STEPPE GOLD

Mongolia's Premier Precious Metals Company

Consolidated Financial Statements

For the years ended December 31, 2023, and 2022

(Expressed in US Dollars)

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April 1, 2024
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Steppe Gold Ltd.

Opinion

We have audited the consolidated financial statements of Steppe Gold 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 profit or loss and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our 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.

Valuation of inventories and cost of sales

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

At the balance sheet date, the value of inventory amounted to $32,273,000. Inventories were considered as a key audit matter due to the size of the balance and because inventory valuation involves management judgment. According to the financial statements' accounting principles inventories are measured at the lower of production cost and net realizable value based on estimated metal content, with net realizable value approximated as the prevailing and long-term metal prices less estimated future production costs to convert inventories into saleable form and estimated costs to sell. The Company has specific procedures for identifying risk for obsolescence and measuring inventories at the lower of cost or net realizable value.

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To address the risk for material misstatement on inventories, our audit procedures included, amongst other procedures:

- Assessing the compliance of Company's accounting policies over inventory with applicable accounting standards.
- Assessing the inventory valuation processes and practices.
- Evaluating the analyses and calculations made by management with respect the remaining estimated costs to produce finished goods and evaluate the possibility of impairment.

We assessed the adequacy of the Company's disclosures related to inventories and cost of sales.

Valuation of streaming arrangement

We refer to financial statement summary of material accounting policy information on streaming arrangement and related disclosure in Note 12.

At the balance sheet date, the value of streaming arrangement amounted to $20,390,000. Streaming arrangement was considered as a key audit matter due to the size of the balance and because the related valuation involves management judgment. According to the financial statements' accounting principles streaming arrangement has been determined the obligation is a derivative liability to be carried at fair value through profit and loss. The fair value of the stream arrangement has been valued using a discounted cash flow approach with consideration for the contractual terms of the related agreement and using input assumptions including mine production plans, expected production taking into consideration technical feasibility reports, expected forward prices of gold and silver using the COMEX forward contract price and discount rate related to the risk of the forecasted cash flows. The income approach valuation was prepared by an independent valuation specialist and the life of mine production schedule and expectations including expansion plans are based on the information compiled by qualified persons.

To address the risk for material misstatement on the streaming arrangement, our audit procedures included, amongst other procedures:

- Developing an independent point estimate of the fair value of the streaming arrangement, which included assessment of the independently prepared valuation report, the input variables and assumptions utilized.
- Evaluation of the management's experts' competence, capabilities and objectivity in developing the valuation report.
- Evaluate the work of managements experts in assessing the life of the mine and reserve estimates which were utilized in developing the valuation report.

We assessed the adequacy of the Company's disclosures related to the streaming arrangement.

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.

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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.

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- 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 consolidated 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 be reasonably 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

STEPPE GOLD LTD.
Consolidated Statements of Financial Position
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	Notes	December 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash		6,006	2,515
Short term investments	**9**	-	365
Receivables and other assets	**3**	2,488	2,534
Inventories	**4**	32,273	24,165
Assets classified as held for sale	**5**	13,195	-
Total current assets		**53,962**	**29,579**
Long-term assets			
Exploration and evaluation assets	**6**	1,581	1,571
Property, plant and equipment	**7**	40,999	39,328
Long term investments	**9**	324	-
Deferred tax asset	**29**	1,425	2,180
Total long-term assets		**44,329**	**43,079**
Total assets		**98,291**	**72,658**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Amounts payable and other liabilities	**10**	9,759	11,016
Current portion of streaming arrangement	**12**	9,343	15,735
Current portion of lease liability	**13**	204	154
Current tax liability		1,230	2,386
Convertible debentures - derivative	**14**	63	1,299
Convertible debentures - loan liability	**14**	2,863	-
Gold Prepay loan - Triple Flag	**15**	-	4,531
Short term loan - TDB	**15**	2,857	-
Liabilities directly associated with assets classified as held for sale	**5**	959	-
Total current liabilities		**27,278**	**35,121**
Long-term liabilities			
Long term portion of streaming arrangement	**12**	11,047	12,085
Asset retirement obligation	**11**	2,022	3,398
Lease liability	**13**	368	397
Convertible debentures - loan liability	**14**	-	1,596
Long term loan	**16**	9,575	2,838
Total long-term liabilities		**23,012**	**20,314**
Total liabilities		**50,290**	**55,435**
Shareholders' equity			
Share capital	**17**	79,551	55,760
Warrants	**18**	-	5,642
Contributed surplus		23,061	19,559
Accumulated other comprehensive loss		(15,727)	(16,055)
Deficit		(38,296)	(47,190)
Total equity attributable to the owners of the Company		**48,589**	**17,716**
Non-controlling interest		(588)	(493)
Total shareholders' equity		**48,001**	**17,223**
Total liabilities and shareholders' equity		**98,291**	**72,658**

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

Approved on behalf of the Board:

(Signed) "Bataa Tumur-Ochir"____________, Director (Signed) "Batjargal Zamba"____________,Director

STEPPE GOLD LTD.
Consolidated Statements of Income and Comprehensive Income
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	Notes	December 31, 2023	December 31, 2022
Continuing operations			
Revenue	**19**	54,239	62,366
Cost of sales	**20**	(24,833)	(31,547)
Gross profit		**29,406**	**30,819**
Exploration and evaluation expenditures	**21**	(1,062)	(2,130)
Corporate administration	**22**	(12,161)	(12,980)
Operating profit		**16,183**	**15,709**
Finance (costs)/income	**23**	(4,890)	4,652
Foreign exchange gain/ (loss)		172	(2,821)
Net profit before tax		**11,465**	**17,540**
Income tax		(2,129)	(1,823)
Net profit after tax from continuing operations		**9,336**	**15,717**
Discontinued operations			
Loss for the year from discontinued operations	**5**	(537)	-
Profit for the year		**8,799**	**15,717**
Other comprehensive income for the year			
Cumulative translation adjustment from continuing operations		315	(8,264)
Cumulative translation gain from discontinued operations		13	-
Net profit and comprehensive income		**9,127**	**7,453**
Net income attributable to shareholders of the Company		8,894	15,956
Net loss attributable to non-controlling interest		(95)	(239)
		8,799	**15,717**
Net profit and comprehensive income attributable to shareholders of the Company		9,222	7,692
Net loss attributable to non-controlling interest		(95)	(239)
		9,127	**7,453**
Basic profit per share		0.099	0.229
Diluted profit per share		0.094	0.186
Weighted average number of common shares outstanding - basic	**24**	90,169,387	69,772,725
Weighted average number of common shares outstanding - diluted	**24**	94,581,151	85,807,716

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

STEPPE GOLD LTD.
Consolidated Statements of Cash Flows
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	Notes	December 31, 2023	December 31, 2022
Operating activities			
Net profit for the year before tax		10,928	17,540
Adjustments for non-cash items:			
Change in the fair value of convertible debenture	**14**	(1,236)	(673)
Change in the fair value of TDB Gold Sales Loan		-	233
Change in the fair value of Triple Flag Gold Prepay loan	**15**	325	641
Change in the fair value of Aranjin Convertible Debenture	**9**	(120)	972
Change in the fair value of investment in Aranjin	**9**	315	-
Gain on modification of convertible debenture		-	(1,074)
Interest income		(145)	-
Accretion and financing income		2,669	698
Depreciation	**20**	2,200	4,209
Stock based compensation		224	2,672
Share based payments	**17**	586	-
Unrealized foreign exchange (loss)		(462)	(4,717)
Change in the fair value of stream liability	**12**	3,664	(6,315)
Income tax paid		(2,530)	(353)
Operating cash flows before changes in non-cash working capital items		**16,418**	**13,833**
Changes in working capital items:			
Inventories		(7,744)	(2,592)
Receivables and other assets		(387)	2,964
Amounts payable and other liabilities		(88)	4,510
Net cash generated by operations		**8,199**	**18,715**
Investing activities			
Acquisition of property, plant and equipment	**7**	(5,231)	(5,922)
Net cash (used in) investing activities		**(5,231)**	**(5,922)**
Financing activities			
Proceeds from TDB loan	**15**	5,500	-
Proceeds from Private Placement	**17**	9,020	-
Proceeds from Gold Prepay Loan	**15**	-	4,800
Proceed from TDB - Phase 2 financing	**16**	9,600	-
Share issue costs	**17**	(510)	-
Interest paid on TDB loan		(748)	-
Interest income		-	3,561
Interest paid on convertible debentures	**14**	(360)	(360)
Interest paid on TDB long term loan		-	(3,499)
Interest paid on Phase 2 financing		(215)	-
Repayment of TDB short term loan	**15**	(5,500)	-
Repayment of TDB Gold Loan	**15**	-	(10,695)
Repayment of stream financing	**12**	(11,094)	(12,793)
Repayment of loan TDB and Capitron		-	(53,283)
Loan repayment of Gold Prepay loan – Triple Flag	**15**	(4,856)	(910)
Lease obligation payments	**13**	(245)	(196)
Restricted cash		-	60,181
Net cash generated by/(used in) financing activities		**592**	**(13,194)**
Effect of exchange rate changes on cash held in foreign currency		(41)	276
Net increase/(decrease) in cash		**3,519**	**(125)**
Cash at the beginning of the year		2,515	2,640
Cash at the end of the year*		**6,034**	**2,515**

* Includes cash from disposal group held for sale of $28 (Note 5)

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

STEPPE GOLD LTD.
Consolidated Statements of Changes in Shareholders' Equity
For years ended December 31, 2023 and December 31, 2022
(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	Notes	Number of shares	Share capital	Contributed surplus	Warrants	Accumulated other comprehensive loss	Deficit	Sub-total	Non-controlling interest Corundum	Total equity
			$	$	$	$	$	$	$	$
Balance as at December 31, 2021		**69,548,657**	**55,292**	**11,749**	**11,165**	**(7,791)**	**(63,146)**	**7,269**	**(254)**	**7,015**
Stock based compensation	**17**	541,625	468	2,287	-	-	-	2,755	-	2,755
Comprehensive income/(loss) for the year		-	-	-	-	(8,264)	15,956	7,692	(239)	7,453
Warrants	**18**	-	-	5,523	(5,523)	-	-	-	-	-
Balance as at December 31, 2022		**70,090,282**	**55,760**	**19,559**	**5,642**	**(16,055)**	**(47,190)**	**17,716**	**(493)**	**17,223**
Balance as at December 31, 2022		**70,090,282**	**55,760**	**19,559**	**5,642**	**(16,055)**	**(47,190)**	**17,716**	**(493)**	**17,223**
Private Placement	**17**	11,000,000	9,020	-	-	-	-	9,020	-	9,020
Shares issued for acquisition	**17**	19,437,948	12,332	-	-	-	-	12,332	-	12,332
Share issuance costs	**17**	-	(510)	-	-	-	-	(510)	-	(510)
Share based payments	**17**	924,654	586	-	-	-	-	586	-	586
Share based compensation	**17**	3,077,729	2,363	(2,140)	-	-		223	-	223
Comprehensive income for the year from continuing operations		-	-	-	-	315	8,894	9,209	(95)	9,114
Comprehensive income for the period from discontinued operations		-	-	-	-	13	-	13	-	13
Warrants	**18**	-	-	5,642	(5,642)	-	-	-	-	-
Balance as at December 31, 2023		**104,530,613**	**79,551**	**23,061**	**-**	**(15,727)**	**(38,296)**	**48,589**	**(588)**	**48,001**

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

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

1. Nature of operations

Steppe Gold Ltd. (the "Company", "Steppe" or "Group") was incorporated under the laws of the Ontario Business Corporations Act by Articles of Incorporation dated October 5, 2016. The Company is domiciled in Canada and the address of its registered office changed during March 2023, from 55 Metcalfe St Suite 1300, Ottawa, ON K1P 6L5, Canada to 333 Bay Street, Suite 2400,Toronto, Ontario MS11 2T6.

Effective June 28, 2023, the Company acquired all of the issued and outstanding common shares of Anacortes Mining Corp.('Anacortes'), which owns a 100% interest in the Tres Cruces gold project located in Peru. At the date of acquisition Anacortes was listed on the TSX Venture Exchange and was a reporting issuer in Ontario, Alberta and BC. Anacortes was also listed on the OTC Markets Group (OTCQX). As at December 31, 2023, Company management were in discussions to acquire additional assets in Mongolia (Note 31 Events Occurring After the Balance Sheet Date) and had made the decision to dispose of Anacortes (see Note 5 Disposal Group held for sale).

The Company is focused on operating, developing, exploring and acquiring precious metal projects in Mongolia. The Company's commercially producing mine is the Altan Tsagaan Ovoo Property (the "ATO Project" or "ATO Mine"), located in Eastern Mongolia. During the second quarter ended June 30, 2020, the Company determined commercial production was achieved for the ATO Mine.

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned and controlled subsidiaries as set out below:

Company Name	Country of Incorporation	Nature of Operations	Ownership Interest December 31, 2023	Ownership Interest December 31, 2022
Steppe Gold LLC	Mongolia	Mining	100%	100%
Steppe Investments Limited	British Virgin Islands	Investment	100%	100%
Steppe West LLC	Mongolia	Holding Company	100%	100%
Corundum Geo LLC	Mongolia	Mining	80%	80%
Anacortes Mining Corp.	Canada	Holding Company	100%	-
New Oroperu Resources Inc.	Canada	Holding Company	100%	-
S.A. Mining Ventures Limited	Canada	Holding Company	100%	-
T.C. Mining Inc.	Canada	Holding Company	100%	-
687211 British Columbia Ltd.	Canada	Holding Company	100%	-
Aurifera Tres Cruces SA	Peru	Mining	100%	-

Anacortes has been incorporated in these consolidated financial statements with effect from June 28 2023 (Note 8 Acquisition of subsidiary).

Subsequent to the acquisition of Anacortes the Company was approached by, and held discussions with, a number of interested parties with a view to partnering with the Company or to purchasing Anacortes. On December 30, 2023, the Board approved a proposal from management to enter into a binding term sheet to acquire certain assets in Mongolia and provide the selling company the right of first refusal to purchase Anacortes. The Company entered into the binding term sheet on January 22, 2023. (Note 31Events Occurring After the Balance Sheet Date). Accordingly, Anacortes was deemed to be a disposal group and has been accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

The COVID-19 pandemic caused major disruptions in the ability of the Company to conduct business in Mongolia, notably with supply chain logistics.

While the impact of the pandemic has now mostly dissipated in Mongolia, transport of certain key reagents across the land border with China remains suspended. Since February 2023, the Company has obtained its key reagent via Russia and this supply route continues to operate effectively. The Company is optimistic that the China border will soon re-open fully.

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.

Ultimately, Mongolia, and thus the Company, is currently completely reliant on Russia for its fuel and while there have been minor disruptions in supply, the Government of Mongolia has signed a deal with Russia to cap imported fuel prices.

The alternate supply route for the Company's reagents noted above is via Russia and the Company has increased its holding of reagents and identified alternative, albeit more expensive, suppliers should the need arise. Further, sanctions on Russian suppliers and intermediaries may hamper this supply route.

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.

Customer concentration

The Group's precious metals production is ultimately sold to the Bank of Mongolia through an intermediary Mongolian bank. Settlement is normally received within one day.

Dual listing

On February 22, 2023, the Company announced that it planned to pursue a dual primary listing of its common shares on the Main Board of the Stock Exchange of Hong Kong Limited ("HKEx"), which was originally anticipated to occur in 2023. Given the activity, noted above, around the disposal and acquisition of assets, the Company has delayed the listing until after the successful completion of the acquisition and disposal of the aforementioned assets.

2. Material accounting policies

Going Concern

The directors have at the time of approving the consolidated financial statements, 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.

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 March 29, 2024.

Adoption of new and revised Standards

In the current year, the Group has adopted the following new Standard and applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods that begin on or after January 1, 2023.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

The Group has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts.*

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

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'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

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 recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

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 topup 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 recognise 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:

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.
IFRS S2 Climate-related Disclosures	IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. Both 'S' Standards are effective from January 1, 2024, but certain transitional reliefs are available. The Company already has a sustainability reporting process in place however, the ISSB has confirmed that industry-specific disclosures are required and, in the absence of specific IFRS Sustainability Disclosure Standards, companies must consider the Sustainability Accounting Standards Board ('SASB') Standards to identify sustainability-related risks, opportunities and appropriate metrics. Accordingly, the directors are building capacity across the Company to perform a gap analysis, consider data reliability and environmental, social and governance risks and opportunities as well as appropriate targets, metrics, and disclosure format. As at the date of this report the Chartered Professional Accountants of Canada ('CPA Canada') and the Mongolian Ministry of Finance have yet to formally adopt IFRS S1 and IFRS S2 for use in the respective countries.
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors'

interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

At present, the Group has no associates or joint ventures. However, the effective date of the amendments has yet to be set by the IASB and earlier application of the amendments is permitted. Accordingly, the directors anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

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

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The directors do not anticipate that the application of these amendments will have an impact on the Group's consolidated financial statements in future periods.

Amendments to IAS 1 Non-current liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2022 amendments early.

The directors do not anticipate that the application of these amendments will have an impact on the Group's consolidated financial statements in future periods.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

The terms and conditions of the arrangements

The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements

The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers

Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement

Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Basis of Preparation

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").

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in critical accounting estimate and judgments note below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the parent company (its subsidiaries) made up to 31 December each year. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases.

Control is achieved when the Company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has 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 in an investee 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
- 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 shareholders' meeting

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or 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.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by 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, or the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share Based Payments at the acquisition date (see below)
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquiror's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill is initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue is generated from the sale of gold and silver. The Company produces dore bars which contain gold and silver. The dore bars are analysed by the Mongolian Agency for Standardization and Metrology ("MASM") which determines the gold and silver content to be sold to the customer, usually a commercial bank in Mongolia for onward sale to the Bank of Mongolia. The performance obligation for revenue is recognized when control over the metal is transferred to the customer. Transfer of control is achieved when the gold or silver bars are delivered to the customer's gold vault.

Leases

The Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group has not entered into any lease agreements as a lessor.

Foreign currencies

Functional and presentation currency

These consolidated financial statements have been prepared in US dollars ("USD"), which is the Group's presentation currency. As of December 31, 2023, the functional currency was determined to be the Mongolian Tugrik for its Mongolian wholly owned subsidiaries, Peruvian Sol for Aurifera Tres Cruces and to be the Canadian dollar ("CAD") for Anacortes Mining Corp. and its wholly owned subsidiaries except for Aurifera Tres Cruces, Steppe Gold Limited and Steppe BVI.

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into to hedge certain foreign currency risks (currently, the Group does not enter into hedge transactions);
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

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 recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

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 realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.
For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised 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 amortisation 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 amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income/ (costs)" note 23.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset only when the Company has a current and legally enforceable right to set-off the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognizes by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognizes in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognizes in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Finance income – Other' line item in profit or loss.

A financial asset is held for trading if either:

- It has been acquired principally for the purpose of selling it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizes the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognizes in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognizes in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'finance income/ (costs)'line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognizes in profit or loss in the 'finance income/ (costs)" line item
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognizes in profit or loss in the 'finance income/ (costs)' line item. As the foreign currency element recognizes in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognizes in other comprehensive income in the investments revaluation reserve
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognizes in profit or loss in the 'finance income/(costs)' line item as part of the fair value gain or loss

For equity instruments measured at FVTOCI, exchange differences are recognizes in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Bank of Mongolia buys all the Group's gold and silver production and payment is received within one business day.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.
In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- An actual or expected significant deterioration in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the same debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default.
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term.
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment.

In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor

Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group)Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for that financial asset because of financial difficulties

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial instruments

Below is a summary showing the classification and measurement bases of financial instruments:

Classification	**IFRS 9**
Cash	FVTPL
Short term investments	FVTPL
Receivables and other assets	Amortized cost
Amounts payable and other liabilities	Amortized cost
Convertible debentures – loan liability	Amortized cost
Convertible debentures – derivative	FVTPL
Promissory notes	Amortized cost
Streaming arrangement	FVTPL
Lease liability	Amortized cost
Short term loan - TDB	FVTPL
Gold Prepay loan - Triple Flag	FVTPL
Long term loan	Amortized cost

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.
Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments

The component parts of the convertible debentures issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible debenture, the balance recognised in equity will be transferred to other equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible debentures are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible debentures using the effective interest method.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at 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.

A financial liability is classified as held for trading if either:

- It has been acquired principally for the purpose of repurchasing it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument. (Currently, the Company does not enter into hedging transactions.)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'finance income/(costs)' in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability. Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in note 28 Fair value measurements.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not are measured subsequently at amortised cost using the effective interest method.

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

are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'finance income/(costs)' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Derivative financial instruments

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value will be recognised as a financial asset whereas a derivative with a negative fair value will be recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Company has designated its streaming arrangement as a derivative financial instrument (see Note 12 Streaming arrangement).

Fair value for derivative instruments is determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative. The Group makes use of external valuation consultants in determining the fair value of its derivative financial instruments.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

Derecognition

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.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank balances for use by the Group but subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. If the contractual restrictions on using the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above with the exception of restricted cash, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

Inventory

Inventories include ore stockpiles, gold in circuit, finished goods (doré bars including gold and silver) and supplies inventory. Ore stockpiles, heap leach ore or finished goods inventory are measured by external consultants and are valued at the lower of production costs or net realizable value based on estimated metal content.

The Company allocates direct and indirect production costs to gold on a systematic and rational basis. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and applicable depreciation and depletion of mineral properties, plant and equipment. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future production costs to convert inventories into saleable form and estimated costs to sell.

Gold in circuit inventory represents ore on the surface that has been extracted from the mine and is available for further processing and is measured by external consultants. When ore is placed on the heap leach pad, an estimate of recoverable ounces is made based on tonnage, ore grade and estimated recoveries of ore that was placed on the heap leach pad. The estimated recoverable ounces on the heap leach pad are used to determine inventory cost. The estimated recoverable ounces carried on the heap leach pad are adjusted based on recoveries estimated in the feasibility study.

Finished goods inventory represents gold ounces located at the mine and bars still under assay at the Mongolian Agency for Standardization and Metrology ("MASM") and gold inventory extracted from silver bars. The Company concluded that silver inventory is the by product in addition to the primary product gold. Therefore, the finished goods inventory excludes the by product.

Materials and supplies inventories are valued at the lower of cost and net realizable value. Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

Property, plant and equipment

Property, plant and equipment include property and equipment, Altan Tsagaan Ovoo property, equipment under construction and right of use assets.

Mining properties:

a) Mines under construction

Expenditure is transferred from 'Exploration and evaluation assets' to 'Mines under construction' which is a sub-category of 'Mine properties' once the work completed to date supports the future development of the property and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Mines under construction'.

IAS 16 Property, Plant and Equipment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Accordingly, the sale of ore extracted during the development phase, together with related costs, are recognised in profit and loss and other comprehensive income. Any costs incurred in testing the assets to determine if they are functioning as intended are capitalized. After production starts, all assets included in 'Mines under construction' are then transferred to Property, Plant and Equipment sub-category of 'Mine properties'.

b) Mine properties and property, plant and equipment

(i) Initial recognition

Upon completion of the mine construction phase, the assets are transferred into "Property, plant and equipment" under "Mine properties". Items of property, plant and equipment and producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

(ii) Depreciation/amortisation

Accumulated mine development costs are depreciated/amortised on a Unit of Production (UOP) basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case, the straight-line method is applied. The unit of account for run-of-mine (ROM) costs is tonnes of ore, whereas the unit of account for post-ROM costs is recoverable ounces of gold. Rights and concessions are depleted on the UOP basis over the economically recoverable reserves of the relevant area. The UOP rate calculation for the depreciation/amortisation of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. Economically recoverable reserves include proven and probable reserves.

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

Costs capitalized for plant and equipment include borrowing costs incurred that are attributable to qualifying plant and equipment. The carrying amounts of plant and equipment are depreciated using either the straight-line or unit-of production method over the shorter of the estimated useful life of the asset or the life of mine.

The significant classes of depreciable plant and equipment and their estimated useful lives are as follows:

Crusher and its components	units of production
Heap leach	units of production
Other mining equipment	14 years
Light vehicles	10 years
Computer equipment	2 years
Furniture and fixtures	10 years

Property, plant and equipment include the Heap Leach which is depreciated using units of production basis when it is ready to use and completed.

Property, plant and equipment are depreciated when they are substantially complete and available for their intended use, over their estimated useful lives.

Furniture and fixtures unrelated to production are depreciated using the straight-line method based on estimated useful lives and expensed to the consolidated statement of profit or loss and comprehensive income.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Management reviews the estimated useful lives, residual values and depreciation and depletion methods of the Company's plant and equipment at the end of each reporting period, and when events and circumstances indicate that such a review should be made. On February 21, 2023, the Company announced the results of the updated Feasibility Study and management concluded that the effective date of changes in estimates is September 1, 2022. As a result, amortization of assets depreciated based on the life of mine were recalculated by using the new estimated life of mine of 14 years. Changes to estimated useful lives, residual values or depreciation methods resulting from the review are accounted for prospectively.

Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

Stripping (waste removal) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a UOP method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management. Factors used to determine when a mine/component has commenced production are set out in the *Commercial production'* section of this note.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above).

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

a) Future economic benefits (being improved access to the ore body) are probable
b) The component of the ore body for which access will be improved can be accurately identified
c) The costs associated with the improved access can be reliably measured

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations. Given the nature of the Group's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

Derecognition:

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income when the asset is derecognised.

Impairment of property, plant and equipment and intangible assets excluding goodwill

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. 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 recognised 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 recognised 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 recognised for the asset (or cash-generating unit) in prior years.

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

Exploration and evaluation and pre-development expenditure

(a) Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

(b) Exploration and evaluation (E&E) expenditure

E&E activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. E&E activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies.

The Group applies the area of interest method when accounting for E&E costs. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, E&E expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

E&E expenditure incurred on licences where a Canadian NI 43-101 Standards of Disclosure for Mineral Projects ('NI 43-101')) compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a NI 43-101-complian resource. Costs expensed during this phase are included in 'Other operating expenses' in the statement of profit or loss and other comprehensive income.

Upon the establishment of a NI 43-101-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the particular licence as E&E assets. Capitalised E&E expenditure is considered to be a tangible asset.

Impairment of E&E Assets

The Group carries out a detailed impairment test in two circumstances:

- when the technical feasibility and commercial viability of extracting a mineral resource become demonstrable,at which point the asset falls outside the scope of IFRS 6 and is reclassified in the financial statements; and
- when facts and circumstances suggest that the asset's carrying amount may exceed its recoverable amount.

  Examples of "facts and circumstances" that may indicate that impairment testing is required include, but not limited to:

  - the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
  - substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
  - exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources, and the Group has decided to discontinue such activities in the specific area; and
  - sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs not directly attributable to a qualifying asset are expensed in the consolidated statements of loss and comprehensive loss in the period in which they are incurred.

Where funds are borrowed specifically, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings. Where funds are part of a general pool, the eligible amount is determined by applying a capitalization rate to the expenditure on that asset. The capitalization rate will be the weighted average of the borrowing costs applicable to the general pool. Capitalization should commence when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Profit (Loss) per share

The Company presents basic and diluted profit or loss per share data for its common shares, calculated by dividing the profit or loss attributable to common shareholders of the Company 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.

Critical accounting estimates

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Warrant and stock option valuation

The fair value of the warrants and stock options are measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the warrants and stock options were issued.

The model values the warrants and stock options by inputting the share price, exercise price, expected life, volatility rate, dividend rate and discount rate into a mathematical model.

Restricted share units valuation

The fair value of the restricted share units ("RSUs") is measured using the share price on the valuation date taking into account the terms and conditions upon which the restricted share units were issued. RSUs that have cash redeemable option is accounted under RSU liability and the RSUs that have only share redeemable condition is recorded under contributed surplus.

Ore reserve and mineral resource estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Group's reported financial position and results, in the following way:

The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.

- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the UOP method, or where the useful life of the related assets change.

- Capitalised stripping costs recognised in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios.

- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities.

- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Group engages outside consultants who are appropriately qualified to estimate its ore reserves and mineral resources based on information relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data.

The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body*Depreciation and depletion*

Mining interests are depleted using the unit-of-production method over a period not to exceed the estimated life of the ore body based on estimated recoverable reserves. Certain property, plant and equipment are depreciated using the unit-of-production method.

The calculation of the units of production rate, and therefore the annual depletion and depreciation expense, could be materially affected by changes in the underlying estimates.

Changes in estimates can be the result of actual future production differing from current forecasts of future production and expansion of mineral reserves through exploration activities. Significant judgment is involved in the determination of useful life and residual values for the computation of depletion and depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Impairment of mining interests

The Company's management reviews the carrying values of its mining interests on transfer from an exploration and evaluation property to a development property and on a regular basis to determine whether any write-downs are necessary.

Property, plant and equipment is reviewed at each reporting period to determine whether any write-downs are necessary.

The recovery of amounts recorded for mining interests and property, plant and equipment under construction 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 development, and future profitable production or proceeds from the disposition thereof. Management relies on the life-of-mine plans in its assessments of economic recoverability and probability of future economic benefit.

Life-of-mine plans provide an economic model to support the economic extraction of reserves and resources. A long-term life-of-mine plan and supporting geological model identifies the drilling and related development work required to expand or further define the existing ore body. The life-of-mine plan requires the use of estimates and assumptions such as long term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, mineral reserves, and operating performance (which includes production and sales volume).

Asset retirement obligation

The Company engages outside certified engineers and experts to assist in the assessment of its provision for environmental rehabilitation, decommissioning of plant or other site restoration work at each reporting period or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for environmental rehabilitation, decommissioning of plant or other site restoration work requires management to make estimates of the future costs the Company will incur to complete the work required to comply with existing laws and regulations at each mining operation. Also, future changes to environmental laws and regulations could increase the extent of rehabilitation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for environmental rehabilitation, decommissioning of plant or other site restoration work.

The provision represents management's best estimate of the present value of the future provision for environmental rehabilitation. The actual future expenditures may differ from the amounts currently provided.

Convertible debentures

The convertible debentures is a compound 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 characteristics to equity. Each component of the compound financial instrument is assessed separately.

The host debt component is classified as a financial liability in its entirety and calculated by discounting the future cash flows of the debentures at the rate of similar debt.

Conversion feature of the debentures meets the definition of a derivative liability if the conversion feature is denominated in a currency other than the Company's functional currency, and as such does not meet the fixed for fixed criteria. The derivative liability is revalued at each reporting period using the valuation model which utilizes management estimates for inputs as at the closing date of the reporting period. Any changes to the fair value measurement are recorded through the consolidated statements of loss and comprehensive loss.

Deferred taxes

The Company operates in a number of tax jurisdictions and is therefore required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. In calculating the income taxes, the Company considers factors such as tax rates in the different jurisdictions, non-deductible expenses, changes in tax law and management's expectations of future results. The Company estimates deferred income taxes based on temporary differences between the income and losses reported in its financial statements and its taxable income and losses as determined under the applicable tax laws.

The tax effects of these temporary differences are recorded as deferred tax assets or liabilities in the financial statements. The Company does not recognize deferred tax assets where management does not expect such assets to be realized based upon current forecasts. In the event that actual results differ from these estimates, adjustments are made in subsequent periods.

Valuation of stream liability

Fair value of the stream liability is determined using a discounted cash flow methodology which uses production estimates and the expected forward price of gold and silver with reference to the Commodity Exchange (COMEX) forward contract price. Company management engage with independent valuation consultants to assist in the valuation of the stream liability.

Valuation of inventory

In determining mine production costs recognized in the consolidated income statement, the Company along with independent measurement consultants make estimates of quantities of ore stacked in stockpiles, placed on the heap leach pad and in process and the recoverable gold and silver in this material to determine the average costs of finished goods sold during the period. Changes in these estimates can result in a change in mine operating costs of future periods and carrying amounts of inventories.

Critical judgments in applying accounting policies

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

Functional currency

The functional currency for the parent entity and each of its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to identify the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Exploration and Evaluation (E&E) expenditure

The application of the Group's accounting policy for E&E expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's E&E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions. The determination of a NI 43-101 compliant resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Group defers E&E expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Stripping Costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Commercial production

The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgment which impacts when the Company recognizes revenue, operating costs and depreciation and depletion. In making this determination, management considers specific facts and circumstances.

These factors include, but are not limited to, whether the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed, completion of a reasonable period of commissioning and consistent operating results being achieved at pre-determined levels of design capacity for a reasonable period of time.

Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

The determination of the incremental borrowing rate utilized on commencement of the lease to present value the contractual payments requires significant judgment in its determination.

3. Receivables and other assets

	December 31, 2023 $	December 31, 2022 $
Prepaid expenses	1,809	1,576
Trade receivables	41	136
Tax receivable	334	-
Other receivables	304	822
Total receivables and other assets	**2,488**	**2,534**

4. Inventories

	December 31, 2023 $	December 31, 2022 $
Stockpiles of ore	13,607	12,919
Gold in circuit	16,314	7,986
Finished goods	28	106
Consumables and supplies	2,324	3,154
Total inventories	**32,273**	**24,165**

As at December 31, 2023, the balance of the run of mine (ROM) pad ore is 281,002 tonnes (December 31, 2022: 498,697 tonnes) and stacked ore which is estimated 18,227 ounces of gold will be generated (December 31, 2022: 39,676) with total of carrying values at $13,607 (December 31, 2022 - $12,919). Gold in circuit included 19,087 ounces of gold with a carrying value of $16,314 (December 31, 2022: 13,228 ounces of gold with carrying value of $7,986) and finished goods included 33 ounces of gold (December 31, 2022: 152) with a carrying value of $28 (December 31, 2022: $106).

Finished goods inventory represents gold ounces located at the mine and bars still under assay at the MASM and gold inventory extracted from silver bars. The Company concluded that silver inventory is a by-product in addition to the primary product gold. Therefore, the finished goods inventory excludes the by-product.

5. Disposal group held for sale

On June 28, 2023, the Company acquired all of the issued and outstanding common shares of Anacortes Mining Corporation (Anacoretes), obtaining control of Anacortes, which owns a 100% interest in the Tres Cruces Project located in Peru. At the date of acquisition Anacortes was listed on the TSX Venture Exchange and was a reporting issuer in Ontario, Alberta and BC. Anacortes was also listed on the OTCQX. (Note 8 Acquisition of subsidiary)

Subsequent to the acquisition of Anacortes the Company was approached by, and held discussions with, a number of interested parties with a view to partnering with the Company or to purchasing Anacortes outright. On December 30, 2023, the Board gave approval for management to negotiate a binding term sheet with Steppe Gold LLC, Centerra Netherlands BVBA ("Centerra"), Boroo Pte Ltd. ("Boroo Singapore") and Boroo Gold LLC ("Boroo Gold"), pursuant to which the parties intend to complete a proposed transaction whereby the Company will acquire all of the issued and outstanding shares of Boroo Gold from its sole shareholder Centerra (the "Transaction"). One of the terms of the Transaction is that for a period of 6 months following the completion of the Proposed Transaction, Boroo Singapore, and/or its associates will have a right of first refusal to acquire ownership of the Tres Cruces gold project located in Peru through its wholly-owned subsidiary, Anacortes Mining Corp, at fair market value. The acquisition of Boroo Gold and its gold producing assets further enhances the Company's status as Mongolia's premier precious metals company by providing a multi-asset gold producer with a strong base and focus in Mongolia, with increased production and provide strong cash flow and increased financial strength to service the ATO Gold Mine Phase 2 expansion debt and project financing. The Tres Cruces project is close to a gold producing asset in Peru owned by Boroo Singapore.

The disposal is consistent with the Company's long-term policy to focus its activities on its core strength of operating in Mongolia. Anacortes, which is expected to be sold within 12 months, has been classified as a disposal group held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	December 31, 2023 **$**
Exploration and Evaluation assets	5,842
Goodwill	6,893
Accounts Receivable	432
Cash	28
Total assets classified as held for sale	**13,195**
Trade and other payables	959
Total liabilities associated with assets classified as held for sale	**959**
Net assets of disposal group	**12,236**

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	Period from June 28, 2023 to December 31, 2023 **$**
Revenue	-
Expenses	(537)
(Loss) before tax	(537)
Tax	-
Loss on discontinued operations attributable to the owners of the parent company	**(537)**

Cash flows from discontinued operations:

	December 31, 2023 **$**
Net cash outflow for operating activities	(523)
Net cash outflow for investing activities	(37)
Net cash inflow from financing activities	397

6. Uudam Khundii Project

The Company, through its subsidiary Steppe West LLC, entered into a share sales agreement dated May 15, 2017, with an unrelated third party to acquire 80% of Corundum Geo LLC for cash consideration of $1,100 and share consideration of 1,400,000 common shares of the Company. The transaction was accounted for as an asset acquisition.

There was $227 of exploration and evaluation expenditures incurred during the year ended December 31, 2022 (December 31, 2021: $818).

Uudam Khundii project:

	$
Balance at December 31, 2021	**1,917**
Foreign exchange adjustment	(346)
Balance at December 31, 2022	**1,571**
Foreign exchange adjustment	10
Balance at December 31, 2023	**1,581**

The accumulated other comprehensive gain related to foreign exchange for the year ended December 31, 2023 totaled $10 (year ended December 31, 2022: loss $346).

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

7. Property, plant and equipment

	Property and Equipment	Altan Tsagaan Ovoo Property	Equipment under construction	Right-of-use asset	Total
	$	$	$	$	$
Cost					
Balance at January 1, 2022	**19,847**	**25,159**	**326**	**1,983**	**47,315**
Additions	1,491	36	10,338	58	11,923
Asset retirement costs	-	540	-	-	540
Foreign exchange	(3,526)	(4,098)	(66)	(255)	(7,945)
Balance at December 31, 2022	**17,812**	**21,637**	**10,598**	**1,786**	**51,833**
Additions	439	35	4,581	176	5,231
Transfer of equipment completed	709	-	-	(709)	-
Asset retirement costs	-	(1,312)	-	-	(1,312)
Foreign exchange	187	196	94	25	502
Balance at December 31, 2023	**19,147**	**20,556**	**15,273**	**1,278**	**56,254**
Accumulated depreciation					
Balance at January 1, 2022	**5,772**	**4,968**	**-**	**585**	**11,325**
Additions	2,330	646	-	133	3,109
Foreign exchange	(1,069)	(800)	-	(60)	(1,929)
Balance at December 31, 2022	**7,033**	**4,814**	**-**	**658**	**12,505**
Additions	1,968	487	-	118	2,573
Transfer of equipment completed	149	-	-	(149)	-
Foreign exchange	108	53	-	16	177
Balance at December 31, 2023	**9,258**	**5,354**	**-**	**643**	**15,255**
Net book value					
Balance at December 31, 2022	**10,779**	**16,823**	**10,598**	**1,128**	**39,328**
Balance at December 31, 2023	**9,889**	**15,202**	**15,273**	**635**	**40,999**

During the year ended December 31, 2023, the Company acquired items of property, plant and equipment with a cost of $5,231 (December 31, 2022: $11,923).

As of December 31, 2023, a reduction in the estimate of the asset retirement obligation of $1,720 was calculated and the asset retirement cost in the related mining asset of $1,312 was reduced to $nil. The difference of $408 was reported as a change in estimate of asset retirement obligation in the consolidated statements of income and comprehensive income in accordance with IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities.

During the year ended December 31, 2023, $2,200 (December 31, 2022: $4,209) of depreciation was expensed to the consolidated statements of income and comprehensive income and $373 (December 31, 2022: $(1,100)) was capitalized to inventory.

On February 21, 2023, the Company announced the results of an updated Feasibility Study results and the management concluded that the effective date of associated changes in estimates was September 1, 2022. Amortization of assets depreciated based on the life of mine were recalculated by amortizing the net book value of the assets over the new estimated life of mine which is 14 years.

In the twelve months ended December 31, 2023, the Company paid amounts totaling $4,581 (December 31, 2022: $10,338) as an upfront deposit for a new crusher and its genset which will be used primarily for Phase 2 of the ATO Project and other equipment under construction.

The total of $15,273 upfront deposit is reported under equipment under construction as at December 31, 2023 (December 31, 2022: $10,598).

Non-depreciable assets

The non-depreciable assets mainly include the equipment under construction. Depreciation on these assets will commence once they are ready for their intended use.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

(i) Pledge on items of property, plant and equipment
As at year ended December 31, 2023, all of the assets of Steppe Mongolia, including a pledge of the ATO Project mining license and the exploration licenses owned by Steppe Mongolia, and all of the assets of Steppe BVI were pledged as security for the Stream Agreement granted to the Company (Note 12). Steppe Mongolia's licenses, movable properties and immovable properties were pledged under 2021 Gold 2 Loan agreement. An intercreditor agreement governs the priority and rankings of charges between TDB and Triple Flag.

(ii) Right-of-use assets
The right-of-use assets relate to office and light motor vehicles amounting to $635 as at year ended December 31, 2023 (December 31, 2022: $1,128). The company has acquired 2 light vehicles with the terms of 5 and 7 years during the period.

8. Acquisition of subsidiary

On June 28, 2023, the Company acquired all of the issued and outstanding common shares of Anacortes, obtaining control of Anacortes, which owns a 100% interest in the Tres Cruces Project located in Peru. At the date of acquisition Anacortes was listed on the TSX Venture Exchange and was a reporting issuer in Ontario, Alberta and BC. Anacortes was also listed on the OTCQX.

Anacortes was acquired as the Tres Cruces Project adds to the Company's growth pipeline; it is an attractive and technically straight forward development project in Peru and diversifies the asset portfolio providing entry into one of the world's most prolific gold mining belts in Peru, thereby allowing the potential for the Company to become a multi-asset and multi-jurisdictional gold company. Although Anacortes had not advanced to the production stage, it was considered a business in accordance with IFRS 3 Business Combinations as it had acquired an integrated set of activities and assets that included an input and a substantive process that together significantly contributed to the ability to create output. For inputs, Anacortes owns 100% of the mineral concessions and surface rights to the Tres Cruces Project as well as having rights to the employees; in fact, the Company re-engaged the entire workforce of Anacortes. In addition, Anacortes had gone through an exploration and evaluation process that had led to an independent mining engineer providing a NI 43-101 compliant mineral resource report noting an indicated mineral resource of a total of 2.5 million ounces of gold. The Canadian Institution of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources & Mineral Reserves that provides the standards for reporting under NI 43-101 notes that an indicated mineral resource allows the application of considerations including, but not limited to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, social, environmental and governmental factors in sufficient detail to support mine planning and evaluation of economic viability of the deposit. The Company commissioned an independent preliminary economic assessment of the indicated mineral resource that demonstrated the economic vialbiity of the project. Accordingly, the Company concluded that the existence of inputs, a process leading to the viability of economic extraction of gold i.e. an output, and an organized workforce is what distinguished Anacortes as a business from a set of activities and assets that is not a business.

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	June 28, 2023
Financial Assets:	
Cash	192
Accounts Receivable	377
Exploration and Evaluation assets	5,797
Financial Liabilities:	
Accounts payable	(920)
Total identifiable assets acquired, and liabilities assumed	**5,446**
Goodwill	6,886
Total consideration	**12,332**
Satisfied by:	
Equity instruments (19,437,948 ordinary shares of the Company at C$0.84 per share)	12,332
Total consideration transferred	**12,332**
Net cash inflow arising on acquisition:	
Cash consideration	-
Less: cash and cash equivalent balances acquired	192

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

The fair value of the financial assets includes VAT receivable with a fair value of $Nil and a gross value of $560. The receivable relates to VAT charged on Exploration and Evaluation expenditures in Peru that is only recoverable when commerciality of the operation is declared. Due to the fact the cash flows are highly uncertain, and their timing is not reasonably determinable the fair value was deemed to be $Nil.

The fair value of financial liabilities includes a contractual payout settlement to the previous management of Anacortes in the amount of $860 which was discounted using the borrowing rate of the Company at 13.05% (based on the 1-year CCC-rated US Corporate Bond Yield) and a contractual amount of $913.

The payment is due one year after the closing of the transaction.

Anacortes is an exploration company with no revenue producing assets and while it has accumulated tax losses no deferred tax asset has been recognized due to the uncertainty of recovery.

Goodwill does not generate cash flows independently of other assets or groups of assets and therefore cannot be measured directly. Instead, it is measured as a residual amount, being the excess of the cost of a business combination over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities, and contingent liabilities. Accordingly, goodwill of $6,886 arose from the acquisition. None of the goodwill is expected to be deductible for income tax purposes.
Under the terms of the Acquisition Arrangement, Anacortes Shareholders received 0.4532 of a common share of the Company for each Anacortes Share held. The fair value of the 19,437,948 ordinary shares issued as the consideration paid for Anacortes ($12,332) was determined on the basis of the Company's quoted share price (C$0.84).

Acquisition-related costs (included in administrative expenses) amounted to $974.

Anacortes is an exploration company with no producing assets and accordingly no revenue has been recognised.

9. Long term investments

Effective August 10, 2021, the Company subscribed for C$1,814,400 (US$1,431) in convertible debentures of Aranjin Resources Ltd (the "Aranjin"). The investment had a 12-month term and 15% interest rate per annum, with principal and interest payable on maturity date, August 10, 2022, which was subsequently amended to August 10, 2023.

On August 10, 2023, the Company converted the full amount of C$1,814,400 of Aranjin convertible debenture plus interest receivable of C$543,574 into 42,872,253 common shares of Aranjin at C$0.055 per common share. The conversion of the debentures did not result in the Company holding a controlling position of the investee after conversion. The investment has been reclassified as a long-term investment as of December 31, 2023, as the Company has no intention to sell the shares of Aranjin in the near future.

The Company assessed the fair value of the investment using the observable inputs in accordance with Level 1 of the Fair Value Hierarchy. As at conversion date August 10, 2023, the investment in debentures was revalued at the share price of Aranjin in active market and the revaluation gain of $123 has been recognized in the consolidated statements income and comprehensive income.

	December 31, 2023	December 31, 2022
Balance beginning of the year	**365**	**1,431**
Fair value revaluation	123	(972)
Interest income	147	-
Foreign exchange	4	(94)
Short term investments	**639**	**365**
Reclassified to long term investment at August 10, 2023	**(639)**	**-**
Short term investments at end of the year	**-**	**365**

The Aranjin shares are revalued using the share price at the end of the reporting period and a loss on fair value revaluation of $315 has been recognized in the consolidated statements income and comprehensive income.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

	December 31, 2023	December 31, 2022
Balance beginning of the year	**-**	**-**
Additions	639	-
Fair value revaluation	(315)	-
Long-term investments	**324**	**-**

10. Amounts payable and other liabilities

Amounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	December 31, 2023	December 31, 2022
Amounts payable	8,802	10,153
Accrued liabilities	658	691
Other payables	299	172
Total amounts payable and other liabilities	**9,759**	**11,016**

11. Asset retirement obligation

The Group's mines will require decommissioning and restoration at the end of their useful lives. These activities include dismantling and removing buildings, plant and equipment, rehabilitating land and watercourses, and monitoring environmental impacts. The Group recognises provisions for the estimated costs of these obligations in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities.

The initial estimate of the decommissioning and restoration costs is capitalised as part of the cost of the related mining assets and depreciated over their useful lives. The provision is measured at the present value of the expected future cash flows, using a pre-tax discount rate 10.25% (December 31, 2022: 10.25%), that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on the provision is recognised as a finance cost in profit or loss. The most significant assumptions used to estimate the future cash flows are the inflation rates, the expected timing of the cash outflows and the environmental and regulatory requirements. Although the ultimate amount of the environmental rehabilitation provision is uncertain, the amount of these obligations is based on information currently available, including closure plans and the Company's interpretation of current regulatory requirements.

The provision for environmental rehabilitation relates to reclamation and closure costs of the Company's ATO Project. The provision for environmental rehabilitation is estimated at $2,681 as at December 31, 2023 (December 31, 2022: $2,432). As of December 31, 2023, the remaining life of mine is 13 years (December 31, 2022: 14 years).

As of December 31, 2023, the change in estimate of the obligation was $1,720 and the asset retirement cost in the related mining asset of $1,312 was reduced to $nil. The difference of $408 was reported as a change in estimate of asset retirement obligation in the consolidated statements of income and comprehensive income in accordance with IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities.

A summary of the Company's asset retirement obligation as at December 31, 2023 and December 31, 2022 is presented below:

	December 31, 2023 $	December 31, 2022 $
Balance beginning of the year	**3,398**	**3,185**
Movements	(1,327)	670
Accretion	351	390
Change in estimate of asset retirement obligation	(408)	(60)
Foreign exchange	8	(787)
Balance end of the year	**2,022**	**3,398**

12. Streaming arrangement

In connection with the ATO Acquisition and in order to fund the exploration and development of the ATO site, the Company's subsidiaries, Steppe Gold LLC ("Steppe Mongolia") and Steppe Investments LLC ("Steppe BVI") entered into a metals purchase and sale agreement dated August 11, 2017, which was subsequently amended on September 30, 2019, with Triple Flag International (Triple Flag) to sell gold and silver produced from the ATO Project (the "Stream Agreement").

Under the terms of the Stream Agreement, Triple Flag advanced $28,000 to Steppe Gold and Steppe BVI is obligated to sell annually to Triple Flag 25% of the gold and 50% of the silver produced, subject to an annual cap of 7,125 ounces of gold and 59,315 of silver from the ATO Project until such time as Steppe BVI has sold an aggregate of 46,000 ounces of gold and 375,000 ounces of silver, respectively. The obligation of Steppe BVI to sell gold and silver to Triple Flag continues for the life of mine and includes any gold or silver produced by Steppe Mongolia within the stream area, which is the area within 20km from the boundary of the original mineral licenses comprising the ATO Project.

Under the terms of the Stream Agreement the parties agreed the variable gold and silver price payable by Triple Flag on delivery of gold and silver should be 17% of the relevant market price. As additional consideration, Steppe West granted a 3% net smelter returns royalty to a subsidiary of Triple Flag on minerals derived from the Uudam Khundii property owned by Corundum.

As long as the upfront deposit of $28,000 (the "Upfront Deposit") remains outstanding, the purchase price for the gold and silver required to be sold to Triple Flag under the Stream Agreement is based on the product of 0.99 and spot prices as of delivery date. The purchase price is to be satisfied as to 83% against the uncredited balance of the Upfront Deposit and 17% is payable in cash by Triple Flag. Once the uncredited balance of the Upfront Deposit has been reduced to nil the purchase price by Triple Flag for the gold and silver shall be 17% of price determined with reference to the product of 0.99 and spot prices of the delivery date, payable in cash.

Pursuant to the Stream Agreement, Steppe BVI has an option to buy gold and silver from the open market and resell such gold and silver to Triple Flag.

The obligations of Steppe BVI under the Stream Agreement were guaranteed by the Company and Steppe Mongolia and secured by all of the assets of Steppe Mongolia, including a pledge of the ATO Project mining license and the exploration licenses owned by Steppe Mongolia. The obligations are also secured by all of the assets of Steppe BVI and through the pledge by the Company of all of the shares of both Steppe BVI and Steppe Mongolia.

In addition, the Company granted 2,300,000 purchase warrants to Triple Flag, with each warrant entitling the holder to acquire one unit that comprised of one common share and one common share purchase warrant of the Company at a price of C$2.00 per unit on or before September 15, 2022.

All of the purchase warrants expired on September 15, 2022, without having been exercised.

The Stream Agreement is subject to various financial covenants in the form of ratios. These covenants include the indebtedness of the Company, excluding all amounts owing from time to time under the Company's promissory note on completion of the ATO Acquisition ("Centerra Deferred Purchase Price Amount") less any cash and liquid securities that is greater than the Centerra Deferred Purchase Price Amount ("Net Indebtedness") and earnings before interest, taxes, depreciation and amortization ("EBITDA"). The covenant is defined in the agreement as a leverage ratio, calculated as Net Indebtedness of the Company to EBITDA ("EBITDA Ratio") and a forward leverage ratio, calculated as Net Indebtedness to forecasted EBITDA ("Forecasted EBITDA Ratio"). Per the agreement, the EBITDA Ratio cannot exceed 2.0 and its Forecasted EBITDA Ratio cannot exceed 2.0 until the date of the later of the delivery of 46,000 ounces of gold or 375,000 ounces of silver.

On or after the later of the delivery of 46,000 ounces of gold or 375,000 ounces of silver, the Company must ensure that its EBITDA Ratio does not exceed 2.5 and Forecasted EBITDA Ratio does not exceed 2.5. The Company is in compliance with the covenants as noted in the Stream Agreement.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

The Stream Agreement liability is recorded at fair value at each statement of financial position date as the Company has determined the obligation is a derivative liability to be carried at FVTPL. The fair value of the Stream Agreement was valued using a discounted cash flow approach with consideration for the contractual terms of the Stream Agreement and using input assumptions including mine production plans, expected production taking into consideration technical feasibility reports, expected forward prices of gold and silver using the COMEX forward contract price and discount rate related to the risk of the forecasted cash flows.

The valuation was prepared by an independent, qualified valuator and the Phase 1 life of mine production schedule and expectations are based on the information recently updated by independent technical consultants. Financing for Phase 2 of the ATO Gold Mine is not currently in place and accordingly, only the remaining life of mine for Phase 1 has been used in calculating the stream liability as at December 31, 2023. If the Company is not successful in raising the required finance for Phase 2 of the ATO project there will be no further stream liability other than the amount for the remaining life of mine for Phase 1.

The continuity of the streaming liability is presented as follows:

	December 31, 2023 $	December 31, 2022 $
Balance beginning of the year	**27,820**	**46,929**
Fair value movement for the year	3,664	(6,316)
Repayment	(11,094)	(12,793)
Balance end of the year	**20,390**	**27,820**
Current portion	**9,343**	**15,735**
Long term portion	**11,047**	**12,085**

13. Lease Liability

The Company has leases in place for its office in Toronto, Canada, a diesel generator and certain light motor vehicles. Each lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (Note 7).

The remaining lease term for the office is three years while the lease term for the light vehicles and the generators range from one to seven years. The leases have fixed payment terms.

The continuity of lease liability is presented as follows:

	December 31, 2023 $	December 31, 2022 $
Balance beginning of the year	**551**	**653**
Additions	210	68
Interest expense	78	79
Lease payments	(245)	(196)
Foreign exchange	(22)	(53)
Balance end of the year	**572**	**551**
Current portion	**204**	**154**
Long term portion	**368**	**397**

14. Convertible Debenture

On January 30, 2020, the Company received funding from the Mongolian National Investment Fund PIF SPV ("MNIF") by issuing $3,000 of convertible debentures ("debentures") at 12% interest rate per annum, with a two year maturity date from the date of grant at a conversion price of US$0.68 per common shares. The debentures were secured by all of the shares of Steppe West LLC, a wholly owned subsidiary of the Company.

The conversion feature of the debentures meets the definition of a derivative liability instrument as the conversion feature is denominated in a currency other than the Company's functional currency, and as such does not meet the fixed for fixed criteria.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

On January 27, 2022, MNIF and the CEO of the Company, Mr. Bataa Tumur-Ochir, entered into a form of transfer (the "Transfer Agreement"). Pursuant to the Transfer Agreement, MNIF agreed to transfer to Mr. Tumur-Ochir the debentures of the Company held by MNIF.

Subsequently, the maturity date of the debentures was extended to January 27, 2024, and the interest payment terms have been changed to a quarterly basis. Following the transfer of the debentures from MNIF, all security was released. The debentures are now unsecured obligations of the Company. Subsequent to the year ended December 31, 2023, the debentures were extended for a further three years with an updated interest rate of 13.5% per annum.

The changes in the convertible debenture loan liability are as follows:

Balance at January 1, 2022	**2,930**
Gain on modification of Loan liability (i)	(1,972)
Accretion	1,001
Interest	(363)
Balance at December 31, 2022	**1,596**
Accretion	1,627
Interest	(360)
Balance at December 31, 2023	**2,863**

(i) The Company has extinguished the MNIF debentures and recognised the new Convertible debentures issued to Bataa Tumur-Ochir at its fair value using the Black Scholes pricing model as at January 27, 2022. This resulted in a gain of $1,972 which was recognised in the annual consolidated financial statements for the year ended December 31, 2022.

The changes in the convertible debenture - derivative related to the conversion feature are as follows:

	$
Balance at January 1, 2022	**1,074**
Loss on modification of derivative liability (i)	898
Change in fair value of derivative liability	(673)
Balance at December 31, 2022	**1,299**
Change in fair value of derivative liability	(1,236)
Balance at December 31, 2023	**63**

(i) Due to the modification of the MNIF debentures, the Company recognised $898 loss on derivative liability component which is recognised on the consolidated statements of income and comprehensive income.

15. Short Term Loans

Triple Flag Gold Prepay Loan

On September 26, 2022, the Company entered into an agreement with Triple Flag for a $4,800 short-term gold prepayment facility (the "Triple Flag Gold Prepay loan").

The Triple Flag Gold Prepay loan was repaid over a 6-month period commencing December 23, 2022, by monthly deliveries of 500 ounces of gold for a total of 3,000 ounces.

The continuity table of the Triple Flag Gold Prepay loan is as follows:

	December 31, 2023	**December 31, 2022**
Balance beginning of the year	**4,531**	**-**
Loan advanced	-	4,800
Repayment	(4,856)	(910)
Fair value revaluation	325	641
Balance end of the year	**-**	**4,531**

The Triple Flag Gold Prepay loan was revalued using the London Bullion Market Association gold price and a loss on fair value revaluation of $325 (December 31, 2022: $641) has been recognized in the consolidated statements of income and comprehensive income as at year ended December 31, 2023.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

Short-term Loans from TDB

On January 4, 2023, the Company obtained a short-term loan of $5,000 ("TDB working capital loan") from TDB.. This loan term was 12 months and payable in equal amounts in the last 4 months of the term. On October 31, 2023, the Company repaid the loan in full ahead of the scheduled term..

On April 20, 2023, the Company obtained a short-term loan from TDB in the amount of $500 ("TDB Genset advance loan") to purchase the new crusher genset. The TDB Genset advance loan was repaid in full on July 20, 2023.

The balance of $2,857 of 2021 Gold 2 Loan will be repaid in July 2024 according to the loan schedule, therefore, it has been reported as a short-term loan as of December 31, 2023.

	December 31, 2023
Balance at beginning of the year	**-**
Loans advanced	5,500
Gold 2 loan (Note 16)	2,857
Repayment	(5,500)
Balance at December 31, 2023	**2,857**

16. Long Term Loans

Gold 2 loans

On September 18, 2020, the Company entered into a loan agreement with TDB for 30 billion Mongolian Tugriks ($10,510) (the "2020 Gold 2 Loan") which was financed by the Central Bank of Mongolia for a period of 24 months secured by a cash deposit with 11% interest per annum held by TDB totaling 35.4 billion Mongolian Tugriks. The cash deposit was disclosed as restricted cash. The 2020 Gold 2 Loan was subject to interest at a rate of 11% per annum, payable monthly.

Repayments of the principal balance on the 2020 Gold 2 Loan were made in three equal tranches on September 23, 2021, on January 31, 2022, and on September 22, 2022.

In November 2021, the Company entered into a loan agreement with TDB for 170 billion Mongolian Tugriks ($59,700) (the "2021 Gold 2 Loan") which is a covenant light loan with 9% interest per annum for a term of 36 months facilitated under the Central Bank of Mongolia "Gold 2" program.

The funds under the 2021 Gold 2 Loan were advanced based on the conditional agreement between the Central Bank of Mongolia and TDB, which was completed on November 10, 2021.

The 2021 Gold 2 Loan was available for use in 3 tranches: tranche 1 – MNT 60 billion; tranche 2 – MNT 60 billion; tranche 3 – MNT 50 billion. Tranche 1 funds became available for use after completion of pledge registration in March 2022 and further tranches were to be released based on the approval of the TDB credit committee. In addition, the Company entered into a savings agreement with TDB at the interest rate of 7% per annum and deposited the loan amount of MNT 170 billion Mongolian Tugriks. The cash deposit was disclosed as restricted cash until funds were available for draw down.

In order to secure the obligations under 2021 Gold 2 Loan, the Company provided a pledge of its licenses, movable properties and immovable properties. An intercreditor agreement governs the priority and ranking of charges between the TDB and Triple Flag.

Phase 2 Expansion loan

On July 11, 2023, the Company announced it had signed a binding term sheet with TDB, and affiliated entities for $150,000 in financing to fund the construction and completion of the Phase 2 Expansion at the ATO Gold Mine (the "Phase 2 Expansion"). The terms of the financing comprise three tranches of $50,000 each for a total of $150,000, expected to be funded in line with the planned construction phase of the Phase 2 Expansion.

On August 30, 2023, the Company signed a loan agreement for the first tranche of $50,000 and on October 9, 2023, made its first draw down of $9,600.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

The continuity table of long-term loans is as follows:

	December 31, 2023	December 31, 2022
Balance beginning of the year	**2,838**	**67,354**
Phase 2 Expansion loan	9,600	-
Repayment	-	(53,283)
Transferred to short term loan (Note 15)	(2,857)	-
Foreign exchange	(6)	(11,233)
Balance end of the year	**-**	**2,838**
Long term loan	**9,575**	**2,838**

On May 12, 2022, the Company repaid MNT 40 billion, on September 30, 2022, the Company repaid MNT10 billion of Tranche 1 of the 2021 Gold 2 loan from the savings balance, respectively. On October 21, 2022, the Company repaid a further MNT 110 billion of the 2021 Gold 2 loan (which had not been made available for use) from the savings account balance. This left a remaining balance of MNT 10 billion ($2,857) which should be repaid by July 28, 2024, as such, the loan balance has been reported as a short-term loan at December 31, 2023.

17. Share Capital

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.

Common shares issued:

	Number of common shares	$
	69,548,657	**55,292**
Exercise of restricted share units (i)	541,625	468
Balance at December 31, 2022	**70,090,282**	**55,760**
Exercise of restricted share units (ii)	2,445,352	2,022
Exercise of Private Placement (iii)	11,000,000	9,020
Issuance of shares for Anacortes acquisition (iv)	19,437,948	12,332
Share based payments (iv)	924,654	586
Share issuance costs	-	(510)
Exercise of restricted share units (v)	632,377	341
Balance at December 31, 2023	**104,530,613**	**79,551**

(i) On August 26, 2022, 541,625 common shares were issued in relation to restricted share units (the "RSUs") granted to its executive officers and employees in 2021. The fair value of the RSUs exercised of $468 was transferred from contributed surplus to share capital.

(ii) On January 31, 2023, 2,445,352 common shares were issued in relation to RSUs granted to its executive officers in 2022. The fair value of the RSUs exercised of $2,022 was transferred from contributed surplus to share capital.

(iii) On May 11, 2023, the Company announced that it had successfully completed a non-brokered private placement (the "Private Placement"), raising a total of $9,020. The private placement included participation from the Company's management and 2176423 Ontario, a company beneficially owned by Eric Sprott. Under the Private Placement, the Company issued an aggregate of 11,000,000 common shares of the Company (the "Common Shares ") at a price of C$1.10 per Common Share for aggregate gross proceeds of C$12,100,000. The proceeds of the Private Placement were used to accelerate the ATO Phase 2 expansion currently underway, to fund ongoing exploration as well as to support the announced plans to pursue a dual listing on the Hong Kong Stock Exchange.

(iv) On June 28, 2023, the Company acquired all of the issued and outstanding common shares of Anacortes, obtaining control of Anacortes. Under the terms of the Acquisition Arrangement, Anacortes Shareholders received 0.4532 of a common share of the Company for each Anacortes Share held. Accordingly, the number of common shares issued by the Company to the Anacortes shareholders was 19,437,948. Additional common shares totaling 924,654 were issued to the advisors to the transaction.
The Company incurred the finders' fees of $586, legal fees of $330, listing and other professional fees of $58 in connection with the share issuance and expensed in the consolidated statement of income and comprehensive income.

(v) On August 22, 2023, the company issued a total of 632,377 common shares to its management, employees and consultants in relation to RSUs granted in 2021 and 2023. The fair value of the RSUs exercised of $341 was transferred from contributed surplus to share capital.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

18. Warrants

	Number of warrants	Warrant (Equity) $
Balance at January 1, 2022	**14,086,194**	**11,165**
Expired on August 5, 2022 (i)	(2,300,000)	(2,651)
Expired on September 15, 2022 (ii)	(6,976,944)	(2,872)
Balance at December 31, 2022	**4,809,250**	**5,642**
Expired May 22, 2023 (iii)	(4,809,250)	(5,642)
Balance at December 31, 2023	**-**	**-**

(i) On September 15, 2022, 2,300,000 special warrants issued to Triple Flag International Limited expired without exercise which had an exercise price of C$2.00 per unit and entitled the holder to acquire one unit of the Company which comprises of one common share and one common share purchase warrant.
(ii) On August 5, 2022, 6,976,944 warrants which were issued on August 5, 2020, with the exercise price of C$3.00 per share expired without exercise.
(iii) On May 22, 2023 the remaining 4,809,250 warrants with an exercise price of C$2.00 expired without exercise.

19. Revenue

Revenue by metal for the years ended December 31, 2023, and December 31, 2022, were as follows:

	December 31, 2023 $	December 31, 2022 $
Gold revenue	52,707	61,705
Silver revenue	1,532	661
Total	**54,239**	**62,366**

The Company's revenue is derived from the sale of gold and silver to banks in Mongolia at spot rate.

20. Cost of sales

	December 31, 2023 $	December 31, 2022 $
Contractors	7,768	8,202
Employee compensation	3,227	2,992
Materials and consumables	12,223	12,510
Other expenses	4,025	4,165
Change in inventory	(8,313)	(4,924)
Depletion and depreciation	2,200	4,209
Royalties	3,703	4,393
Total	**24,833**	**31,547**

21. Exploration and evaluation expenditures

For the year ended December 31, 2022

	ATO Project $	Uudam Khundii Project $	Total $
General exploration	141	360	501
Assays	84	73	157
Drilling	1,096	376	1,472
Total exploration and evaluation expenditures	**1,321**	**809**	**2,130**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

For the year ended December 31, 2023	ATO project	Uudam Khundii Project	Total
	$	$	$
General exploration	79	227	306
Assays	81	-	81
Drilling	675	-	675
Total exploration and evaluation expenditures	**835**	**227**	**1,062**

22. Corporate administration

	December 31, 2023	December 31, 2022
	$	$
Management compensation	1,734	3,268
Stock based compensation	201	2,672
Professional fees	5,911	2,847
Corporate social responsibility	880	1,053
Direct general administrative	3,435	3,140
Total	**12,161**	**12,980**

23. Finance (costs)/income

	December 31, 2023	December 31, 2022
	$	$
Accretion on convertible debentures	(1,627)	(1,001)
Accretion on lease liability	(78)	(79)
Accretion on asset retirement obligation	(351)	(390)
Interest on short and long term loans	(500)	(3,627)
Interest on convertible debenture	-	(69)
Interest on restricted cash	-	3,541
Interest on convertible debentures - Aranjin	145	-
Interest on current account	58	-
Change in fair value of derivative liability	1,236	673
Changes in estimate of asset retirement obligation	408	60
Change in fair value of investment in Aranjin	(315)	-
Change in fair value of stream liability	(3,664)	6,316
Change in fair value of convertible debenture - Aranjin	123	(972)
Fair value of TDB gold loan	-	(233)
Fair value of short term loan - Gold prepay loan	(325)	(641)
Gain on modification of convertible debenture	-	1,074
Total	**(4,890)**	**4,652**

24. Net income per common share

The calculation of basic and diluted income per share for the year ended December 31, 2023 was based on the net income attributable to common shareholders of $8,894 (December 31, 2022: $15,956), respectively and the weighted average number of common shares outstanding of basic and diluted 90,169,387 and 94,581,151 (December 31, 2022: 69,772,725 and 85,807,716), respectively.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

25. Related party transactions

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

During the year 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:

	December 31, 2023 $	December 31, 2022 $
Management fees paid to key personnel	1,996	3,348
Non-executive Directors fees	108	96
Stock based compensation	129	1,677
Total	**2,233**	**5,121**

As at December 31, 2023, key management personnel were owed $1,271 of accrued bonuses and management fees for previous periods (December 31, 2022: $nil).

As at December 31, 2023, non-executive directors were owed $30 (December 31, 2022: $24).

During the year ended December 31, 2023, Erdenyn Erel, a company for which the Vice President of Exploration is the CEO provided services to the Company totaling $659 (December 31, 2022 - $1,152). As at December 31, 2023, the payable balance is $408 to Erdenyn Erel (December 31, 2022 - $1,028).

On the maturity date August 10, 2023, the Company converted the full amount of C$1,814,400 of Aranjin convertible debenture plus interest receivable of C$543,574 into 42,872,253 common shares of Aranjin at C$0.055 per common share. The investment in Aranjin has been reclassified to non-current assets at its fair value of $324 as of December 31, 2023. Three of the Company's management also serve as directors of Aranjin as at year ended December 31, 2023. Subsequent to the reporting period, two of the Company's management resigned from Aranjin's board.

The Company paid certain shared service costs on behalf of Aranjin during the year ended December 31, 2023, there was a receivable balance of $47 from Aranjin as of December 31, 2023.

The Company sublets office space to Lithium ION Energy Ltd. ("ION") and Antler Hill Mining Ltd. ("Antler Hill"). Three of the Company's directors also serve as directors of ION and Antler Hill. There was rental income of $50 and a receivable balance of $33 from ION and Antler Hill as at December 31, 2023.

On January 27, 2022, the Mongolian National Investment Fund PIF SPV ("MNIF") and the CEO of the Company, Bataa Tumur-Ochir, entered into a Transfer Agreement, whereby MNIF agreed to transfer to Mr. Tumur-Ochir the debentures of the Company held by MNIF. Subsequently, the maturity date of the debentures was extended to January 27, 2024 with the same interest rate of 12% per annum and the interest payment terms changed to a quarterly basis. Following the transfer of the debentures from MNIF, all security was released. The debentures are now unsecured obligations of the Company. Subsequent to the reporting period, the debentures maturity date was extended to January 27, 2027 with the revised interest rate of 13.5% per annum.

On May 11, 2023, the Company announced that it had successfully completed a non-brokered private placement (the "Private Placement"), raising a total of C$12,100,000. The private placement included participation from the Company's management (Mr. Bataa Tumur-Ochir) and 2176423 Ontario, a company beneficially owned by Eric Sprott.

Mr. Bataa Tumur-Ochir ("Bataa") acquired an aggregate of 1,818,182 Common Shares for a total of C$2,000,000 pursuant to the Private Placement (the "Bataa Tumur-Ochir Participation"). The Bataa Tumur-Ochir Participation is equal to approximately 2.18% of the issued and outstanding Common Shares following the completion of the Private Placement. Mr. Bataa Tumur-Ochir is an insider of the Company and, as a result, his participation in the Private Placement constitutes a "related party transaction" as defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Bataa Tumur-Ochir Participation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 in reliance upon the exemptions contained in Section 5.5(a) and 5.7(1)(a), respectively, of MI 61-101.

Eric Sprott through 2176423 Ontario Ltd., a Corporation beneficially owned and controlled by him acquired an aggregate of 909,091 Common Shares for a total of C$1,000,000 pursuant to the Private Placement (the "Sprott Participation"). Mr. Sprott is an insider of the Company and, as a result, his participation in the Private Placement constitutes a "related party transaction" as defined in MI 61-101.

The Sprott Participation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 in reliance upon the exemptions contained in Section 5.5(a) and 5.7(1)(a), respectively, of MI 61-101.

On March 15, 2024, the Company announces that Matthew Wood has resigned from the director of the Company and the Company issued 2,000,000 common shares of the Company at a deemed price of $0.78 per common share on March 27, 2024 to settle all amounts owing by the Company to Mr. Wood. The common shares issued to Mr. Wood, or an affiliate, will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation, and such further restrictions as apply under foreign securities laws.

On March 28, 2024, the Company announced that Aneel Waraich has resigned as a director and executive vice president of the Company and Greg Wood has resigned as Chief Operating Officer of the Company, each effective March 28, 2024.

In connection with Mr. Waraich's resignation, the Company intends to issue an aggregate of 1,250,000 common shares of the Company at a deemed price of $0.77 per share, in addition to a cash payment of $100, to settle all amounts owing by the Company to Mr. Waraich. The transaction is subject to approval of Toronto Stock Exchange. These common shares will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation, and such further restrictions as apply under foreign securities laws.

In connection with Mr. Greg Wood's resignation, the Company intends to issue an aggregate of 1,250,000 common shares of the Company at a deemed price of $0.77 per share, in addition to a cash payment of $300, to settle all amounts owing by the Company to Mr. Greg Wood. The transaction is subject to approval of Toronto Stock Exchange. These common shares will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation, and such further restrictions as apply under foreign securities laws.

26. Financial risk management

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, short term investments, receivables and other assets. Cash is held with a Canadian chartered bank and a financial institution in Mongolia, 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 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.

The Company's cash is currently invested in business accounts with high-credit quality financial institutions which are available on demand by the Company.

The Company's financial obligations consist of accounts payable and other liabilities, purchase price payable, lease liability, streaming arrangement, long term loan as well as the loan liability and derivative components of the convertible debentures.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

The maturity analysis of financial liabilities as at December 31, 2023 is as follows:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Accounts payable and other liabilities	9,759	-	-	-	9,759
Lease liability	204	283	51	34	572
Streaming arrangement	9,343	11,047	-	-	20,390
Convertible debentures – derivative	63	-	-	-	63
Convertible debentures – loan liability	2,863	-	-	-	2,863
Short term loan - TDB	2,857	-	-	-	2,857
Long term loan	-	9,575	-	-	9,575
Liabilities directly associated with assets classified as held for sale	959	-	-	-	959
Total	**26,048**	**20,905**	**51**	**34**	**47,038**

The maturity analysis of financial liabilities as at December 31, 2022 is as follows:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Accounts payable and other liabilities	11,016	-	-	-	11,016
Lease liability	154	246	105	46	551
Streaming arrangement	15,735	12,085	-	-	27,820
Convertible debentures – derivative	1,299	-	-	-	1,299
Convertible debentures – loan liability	-	1,596	-	-	1,596
Gold Prepay loan - Triple Flag	4,531	-	-	-	4,531
Long term loan	-	2,838	-	-	2,838
Total	**32,735**	**16,765**	**105**	**46**	**49,651**

(iii) 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 and Mongolian financial institutions. The Company considers the interest rate risk on cash held with chartered Canadian and Mongolian financial institutions to be immaterial. There is no interest rate risk on the short term investments, restricted cash, convertible debentures and long term loan as the rates are fixed.

(b) Foreign currency risk

The Company has significant balances in US dollars that are subject to foreign currency risk. The Company is exposed to foreign currency risk on fluctuations related to cash, streaming arrangement, purchase price payable and convertible debentures that are denominated in US dollars. Sensitivity to a plus or minus 5% change in the foreign exchange rate of the US dollars compared to the Canadian dollar would affect net loss by $1,488 (gain) and $1,645 (loss) with all other variables held constant.

(iv) Commodity price risk

The profitability of the Company's operations and mineral resource properties relates primarily to the market price and outlook of gold and silver. Adverse changes in the price of certain raw materials can also significantly affect the Company's cash flows.

Gold and silver prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial, residential and retail demand, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative or hedging activities, macro-economic variables, geopolitical events and certain other factors related specifically to gold (including central bank reserves management). To the extent that the price of gold and silver increase over time, the fair value of the Company's mineral assets increases and cash flows will improve; conversely, declines in the price of gold will reduce the fair value of mineral assets and cash flows. A protracted period of depressed prices could impair the Company's operations and development opportunities, and significantly erode shareholder value. To the extent there are adverse changes to the price of certain raw materials (e.g. diesel fuel), the Company's profitability and cash flows may be impacted. As the Company commenced its production, it is monitoring gold and silver prices to identify measures that may be required to mitigate commodity price risk. Diesel fuel purchases are currently at spot price and are not considered material enough to require hedging to mitigate the price risk.

27. 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, shares to be issued, warrants, contributed surplus, accumulated other comprehensive loss and 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 equivalents 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 except for the covenants detailed in note 12 and note 14.

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).

28. Fair value measurements

The following tables set forth the Company's assets and liabilities measured at fair value on a recurring basis (at least annually) by level within the fair value hierarchy. As required by accounting guidance, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

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).

Information sources

- The long-term investment is valued at the listed stock price of the investment as at December 31, 2023 (Note 9).
- The fair value of the conversion feature of the debentures was estimated based on the Black Scholes pricing model using a risk-free interest rate of 3.88% based on 2-year Canadian Government bond yields, an expected dividend yield of 0%, volatility rates of 77% based on comparable companies, and an expected life of 2 years (Note 14).
- The fair value of the streaming liability has been calculated by an independent valuation consultant in conformity with the Practice Standards of the Canadian Institute of Chartered Business Valuators. The consultant used an income approach, specifically a discounted cash flow, which is a generally accepted valuation methodology for valuing contractual obligations. The inputs used in the valuation are based on production information provided by Company management using the latest technical report, the forward price of gold and silver using the forward COMEX price as at December 31, 2023, the prevailing discount rate of 27.5% as at December 31, 2023 , and the contractual terms of the Triple Flag agreement (Note 12).

	Fair value at December 31, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash – continuing operations	6,006	6,006	-	-
Cash – discontinued operations	27	27		
Long term investment	324	324		
	6,357	**6,357**	**-**	**-**
Liabilities				
Convertible debenture derivative	63	-	63	-
Short term loan - TDB	2,857	-	2,857	-
Current portion of streaming arrangement	9,343	-	9,343	-
Long term portion of streaming arrangement	11,047	-	11,047	-
	23,310	**-**	**23,310**	**-**

	Fair value at December 31, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash	2,515	2,515	-	-
Short term investment	365	365	-	-
	2,880	**2,880**	**-**	**-**
Liabilities				
	Total	**Level 1**	**Level 2**	**Level 3**
Convertible debenture derivative	1,299	-	1,299	-
Short term loan – Triple Flag Gold Prepay loan	4,531	-	4,531	-
Current portion of streaming arrangement	15,735	-	15,735	-
Long term portion of streaming arrangement	12,085	-	12,085	-
	33,650	**-**	**33,650**	**-**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

Embedded derivatives

The Company has issued convertible debentures which contain an embedded derivative component (Note 14). The following table is a sensitivity analysis of the impact on the consolidated statement of income and comprehensive income of an increase or a decrease in the assumptions that are used to value the derivative liability which is classified as a level 2 in the fair value hierarchy:

Input	**Sensitivity rate**	**Impact of increase**	**Impact of Decrease**
		$	**$**
Stock price	10%	76	(41)
Exercise price	10%	(36)	72
Volatility rate	10%	16	(15)
Discount rate	0.5%	73	(73)

Streaming arrangement

In connection with the ATO Acquisition, the Company's subsidiaries have entered into a metals purchase and sale agreement (the "Stream Agreement") with Triple Flag to sell gold and silver produced from the ATO Project. The Stream Agreement is recorded at fair value at each statement of financial position date as the Company has determined the obligation is a derivative liability to be carried at FVTPL. The fair value of the Stream Agreement was valued using the income approach with consideration for the contractual terms of the Stream Agreement and use of various input assumptions.

Input	**Sensitivity rate**	**Impact of increase**	**Impact of Decrease**
		$	**$**
Forward price	10%	2,039	(1,929)
Discount rate	10%	(2,039)	2,471

29. Income tax

The major components of the Company's income tax expense/(recovery) for the years ended December 31, 2023 & 2022 are:

Consolidated profit/loss

	December 31, 2023	**December 31, 2022**
	$	**$**
Current tax expense	1,368	3,158
Deferred tax expense (recovery)	761	(1,335)
Total income tax expense	**2,129**	**1,823**
Income tax expense from continuing operations	2,129	1,823
Income tax expense from discontinued operations	-	-
Total income tax expense	**2,129**	**1,823**

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2022– 26.5%) to the effective tax rate is as follows:

	December 31, 2023 $	December 31, 2022 $
Profit from continuing operations before income tax	**11,465**	17,540
(Loss) from discontinued operations before income tax	(537)	
Net profit before income tax	**10,928**	**17,540**
Expected income tax expense	2,896	4,648
Differences due to foreign tax rate	196	(531)
Group losses not deductible	-	2,284
Permanent differences	(2,574)	2,092
Withholding taxes	-	386
Income exempt from tax	-	(7,056)
Expiry of non-capital losses	84	-
Change in tax benefits not recognized	1,510	-
Adjustment to prior year provision against statutory tax return	17	-
Total tax expense	**2,129**	**1,823**

Deferred tax assets

The following table summarizes the components of deferred tax:

	December 31, 2023 $	December 31, 2022 $
Deferred tax assets		
Non-capital losses - Canada	604	180
Property, plant and equipment	1,677	-
Asset Retirement Obligation	561	597
Unrealized foreign exchange on intercompany balances	-	1,608
Interest payable	482	-
Other	384	-
	3,708	2,385
Deferred tax liabilities		
Property, plant, and equipment	(366)	(110)
Right of use assets and liabilities	-	(95)
Exploration and Evaluation assets	(175)	-
Work in progress	(1,461)	-
Capitalized promissory note	(221)	-
Other	(60)	-
	(2,283)	(205)
Net deferred tax asset	**1,425**	**2,180**

Deferred tax assets and liabilities have been offset where they relate to income tax levies by the same taxation authority and the Company has the legal right and intent to offset.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

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 valued and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2023	December 31, 2022
	$	$
Share issuance costs	895	178
Property, plant and equipment	2,441	-
Right of use assets	39	-
Marketable securities	199	-
Non-capital losses carried forward - Canada	33,141	14,928
Non-capital losses carried forward - Mongolia	1,507	1,531
Non-capital losses carried forward - Peru	101	-
	38,323	**16,637**

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

	December 31, 2023	December 31, 2022
Year	**$**	**$**
2025	180	-
2026	99	-
2027	191	-
2028	167	-
2029	170	-
2030	225	-
2031	141	-
2032	151	-
2033	147	-
2034	152	-
2035	168	-
2036	181	-
2037	409	1,796
2038	748	380
2039	4,146	3,041
2040	6,718	4,423
2041	5,141	2,993
2042	6,770	2,295
2043	7,237	-
Total Canadian unused non-capital income tax losses	**33,141**	**14,928**

The inclusion of the Canadian unused non-capital income tax losses for the period 2025 to 2036, relate to the Anacortes group entities, which are disclosed as a result of the acquisition on June 28, 2023.

(All dollar amounts expressed in thousands of United States Dollars, other than the per share amounts or unless otherwise noted)

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

Year	December 31, 2023 $	December 31, 2022 $
2022	-	337
2023	244	244
2024	822	821
2025	42	42
2026	87	87
2027	312	-
Total Mongolian unused non-capital income tax losses	**1,507**	**1,531**

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

Year	December 31, 2023 $	December 31, 2022 $
Unlimited	101	-
	101	-

30. Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with vendors. Apart from the matter notified to the Company after the reporting period (Note 31) management is of the position that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain and management's view of these matters may change in the future.

Contingent Liability

In February 2023, legal proceedings were brought against the Company alleging unpaid commissions related to the Company's financing activities in prior periods. The claim is alternatively seeking damages and is also seeking costs and interest. As at December 31, 2023 and the year ended December 31, 2022, management had estimated an amount for unpaid commissions that were potentially payable. Management has consulted with legal counsel to assess the merits of the claim. Based on these consultations, management has assessed the likelihood of an unfavourable outcome as possible but is unable to reliably estimate the overall amount of the loss, if any.

The Company will continue to engage with legal counsel to evaluate the potential financial outcome of the proceedings and will update the provision and/or contingent liability disclosure as appropriate, based on new information or changes in circumstances.

31. Events after reporting period

EPC Contract for Phase 2 ATO Expansion

On January 9, 2024, the Company announced that it has entered into turnkey engineering, procurement and construction contract amounted $148,400 with Hexagon Build Engineering LLC for the Phase 2 Expansion at the ATO Gold Mine. The Contract Amount is fully funded by a project finance package (as described in Note 16) that has been made available to the Company and its affiliates by TDB Capital Pte Ltd. and certain of its affiliates and the Trade and Development Bank of Mongolia.

The Company announced on March 26, 2024, 2024 further details of the EPC Contract as follows:

- The second draw down of $40,400 from the project finance package, was funded on March 20, 2024, with a total of $50,000 has been drawn from the first tranche of the $150,000 project finance package since October 2023.
- Steppe Gold has now made its second milestone payment of $37,000 towards Phase 2 Expansion for procurement of major long lead items, mobilization costs, early construction works and foundational work.
- The major long lead items include the flotations cells, grinding mills, cluster cyclones, thickener units, filters and pumping systems.
- The ATO Phase 2 Expansion is proceeding according to projected timelines and budgets, with commissioning planned for Q1 2026.

Acquisition of Boroo Gold

On January 22, 2024, the Company announced that it has entered into a binding term sheet pursuant to which the Company, either directly or through a wholly-owned subsidiary, will acquire all of the issued and outstanding common shares of Boroo Gold LLC in an all-share transaction (the "Proposed Transaction").

Pursuant to the Term Sheet, the Company will acquire all of the BG Common Shares in consideration of the issuance of that number of common shares of the Company that results in Boroo Pte Ltd. ("Boroo PL"), the beneficial shareholder of Boroo Gold, directly or indirectly holding a 58.8% interest in the Company (calculated on a fully-diluted basis) upon completion of the Proposed Transaction.

The Proposed Transaction is subject to the negotiation of definitive agreements ("Definitive Agreements") which will be negotiated during an exclusivity period ending on March 18, 2024 (subject to extension by both parties).

Additionally, for a period of six months following the completion of the Proposed Transaction, Boroo PL, and/or its associates will have a right of first refusal to acquire the Tres Cruces gold project located in Peru through its wholly-owned subsidiary, Anacortes Mining Corp., at fair market value.

Convertible Debenture extension

The due date of Convertible Debenture held by Bataa Tumur-Ochir amount of $3,000 was January 27, 2024. The Company entered into an amendment agreement dated January 27, 2024 with Bataa Tumur-Ochir. The amendment agreement is modified the Debenture to extend the maturity date of the Debenture from January 27, 2024 to January 27, 2027, and adjust the interest terms of the Debenture, by increasing the interest rate from 12% to 13.5% per annum, with payments scheduled quarterly.

Gold Prepayment Agreement

On March 21, 2024, the Company announced that Steppe Investments Limited, a wholly owned subsidiary of the Company, has entered into an amended and restated gold prepay agreement (the "Prepay Agreement") with Triple Flag International Ltd. ("Triple Flag") for an additional advance under its previously negotiated short-term gold prepay facility (the "Triple Flag Gold Prepay Facility").

Under the terms of the Prepay Agreement, Triple Flag has advanced additional funds of US$5 million to Steppe Gold or one of its affiliates. The Triple Flag Gold Prepay Facility will be repaid by the Company over five months, commencing on August 15, 2024, with five equal monthly deliveries of 530 oz of gold for a total of 2,650 oz delivered.

Changes to the Board of Directors

On March 15, 2024, Matthew Wood resigned as a director of the Company and the President of the Company, Byambatseren Tsogbadrakh, joined the Board.

The Company issued 2,000,000 common shares of the Company at a deemed price of $0.78 per common share on March 27, 2024 to settle all amounts owing by the Company to Mr. Wood.

On March 28, 2024, the Company announced that Aneel Waraich has resigned as a director and executive vice president of the Company and Greg Wood has resigned as Chief Operating Officer of the Company, each effective March 28, 2024.

In connection with Mr. Waraich's resignation, the Company intends to issue an aggregate of 1,250,000 common shares of the Company at a deemed price of $0.77 per share, in addition to a cash payment of $100, to settle all amounts owing by the Company to Mr. Waraich.

In connection with Mr. Greg Wood's resignation, the Company intends to issue an aggregate of 1,250,000 common shares of the Company at a deemed price of $0.77 per share, in addition to a cash payment of $300, to settle all amounts owing by the Company to Mr. Greg Wood.

These transactions are subject to approval of Toronto Stock Exchange. These common shares will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation, and such further restrictions as apply under foreign securities laws.