-	-	1,075,653
Cost of issuance - private placement	-	(46,500)	-	(22,574)	-	-	(69,074)
R&R Debenture conversion	15,047,887	376,999	(151,280)	-	-	-	225,719
R&R Debenture interest settlement	1,058,712	15,881	-	-	-	-	15,881
Steppe Debenture conversion	32,989,090	1,614,946	(790,219)	-	-	-	824,727
Steppe Debenture interest settlement	9,883,163	148,246	-	-	-	-	148,246
Debt settlement - directors fees	2,909,090	43,636	-	-	-	-	43,636
Net loss for the year	-	-	-	-	-	(919,350)	(919,350)
Other comprehensive income	-	-	-	-	2,147,512	-	2,147,512
Balance as at December 31, 2023	387,593,444	24,493,969	3,498,128	328,965	1,065,832	(29,330,422)	56,472
Balance as at January 1, 2022	269,230,529	21,576,262	4,439,627	-	(796,257)	(23,280,759)	1,938,873
Shares issued to the directors	2,692,305	40,385	-	-	-	-	40,385
Net loss for the year	-	-	-	-	-	(5,130,313)	(5,130,313)
Other comprehensive loss	-	-	-	-	(285,423)	-	(285,423)
Balance as at December 31, 2022	271,922,834	21,616,647	4,439,627	-	(1,081,680)	(28,411,072)	(3,436,478)

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

Aranjin Resources Ltd.

Notes to Consolidated Financial Statements

For the Years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, Except as 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 consolidated financial statements as at and for the year ended December 31, 2023, comprises the Company and its subsidiaries (together referred to as the "Company" or 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.

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 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 consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 29, 2024.

Basis of Preparation

These consolidated financial statements are presented in Canadian dollars. The consolidated financial statements are prepared on the historical cost basis, except for financial instruments that are measured at fair value.

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 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 these 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 consolidated financial statements.

Aranjin Resources Ltd.

Notes to Consolidated Financial Statements

For the Years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, Except as otherwise noted)

2. Material Accounting Policy information

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries ("the Group") which it is deemed to control as follows:

Name of Entity	Country of Incorporation	Equity Holding
FSD Holdings Limited	BVI	100%
FSD Brazil Limited	BVI	100%
1030301 BC Ltd	Canada	100%
Diamond Blockchain Limited	Canada	100%
Aranjin Resources LLC	Mongolia	100%
BK Mining LLC	Mongolia	100%
Bayan Undur Resources LLC	Mongolia	100%
Silkroad Mining Trade LLC	Mongolia	100%

All intercompany transactions have been eliminated on consolidation.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company will reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including,

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of loss and comprehensive loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Changes in the Company's ownership interest in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Aranjin Resources Ltd.

Notes to Consolidated Financial Statements

For the Years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, Except as otherwise noted)

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable IFRS Accounting Standards).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Functional Currencies

These consolidated financial statements have been prepared in Canadian dollars ("CAD"), which is the Group's presentation currency. The functional currency of Aranjin Resources Ltd., Diamond Blockchain and 1020201 BC Ltd, as determined by management of the Company, is Canadian dollars. The functional currency of FSD Holdings Ltd and FSD Brazil Ltd is the United States dollar, functional currency of Aranjin Resources LLC, BK Mining LLC, Bayan-Undur Resources LLC and Silkroad Mining Trade LLC is Mongolian Tughrik. For the purpose of the consolidated financial statements, the results and financial position are presented in Canadian dollars.

The individual financial records of each entity are kept in the currency of the primary economic environment in which the entity operates (its functional currency). Transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates on the date of the initial transaction. Exchange differences are recognized in profit and loss in the period in which they arise.

Foreign Currency Translation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign entities are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized as a separate component of equity and as a foreign currency translation adjustment in other comprehensive income in the consolidated statements of profit and loss and comprehensive income and loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement bases of the Company's financial instruments.

Classification	IFRS 9
Cash	FVTPL
Other receivables	Amortized cost
Trade and other payables	Amortized cost
Convertible debentures	Amortized cost
Promissory note	Amortized cost

Aranjin Resources Ltd.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars, Except as otherwise noted)

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss.

ii. Investments recorded at fair value through other comprehensive income (FVTOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

iii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

ii. Financial liabilities recorded fair value through profit or loss ("FVTPL")

Financial liabilities are classified as FVTPL when the financial liability is:

- (i) contingent consideration of an acquirer in a business combination,
- (ii) held for trading or
- (iii) it is designated as at FVTPL.

Transaction costs

Transaction costs associated with financial instruments, carried FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value at the end of each reporting period with unrealized gains or losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains or losses recognized in other comprehensive income.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Aranjin Resources Ltd.

Notes to Consolidated Financial Statements

For the Years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars, Except as otherwise noted)

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

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Evaluation and Exploration Costs

Exploration and evaluation expenditures in relation to each separate area of interest are recognized as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditure are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves. Active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortized of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

The Company assesses evaluation and exploration costs when there are indicators that impairment exists. Indicators of impairment include, but are not limited to:

- Rights to explore in an area have expired or will expire in the near future without renewal
- No further exploration or evaluation is planned or budgeted
- A decision to discontinue exploration and evaluation in an area because of the absence of commercial reserves and
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production

Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use.

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In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Stock Based Compensation

The Company has a stock option plan, refer to note 9. Employees (including officers), directors and consultants of the Company receive remuneration in the form of stock options granted under the plan for rendering services to the Company. Stock options granted during the period are accounted for in accordance with the fair value method of accounting for stock based compensation. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model.

The Company is also required to estimate the expected future forfeiture rate of options in its calculation of stock-based compensation expense. The cost of options is recognized, together with a corresponding increase in stock-based payment reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant options become fully entitled to the award (the "vesting date").

The cumulative expense recognized for option grants at each reporting date until the vesting date reflects the portion of the vesting period that passed and is the Company's best estimate of the number of options that will ultimately vest on the vesting date. The Company records compensation expense and credits contributed surplus for all stock options granted which represents the movement in cumulative expense recognized as at the beginning and end of that period. Any consideration received on the exercise of stock options is credited to share capital.

Where the terms of a stock option award are modified, the minimum expense recognized in compensation expense is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the option or is otherwise beneficial to the options as measured at the date of modification.

Where an option is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately. If a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Income Taxes

Income tax expense consists of the tax currently payable and deferred tax.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Loss per Share

Basic loss per share amounts are calculated by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants, options and restricted share units outstanding that may add to the total number of common shares.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers – being the Board of Directors. For management purposes, the Company is organized into one main operating segment, which involves exploration for copper. All of the Company's activities are interrelated, and discrete financial information is reported to the Board as a single segment.

Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

Convertible Debenture

Convertible debentures are a compound financial instrument if there is a contractual obligation to pay interest and could be required to repay the principal amount where the investor chooses not to convert the debentures and the instrument has a similar characteristic to equity. Compound financial instruments issued by the Company are comprised of convertible debt that can be converted to share capital at the option of the holder.

The convertible debenture is considered as a compound financial instrument with a debt component and an equity component. Upon initial recognition, the debt component was accounted for at amortized cost, and the carrying amount of the equity component was measured at residual value. Subsequent to initial recognition, the debt component is measured at amortized cost using the effective interest rate through periodic charges to finance expense over the term of the note. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value liability component.

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Any directly attributable transaction costs are allocated to the liability and the equity components in proportion to their initial carrying amounts. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest, dividends, losses and gains relating to the financial liability are recognized in the consolidated statement of profit and loss and comprehensive loss.

Promissory Note Payable

Promissory note payable is an unconditional written promise to pay a specific sum of money on demand at the future date. It is supported by a formal written promissory note. A promissory note payable requires payment of principal and interest and is initially recognized at the fair value on the date that the note is legally executed. Subsequent valuation is measured at amortized cost.

Critical Accounting Estimates and Judgements

Estimates by management represent an integral component of the consolidated financial statements prepared in conformity with IFRS. The estimates made in these consolidated financial statements reflect management's judgment based on past experiences, present conditions and expectation of future events.

Where estimates were made, the reported amounts for assets, liabilities, revenue and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time these consolidated financial statements were prepared.

Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include recoverability of property rights and evaluation and exploration costs, provision for environmental remediation and mineral property reclamation liabilities, valuation of equity instruments, contingencies, going concern and determination of cash generating units.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual result differ from assumptions made also include management's assumptions in determining the functional currencies of the Company and the Company's subsidiaries, the recognition of deferred tax assets, going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due and valuation, ownership and recoverability of the Company's interest in mineral properties which is contingent on the Company's ability to obtain funding for development of the properties. Management also determined that the Company is still in the exploration and evaluation stage of its operations.

The Company's management reviews the carrying values of its mining interests on a regular basis to determine whether any impairment of assets are necessary. The recovery of amounts recorded for mining interests and deferred exploration and evaluation assets depends on the Company's interpretation of its interest in the underlying mineral claims based on existing regulations, the ability of the Company to obtain the necessary financing to complete the exploration, and future development and profitable production or proceeds from the disposition thereof.

The Company measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. For options, the fair value is determined by using the Black Scholes option pricing model taking into account the terms, conditions and probability upon which the instruments were granted. For shares the fair value is determined by reference to the closing price of the shares on the TSX-V at the time of issue.

Adoption of new and revised Standards

The accounting policies applied by the Group in these 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:

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Standards

IFRS 17 Insurance Contracts

The standard 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. The Group has adopted IFRS 17 and the related amendments for the first time in the current year. The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Amendments

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies.

- The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’.

Amendments to IAS12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

- The Group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Group did not have any deferred tax asset or liability as at December 31, 2023.

Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules

- The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

- The Group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective, these standards would not have material impact for Company’s future reports:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Non-current liabilities with Covenants

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- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

3. Prepaids and other receivables

	December 31, 2023	December 31, 2022
	\$	\$
Prepaid expenses	3,550	56,443
Sales tax receivable	-	4,541
Advance for new license	4,695	4,695
	8,245	65,679

4. Deferred Exploration and Evaluation Expenditure

	December 31, 2023	December 31, 2022
	\$	\$
Balance at beginning of the year	647,425	4,049,606
Expenditures incurred – Bayan Undur Project	31,629	25,011
Expenditures incurred – Sharga Project	-	7,210
Expenditures incurred – Victory Nickel Project	199,781	344,095
Expenditures incurred – Australian Projects	65,710	-
Loss on Sharga project write off	-	(3,445,749)
Foreign currency adjustment	(12,440)	(332,749)
Balance at end of the year	932,105	647,424

Sharga Project

On August 30, 2021, the Company completed the acquisition of the Sharga Project based in Mongolia, 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 December 31, 2023.

Victory Nickel Project

The Company formalized its 80% ownership interest in the Victory Nickel Project, based in Mongolia, further to the announcement on February 1, 2022, whereby the Company which sets out the terms for an exploration arrangement (the "Arrangement") with Lithium ION Energy Ltd ("Lithium ION"). The Arrangement consisted of the Company and Lithium ION granting one another reciprocal exploration rights on their respective exploration licenses within Mongolia. Lithium ION and Aranjin granted each other a reciprocal right to explore one another's properties, with Aranjin earning an 80% interest and Lithium ION earning a 20% interest in all base metal projects discovered on ION's properties, and Lithium ION earning an 80% interest and Aranjin earning a 20% interest in all lithium projects discovered on Aranjin's properties, subject to existing royalties.

Following exploration work by both parties in 2022 and 2023, the parties agreed to formally separate their ownership of the Victory Nickel project previously wholly owned by Lithium ION to largely mirror the business arrangement set out in the Arrangement. The split of the Baavhai Uul license was approved by the Mineral Resource and Petroleum Authority of Mongolia on November 26, 2023. Under the arrangement, Aranjin owns 80% of the Victory Nickel project and relinquish rights to the remainder of the license comprising the Baavhai Uul project. Lithium ION will retain a 20% free carried interest in the Victory Nickel Project until commercial production as well as retain all lithium rights to the Victory Nickel Project.

Australian Projects

The Company has entered into three separate Tenements Interests Purchase Agreements (the "Tenement Agreements"), dated October 5, 2023, 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").

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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 C\$0.02 per common share (the "Consideration Shares"), 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. Refer to Subsequent Event note 15 for further information.

5. Trade and Other Payables

	December 31, 2023	December 31, 2022
	\$	\$
Trade and other payables	1,037,028	1,211,532
Accrued expenses	96,960	50,500
Convertible debenture interest payable	-	378,787
	<u>1,133,988</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 was 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 forgiven 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 forgiven	(5,583)
Promissory note paid	(100,000)
Balance, December 31, 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").

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%.

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.

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The Company recognized \$644,264 of gain on share-based debt settlement using the stock price of the issuance date of \$0.015 per share. The equity component of convertible debentures of \$151,281 has been reclassified from equity reserves to share capital at December 31, 2023.

R&R Debentures continuity table	Proceeds	Debt component	Equity component conversion option	Equity component warrants
	\$	\$	\$	\$
Balance, December 31, 2021	653,000	750,963	151,280	11,613
Accretion expense	-	143,920	-	-
Interest payments	-	(98,295)	-	-
Balance, December 31, 2022	653,000	796,588	151,280	11,613
Accretion expense	-	89,275	-	-
Interest payable settled in shares	-	(58,229)	-	-
Converted into shares	-	(827,634)	(151,280)	(11,613)
Balance, December 31, 2023	-	-	-	-

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 year ended December 31, 2023, accretion expenses totaling \$251,552 (December 31, 2022 - \$853,525) were recognized in the statement of loss and comprehensive loss.

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 \$1,385,000 of gain on share-based debt settlement using the stock price of the issuance date of \$0.015 per share. Equity component of convertible debentures of \$790,219 has been reclassified from equity reserves to share capital at December 31, 2023.

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 payable settled in shares	-	(164,786)	-
Converted into shares	-	(1,814,400)	(790,219)
Balance, December 31, 2023	-	-	-

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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	724,114
Cost of issuance - private placement (ii)	-	(46,500)
R&R Debenture conversion	15,047,887	376,999
R&R Debenture interest settlement	1,058,712	15,881
Steppe Debenture conversion	32,989,090	1,614,946
Steppe Debenture interest settlement	9,883,163	148,246
Directors' debt settlement	2,909,090	43,636
Balance, December 31, 2023	387,593,444	24,493,969

- (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 \$644,264 of gain on share-based debt settlement using the stock price of the issuance date of \$0.015 per share. The equity component of convertible debentures of \$151,281 has been reclassified from equity reserves to share capital at December 31, 2023.
- (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 \$1,385,000 of gain on share-based debt settlement using the stock price of the issuance date of \$0.025 per share for the principal amount and \$0.015 per share for the interest payables. Gain on debt settlement is reported under Other comprehensive income in the Consolidated Statement of Profit and Loss and Other Comprehensive Income. Equity component of convertible debentures of \$790,218 has been reclassified from equity reserves to share capital at December 31, 2023.
- (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 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.

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9. Equity Reserves

Stock Options

The following table reflects the continuity of stock options for the years ended December 31, 2023 and 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 – December 31, 2023	-	-

Warrants

The following table reflects the continuity of warrants for the years ended December 31, 2023 and 2022:

Warrants	Number of Warrants	Weighted Average Exercise Price \$
Balance, January 1, 2023	-	-
Private placement warrants	53,782,668	0.05
Balance, December 31, 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 \$351,539 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 138.6% and an expected life of 2 years. \$22,574 of cost of issuance has been allocated to the warrants.

10. Net Loss per Common Share

Net Loss per Common Share	Years ended	
	December 31, 2023	December 31, 2022
	\$	\$
(Loss) used in calculating basic and diluted loss per share	(919,350)	(5,130,313)
Weighted average number of common shares used in calculating basic loss per share:	316,218,548	270,430,361
Weighted average number of common shares used in calculating diluted loss per share:	340,531,260	274,632,952

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11. Related Party Disclosures

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

During the years ended December 31, 2023, and 2022, management fees paid, or otherwise accrued, to key management personnel (defined as officers and directors of the Company) are shown below:

	Years ended	
	December 31, 2023	December 31, 2022
	\$	\$
Short term employee benefits	199,013	287,143
Stock based compensation	-	40,385
Total remuneration	199,013	327,528

There were outstanding balances of \$252,244 owing to the management as at December 31, 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 and ceased accrual of management fees effective June 30, 2023.

Mr. Matthew Wood, Chairman and Director - fees of \$38,352 were accrued for the year ended December 31, 2023 (December 31, 2022: \$77,572). There was an outstanding balance of \$62,497 owing to Mr. Wood as at December 31, 2023 (December 31, 2022: \$58,524). During the year ended December 31, 2023, director fees of \$37,500 were 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 year ended December 31, 2023 (December 31, 2022: \$Nil). There was an outstanding balance of \$35,000 owing to Mr. Haji as at December 31, 2023 (December 31, 2022: \$Nil). During the year ended December 31, 2023, director fees of \$15,000 were 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 - 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 year ended December 31, 2023 (December 31, 2022: \$84,000). There was an outstanding balance of \$72,750 owing to Mr. South as at December 31, 2023 (December 31, 2022: \$66,150). During the year ended December 31, 2023, director fees of \$37,500 were settled in shares by issuing 681,818 common shares of the Company at the deemed issuance prices of \$0.055 per share. Mr. Jeremy South resigned from the board effective January 22, 2024 and remains as Chief Financial Officer.

Mr. Bataa Tumur-Ochir, Director - fees of \$38,352 were accrued for the year ended December 31, 2023 (December 31, 2022: \$77,572). There was an outstanding balance of \$62,361 owing to Mr. Tumur-Ochir as at December 31, 2023 (December 31, 2022: \$58,524). During the year ended December 31, 2023, director fees of \$37,500 were 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 resigned from the board effective January 22, 2024.

Ms. Solongo Gunsendorj, Director - fees of \$24,000 were accrued for the year ended December 31, 2023 (December 31, 2022: \$48,000). There was an outstanding balance of \$19,500 owing to Ms. Gunsendorj as at December 31, 2023 (December 31, 2022: \$28,000). During the year ended December 31, 2023, director fees of \$32,500 were 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.

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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 year ended December 31, 2023, accretion expenses totaling \$251,552 (December 31, 2022 - \$853,525) 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 \$1,385,000 of gain on share-based debt settlement using the stock price of the issuance date of \$0.025 per share for the principal amount and \$0.015 per share for the interest payables. Gain on debt settlement is reported under Other comprehensive income in the Consolidated Statement of Profit and Loss and Other Comprehensive Income. Equity component of convertible debentures of \$790,218 has been reclassified from equity reserves to share capital at December 31, 2023.

The Company formalized its 80% ownership interest in the Victory Nickel Project further to the announcement on February 1, 2022, whereby the Company which sets out the terms for an exploration joint venture (the "Joint Venture") with Lithium ION Energy Ltd ("Lithium ION"). The Joint Venture arrangement consisted of the Company and Lithium ION granting one another reciprocal exploration rights on their respective exploration licenses within Mongolia. Lithium ION and Aranjin granted each other a reciprocal right to explore one another's properties, with Aranjin earning an 80% interest and Lithium ION earning a 20% interest in all base metal projects discovered on ION's properties, and Lithium ION earning an 80% interest and Aranjin earning a 20% interest in all lithium projects discovered on Aranjin's properties, subject to existing royalties.

Following exploration work by both parties in 2022 and 2023, the parties agreed to formally separate their ownership of the Victory Nickel project previously wholly owned by Lithium ION to largely mirror the business arrangement set out in the Joint Venture Agreement. The split of the Baavhai Uul license was approved by the Mineral Resource and Petroleum Authority of Mongolia on November 26, 2023. Under the Joint Venture, Aranjin owns 80% of the Victory Nickel project and relinquished rights to the remainder of the license comprising the Baavhai Uul project. Lithium ION will retain a 20% free carried interest in the Victory Nickel Project until commercial production as well as retain all lithium rights to the Victory Nickel Project.

12. Financial risk management

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The levels are as follows:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, quoted prices or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

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The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with a Canadian chartered bank and financial institutions in Mongolia and Brazil from which management believes the risk of loss to be minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet its obligations, it will consider securing additional equity or debt funding.

As at December 31, 2023, the Company had a negative net working capital of \$875,631 (December 31, 2022 - \$4,083,902). The Company's financial obligations consist of trade and other payables, convertible debentures and promissory note payable.

The maturity analysis of financial liabilities as at December 31, 2023 and 2022 are as follows:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Trade and other payables	1,133,988	-	-	-	1,133,988
Total as at December 31, 2023	1,133,988	-	-	-	1,133,988

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Trade and other payables	1,640,819	-	-	-	1,640,819
Convertible debentures - Steppe Gold	1,727,634	-	-	-	1,727,634
Convertible debentures - R&R Venture	796,588	-	-	-	796,588
Promissory note – Ion Energy Ltd.	101,749	-	-	-	101,749
Total as at December 31, 2022	4,266,790	-	-	-	4,266,790

(ii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Company's interest rate risk includes potential decreases on the interest rate offered on cash held with chartered Canadian, Australian and Mongolian financial institutions. The Company considers the interest rate risk on cash held with chartered Canadian, Australian and Mongolian financial institutions to be immaterial.

(b) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Company primarily operates in Mongolia. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency.

The Company's risk management policy is to review its exposure to non-Canadian dollar forecasts, operating on a case-by-case basis. The majority of the Company's forecasted operating costs are in Mongolian tugrik, Canadian dollars and United States dollars. Sensitivity to a plus or minus 10% change in the foreign exchange rate on non-Canadian dollar denominated financial instruments would affect net loss by \$4,916 (gain/loss) with all other variables held constant.

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(iii) Commodity price risk

The price of the common shares in the capital the Company, its financial results, exploration and evaluation activities have been, or may in the future be, adversely affected by declines in the price of copper and/or other metals. Copper and other commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of copper and other metals or interests in properties related thereto. The effect of these factors on the price of copper and other metals, and therefore the economic viability of any of the Company's exploration and mining projects, cannot accurately be predicted.

13. Capital risk management

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern and provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of debt instruments and equity attributable to common shareholders, comprising of issued share capital, reserves, accumulated other comprehensive loss and accumulated deficit. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets to facilitate the management of its capital requirements. The Company defines capital as total debt less cash and it is managed by management subject to approved policies and limits by the Board of Directors. The Company is not subject to any externally imposed capital requirements.

14. Income tax

The reconciliation of income tax and the accounting loss multiplied by the combined Canadian federal and provincial statutory income tax rate of 27% (2022 – 27%) is as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Net profit (loss) for the year	(919,350)	(5,130,313)
Expected income tax charge (recovery)	(248,225)	(1,385,184)
Income not subject to tax	(7,254)	(43,706)
Non-deductible expenses	115,799	1,276,676
Other adjustments	(15,197)	(117,994)
Losses not deductible	143,520	182,254
Difference in foreign tax rates	11,357	87,954
Income tax reported within consolidated statements of profit and (loss) and comprehensive loss	-	-

Deferred tax

The following table summarizes the components of deferred tax:

	December 31, 2023	December 31, 2022
	\$	\$
Deferred tax asset		
Non-capital losses carried forward	-	-
Deferred tax liability		
Convertible debenture	-	-
	-	-

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Deferred tax assets have not been recognized due to the uncertainty surrounding future profitability of the Company and the deferred tax assets would offset any related deferred tax liabilities. Please refer to the Unrecognized deferred tax assets note.

Unrecognized deferred tax assets

Deferred taxes are provided as a result of the temporary differences that arise due to the differences between the income tax value and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time and there are no other tax planning opportunities or other evidence of recoverability in the near future.

	December 31, 2023	December 31, 2022
	\$	\$
Property, plant and equipment	85,856	85,856
Share issuance costs	11,646	23,293
Canadian non-capital losses carried forward	2,226,357	4,307,530
Total unrecognized deductible temporary differences	2,323,859	4,416,679

The Company's Canadian unused non-capital income tax losses expire as follows:

Year	December 31, 2023	December 31, 2022
	\$	\$
2037	-	1,373,230
2038	504,690	1,277,087
2039	397,813	397,813
2040	86,940	86,940
2041	537,781	537,781
2042	621,070	634,679
2043	78,063	-
Total Canadian unused non-capital income tax losses	2,226,357	4,307,530

15. Subsequent Events

Australian Projects Acquisition

On January 8, 2024, the Company announced that further to its release dated October 10, 2023, the Company's acquisition of an 80% interest in the Bangemall, Gawler and the Western Wood copper projects in Australia (the "Australian Transaction") had closed in escrow.

The TSX Venture Exchange has conditionally approved the Australian Transaction. Forty million common shares of the Company have been issued to Metals of Australia Pty Ltd. ("MoA") and fifteen million common shares have been issued to Western Wood Capital Pty Ltd. ("WWC") as consideration for completion for the Australian Transaction at a deemed issuance price of \$0.015 per common share. The total fifty-five million common shares issued to MoA and WWC are being held in escrow subject to the completion of customary transaction conditions and receipt of final TSXV approval for the Australian Transaction.

The common shares issued to MoA and WWC are subject to a statutory hold period of four months and one day under applicable securities laws. In connection with the Australian Transaction, the Company has entered into unincorporated joint ventures with MoA and WWC and granted a 4% net smelter returns royalty on the Bangemall and Gawler projects to MoA and a 3% net smelter returns royalty on the Western Wood project to WWC.

On February 22, 2024, the Company announced that it has received the final TSXV approval for the Australian Transaction and the forty million common shares of the Company issued to Metals of Australia Pty Ltd. and fifteen million common shares issued to Western Wood Capital Pty Ltd. as consideration for completion for the Australian Transaction have been released from escrow upon receipt of final TSXV approval.