Oriental Non-ferrous Resources Development Inc.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2018

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements for the three months ended December 31, 2018 and 2017 have been prepared by the management in accordance with International Financial Reporting Standards and approved by the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's independent auditors.

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	December 31, 2018	September 30, 2018
Assets	$	$
Current Assets		
Cash	93,837	90,954
Prepaid and other receivable	16,469	24,230
Total Current Assets	110,306	115,184
Non-current Assets		
Exploration and evaluation assets (Note 6)	20,820,377	1,811,084
Total Assets	20,930,683	1,926,268
Liabilities		
Current Liabilities		
Accounts payable	29,500	46,229
Due to shareholders (Note 9)	145,534	141,649
	175,034	187,878
Long-term debenture (Note 8)	122,008	119,258
Other liabilities (Note 10)	19,000,000	-
Total Liabilities	19,297,042	307,136
Shareholders' Equity		
Share capital (Note 7)	891,665	891,665
Share reserve (Note 7)	2,432,845	2,400,342
Contributed surplus (Note 7)	1,932,203	1,932,203
Deficit	(3,637,071)	(3,606,927)
Currency translation reserve	1,276	1,849
Minority interest (Note 11)	12,723	-
	1,633,641	1,619,132
Total Liabilities and Shareholders' Equity	20,930,683	1,926,268

Nature of Operations (Note 1)
Going Concern (Note 2)
Subsequent Event (Note 12)

Approved by:

"Eugene Beukman"	*"Sheng Wang"*
Director	Director

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

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars, except number of shares)

	Three Months Ended December 31,	
	2018	2017
Expenses	$	$
Professional fees	-	6,046
Payroll expenses	19,596	20,152
Office expenses	2,294	2,079
Regulatory Filing expenses	2,818	4,038
Rent and utilities	-	2,077
Interest on loan	2,750	-
Travel and entertainment	2,823	85
Bank fees	82	80
	(30,363)	(34,557)
Loss from operations	(30,363)	(34,557)
Net loss attributable to non-controlling interest (Note 11)	(219)	-
Net loss for the period	(30,144)	(34,557)
Other Comprehensive Income		
Exchange gain (loss) on translation	(1,276)	(46)
Comprehensive loss for the period	(31,420)	(34,603)
Basic and diluted loss per share	(0.00)	(0.00)
Weighted average number of common shares outstanding - basic and diluted	77,604,167	77,604,167

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

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended December 31,	
	2018	2017
	$	$
Cash provided by (used in):		
Operations:		
Net loss for the period	(30,363)	(34,557)
Change in non-cash working capital balances:		
Prepaid expenses and other receivable	7,761	(10,940)
Amount due to related parties	3,885	104,853
Accounts payable and accrued liabilities	(16,729)	(51,694)
Other liabilities - debenture issuable	19,000,000	-
Interest payable on long-term debenture	2,750	-
	18,967,304	7,662
Investing:		
Exploration and evaluation assets	(19,009,293)	(34,529)
Financing:		
Proceeds received from debentures	-	-
Proceeds received from private placement	-	-
	-	-
Effect of foreign exchange on cash and cash equivalents	-	42
Change in cash and cash equivalents	(41,989)	(26,825)
Cash and cash equivalents, beginning of period	90,954	98,303
Cash and cash equivalents, end of period	93,837	71,478
Supplemental Cash Flow Information		
Interest paid	-	-
Income taxes paid	-	-

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

Oriental Non-ferrous Resources Development Inc.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars, except number of shares)

	Number of Shares	Share capital	Share reserve	Contributed surplus	Deficit	Currency translation reserve	Total
		$	$	$	$	$	$
Balance, September 30, 2017	77,604,167	891,665	2,400,342	1,864,010	(3,407,383)	1,218	1,749,852
Net loss for the period	-	-	-	-	(34,557)	-	(34,557)
Currency translation	-	-	-	-	-	(46)	(46)
Balance, December 31, 2017	77,604,167	891,665	2,400,342	1,864,010	(3,441,940)	1,172	1,715,249
Balance, September 30, 2018	77,604,167	891,665	2,400,342	1,932,203	(3,606,927)	1,849	1,619,132
Net loss for the period	-	-	-	-	(30,144)	-	(30,144)
Acquisition of Maple Beauty	-	-	32,503	-	-	-	32,503
Currency translation	-	-	-	-	-	(573)	(573)
Balance, December 31, 2018	77,604,167	891,665	2,432,845	1,932,203	(3,637,071)	1,276	1,620,918

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

1. NATURE OF OPERATIONS

Oriental Non-ferrous Resources Development Inc. (the "Company" or 'Oriental") was incorporated under the *Business Corporations Act* of British Columbia on August 20, 2015. The head and registered office of the Company is 5148 Williams Road, Richmond, British Columbia, V7E 1K1. The Company's principal business activity is the acquisition, exploration and development of mineral properties.

On September 10, 2015, the Company acquired 100% of Genuine Success Global Limited ("GSG"), a company incorporated on May 20, 2014 under the laws of British Virgin Islands, by way of share exchange.

GSG owns 100% of Tunshan Xiangdong Co., Ltd. ("Tunshan"), a mineral exploration company incorporated on August 31, 2007 under the laws of Mongolia. The head and registered office of the Company is located at #9-78, Suite 22, 1st khoroo, Bayangol district, Ulaanbaatar city, Mongolia. Tunshan has acquired mineral exploration license with expiry date of July 31, 2020. The mineral properties are located in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia totalling 1,073 hectares. Tunshan has also acquired mineral mining license with expiry date of September 5, 2044 covering 42.12 hectares of same areas in the mineral exploration license in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia.

On October 9, 2018, GSG acquired 95% of the issued and outstanding capital stock of Maple Beauty Global Limited ("MBGL"), a corporation incorporated under the laws of British Virgin Islands.

MBGL owns 100% of Maple Mining Development Co. Ltd. ("Maple Mining"), a company incorporated under the laws of Mongolia. Maple Mining owns the mineral mining license over the Khaldun iron (zinc) mine located in Govi-Ugtaal Sum, Middle Govi (Dundgovi) province, Mongolia. Maple Mining is a 100% owned subsidiary of MBGL, a private

Pursuant to the share purchase agreement, the Company is required to issue convertible debentures representing an aggregate purchase price of $19,000,000 to the pre-acquisition shareholders of MBGL. The debentures are convertible into common shares of the Company at a deemed price per share equal to the closing market price of the shares on the Canadian Securities Exchange on the trading day prior to the earlier of dissemination of a news release disclosing the issuance of the debentures or the posting of notice of the proposed issuance of the debentures.

2. BASIS OF PREPARATION

a) Statement of Compliance

The condensed interim consolidated financial statements of the Company for the three months ended December 31, 2018 are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

2. BASIS OF PREPARATION (Continued)

These unaudited condensed interim consolidated financial statements do not include all the information and notes required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited annual financial statements and notes as at and for the year ended September 30, 2018.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on March 1, 2019.

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries GSG, Tunshan, 95% owned MBGL and Maple Mining. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as at fair value through profit or loss that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All material inter-company transactions and balances have been eliminated for the purpose of these consolidated financial statements.

c) Going Concern

These consolidated financial statements have been prepared by management on the basis of IFRS applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company is in the process of exploring its mineral property in Mongolia. The Company's ability to continue as a going concern and the recoverability of the amounts capitalized for mineral properties and related deferred exploration expenditures are dependent upon the ability of the Company to raise additional financing in order to complete the exploration and development of its resource properties and acquire additional mineral properties, the discovery of economically recoverable reserves, the attainment of future profitable production or proceeds from disposition of the Company's resource properties. The outcome of these matters cannot be predicted at this time.

2. BASIS OF PREPARATION (Continued)

These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the consolidated statements of operations and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

	December 31, 2018	September 30, 2018
Deficit	$3,637,071	$3,606,927
Working capital (deficiency)	($64,728)	($72,694)

The above factors cast significant doubt regarding the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments and estimates

The preparation of these consolidated financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The following judgments and estimates are those deemed by management to be material to the Company's consolidated financial statements.

Estimates

(i) Impairment of exploration and evaluation assets
Determining if there are any facts and circumstances indicating impairment losses or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

(ii) Deferred tax liabilities and assets
Deferred tax liabilities and assets are measured at tax rates expected to apply in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Judgments

(i) Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the period ended December 31, 2018. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there are significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

Foreign Currency Translation

The functional currency for the Company, GSG, MBGL is Canadian dollars. The functional currency for Tunshan and Maple Mining is Chinese Renminbi ("RMB") as this is the principal currency of the economic environment in which Tunshan and Maple Mining operate. The reporting currency of the Company is Canadian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statements of operations and comprehensive loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value is determined.

Assets and liabilities of entities with functional currencies are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. Gains or losses resulting from these translation adjustments are included in shareholders' equity as currency translation reserve. On disposal of the foreign operation the cumulative translation differences recognized in equity are reclassified to consolidated statements of operations and comprehensive loss.

Cash

Cash consists of cash on hand and deposits in banks. As at December 31, 2018, cash consists of $88,491 (September 30, 2018: $85,608) bank deposit and $5,346 (September 30, 2018: $5,346) cash held in the trust account of the Company's lawyer. The Company's lawyer maintains its trust accounts on deposit with a Canadian chartered bank.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash, accounts payable and accrued liabilities, and due to shareholders. At initial recognition management has classified financial assets and liabilities as follows:

i) Financial assets
The Company has determined its cash as FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with Company's documented risk management or investment strategy. Financial instruments FVTPL are measured at fair value and changes therein are recognized in income.

ii) Financial liabilities
The Company has determined its accounts payable and accrued liabilities, due to shareholders and long-term debenture as other financial liabilities and is measured at amortized costs using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property assets within property, plant, and equipment.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration Tax Credits

The Company accounts for mining tax credits on eligible exploration expenditures as a deduction from its mineral properties interests, on a property by property basis, and will be charged to operations on the same basis as the deferred acquisition and exploration and development expenditures. The exploration tax credits are recognized on a cash basis, whereby the amount will be recorded only when refund received from corresponding tax authority.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Income Taxes

Any income tax on profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax
Current tax is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the statements of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities:

- are generally recognized for all temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset to be recovered.

Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

In accordance with IFRSs, the equity structure in the consolidated financial statements following a reverse acquisition reflects the equity structure of the legal acquirer (the accounting acquiree), including the equity interests issued by the legal acquirer to effect the business combination.

Comprehensive Income (Loss)

Comprehensive income is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which IFRS requires be recognizing in a period, but excluding from net income for that period.

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. 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.

The Company obtains loans from a related party. The interest rate of loans will be compared to the market interest rate for companies in similar financial situation. For loans obtained from the related party with lower than market interest rate, the loans are spilt into below market element and the loan element by computing fair value of the loans on the loan day. Fair value of the loans are computed by discounting future cash flows of the loan at the fair market interest rate, the difference between fair value of the loan and loan principal represents the below market element of the loan which is accounted as capital contribution by the related party, and the fair value of the loan represents the loan element which is accounted as loan payable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The discounts of the loans are amortized during the subsequent loan period. Interests are expensed by the fair market interest rate assessed.

The Company makes interest expenses payment to the related party with the principal repayment. The accrued interest payable to the related party is classified as long-term debenture in the financial statements.

Impairment of Assets

At the end of each reporting period, the Company assesses all cash generating units to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Decommissioning, Restoration and Similar Liabilities ("Asset Retirement Obligation")

The Company records the present value of estimated costs of legal and constructive obligations required to restore the site in the period in which the obligation is incurred. The nature of these restoration activities include dismantling and removing structures, rehabilitating mines and tailings dam, dismantling facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The future obligations for well closure activities are estimated by the Company using well closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Since the obligations are dependent on the laws and regulations of the countries in which the wells operate, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies.

As the estimate of the obligations is based on future expectations, a number of assumptions and judgments are made by Management in the determination of closure provisions. The closure provisions are more uncertain into the future the closure activities are to be carried out.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The present value of decommissioning and site restoration provision is recorded as a long term liability as incurred and records an increase in the carrying value of the related asset by a corresponding amount. The provision is discounted using a nominal, risk free pre-tax discount rate. Charges for accretion and restoration expenditures are recorded as operating activities. The related decommissioning provision is recorded as part of the mineral property and depreciated accordingly. In subsequent periods, the carrying amount of the liability is accreted by a charge to the statement of comprehensive loss to reflect the passage of time and the liability is adjusted to reflect any changes in the timing of the underlying future cash flows.

Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as an increase or decrease in the decommissioning provision, and a corresponding change in the carrying amount of the related long lived asset. Where rehabilitation is conducted systematically over the life of the operation,

Decommissioning, Restoration and Similar Liabilities ("Asset Retirement Obligation") (continued)

rather than at the time of closure, or provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date and the cost is charged to the statement of operations and comprehensive loss.

The Company has no asset retirement obligations recognized as of December 31, 2018 and September 30, 2018.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital to consist of shareholders' equity.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on shareholder funding to finance all of its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS

Financial instruments recorded at fair value

The Company's financial asset consists of cash. The estimated fair values of cash approximates their respective carrying values due to the short period to maturity. The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements – Financial Instruments – Disclosures.

For the period ended December 31, 2018 and 2017, the fair value of cash was measured using Level 1 inputs.

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs which are supported by little or no market activity.

The fair values of other financial instruments, which include accounts payable and due to shareholders approximate their carrying values due to the relatively short-term maturity of these instruments.

Long-term debentures are measured at amortized costs using the effective interest method.

Risk factors

The Company has exposure to liquidity risk, market risk, and credit risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(a) 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 ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in savings accounts with high-credit quality financial institutions which are available on demand by the Company for its programs.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had cash of \$93,837 (September 30, 2018: \$90,954), against the total current liabilities of \$175,534 (September 30, 2018: \$187,878). The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash and future funding from shareholders.

(Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS AND RISK FACTORS (Continued)

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short-term interest rate through the interest earned on cash; however, management does not believe this exposure is significant given cash amount is minimum.

ii. Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's daily operation is carried out in Mongolia and Canada and its functional currency is Canadian dollar and RMB, which gives rise to foreign currency translation risk from fluctuations and volatility of foreign exchange rate between the Mongolian Tugrik, Canadian dollar, and the RMB. Management believes the impact of fluctuations of one foreign currency over another is not material. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

(c) Credit risk

Credit risk is the potential risk of loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash only. The Company deposits cash with high credit quality financial institutions as determined by rating agencies. The Company does not believe it is subject to any significant credit with major financial institutions. As at December 31, 2018, the total amount of financial assets subject to credit risk is $93,837 (September 30, 2018: $90,954)

5. SEGMENT DISCLOSURE

The Company operates in one reporting segment only, which is the acquisition, exploration and development of mineral properties. All of the Company's exploration and evaluation operations are located in Mongolia.

The Company's comprehensive loss by geographic locations for the three months ended December 31, 2018 and 2017 are as follows:

Net Loss	3 months ended December 30	
	2018	2017
Canada	$24,038	$28,713
Mongolia	6,325	5,844
Total	$30,363	$34,557

(Expressed in Canadian Dollars)

5. SEGMENT DISCLOSURE (Continued)

The Company's total assets by geographic locations are as follows:

Total Assets		December 31, 2018	September 30, 2018
Canada	$	76,066	114,143
Mongolia		20,854,617	1,812,125
Total	$	20,930,682	1,926,268

6. EXPLORATION AND EVALUATION ASSETS

Kharganii am-1 Molybdenum Property located in the Töv aimag in Mongolia

Through Tunshan, the Company holds mineral exploration license with expiry date of July 31, 2020. The mineral properties are located in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia totalling 1,073 hectares. The mineral exploration license fee up to July 31, 2018 has been paid on time.

Through Tunshan, the Company has also holds mineral mining license with expiry date of September 5, 2044 covering 42.12 hectares of same areas in the mineral exploration license in Kharganii am-1, Bornuur soum, Tuv aimag, Mongolia.

Through Maple Mining, the Company has holds mineral mining license to an iron and zinc mine known as the Khaldun iron (zinc) mine located in Govi-Ugtaal Sum, Middle Govi (Dundgovi) province, Mongolia. Pursuant to the share purchase agreement, the Company is required to issue convertible debentures representing an aggregate purchase price of $19,000,000 to the pre-acquisition shareholders of MBGL. (note 1)

As at December 31, 2018 and September 30, 2018, the Company had capitalized the following expenditures:

Balance, September 30, 2016	$1,768,577
Other geological work	24,667
Effect of movements in exchange rates	(217)
Balance, September 30, 2017	$1,793,027
Other geological work	18,824
Effect of movements in exchange rates	(767)
Balance, September 30, 2018	$1,811,084
Other geological work	$9,293
Acquisition	$19,000,000
Balance, December 31, 2018	$20,820,377

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized Share Capital

Under the Articles of the Company, the Company is authorized to issue unlimited shares with no par value.

On December 19, 2016, the Company closed a non-brokered private placement for 250,000 common shares of the Company at a price of $0.80 per share for gross proceeds of $200,000. Proceeds raised from the sale of the shares will be used for claim maintenance fees, general property and geological review.

As at December 31, 2018 and September 30, 2018, the share capital of the Company was $891,665. As at December 31, 2018 and September 30, 2018, the share reserve of the Company was $2,432,845 and $2,400,342, respectively.

Escrowed Shares

Pursuant to an escrow agreement, 53,250,000 shares are subject to the following escrow release schedule:

Release Date	Escrowed, beginning of period	Release	Escrowed, end of period
Mar.18, 2016	53,250,000	5,325,000	47,925,000
Sept. 18, 2016	47,925,000	7,987,500	39,937,500
Mar.18, 2017	39,937,500	7,987,500	31,950,000
Sept. 18, 2017	31,950,000	7,987,500	23,962,500
Mar.18, 2018	23,962,500	7,987,500	15,975,000
Sept. 18, 2018	15,975,000	7,987,500	7,987,500
Mar.18, 2019	7,987,500	7,987,500	-

As at December 31, 2018 and September 30, 2018, the Company has 7,987,500 escrow shares.

Stock Options

The fair value of stock options is recognized as share-based compensation accounted for over the period of the options and the related credit is included in contributed surplus.

On June 13, 2016, the Company adopted a stock option plan (the “Plan”) and granted its directors, officers and consultants stock options to purchase a total of 5,000,000 common shares of the Company in accordance with the Plan and subject to the policies of the Canadian Securities Exchange. The Options are vested upon grant with an exercise price of $0.375 per share and expire on June 13, 2026.

No options were granted, expired or cancelled during the period ended December 31, 2018.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

Stock Options (continued)

The number of weighted average exercise prices and remaining life of the share options are as follows:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Life in Years
Balance, September 30, 2017	5,000,000	0.375	8.71
Granted during the year	-	-	
Balance, September 30, 2018	5,000,000	0.375	7.71
Balance, December 31, 2018	5,000,000	0.375	7.46

8. LONG-TERM DEBENTURE

On January 31, 2018, the Company closed a non-brokered debt financing of $99,969 by way of unsecured debenture bearing interest rate of 6% per annum with a maturity date of January 31, 2020. The debenture was issued to a shareholder of the Company (Note 9). Proceeds raised from the debt financing will be used for claim maintenance fees, general property and geological review.

On September 1, 2018, the Company closed a non-brokered debt financing of $100,000 by way of unsecured debenture bearing interest rate of 5% per annum with a maturity date of September 1, 2023. The debenture was issued to a shareholder of the Company (Note 9). Proceeds raised from the debt financing will be used for claim maintenance fees, general property and geological review.

These loans are considered as below market interest rate loans. On initial recognition, loan amounts were adjusted at fair value using interest rates for armed length transaction (27.1% and 27.4% per annum respectively). The difference between the initial fair value and the loan principal balance was recorded as contributed surplus.

On January 30, 2019, the Company closed a non-brokered debt financing of $50,000 by way of unsecured debenture bearing interest rate of 5% per annum with a maturity date of December 31, 2026. Proceeds raised from the debt financing will be used for claim maintenance fees, general property and geological review. (Note 12)

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

During the three months ended December 31, 2018 and 2017, the Company paid following management in the form of director and officer fees:

	three months ended December 31,	
	2018	2017
	$	$
Management fees – CFO	18,000	18,000

As at December 31, 2018, the Company owed $145,534 to a shareholder of the Company (September 30, 2018: $141,649). This amount represented expenses paid by the shareholder on behalf of the Company.

As at December 31, 2018, the Company owed $207,134 to a shareholder of the Company (September 30, 2018: 204,384). This amount represented unsecured long-term debenture of $199,969 and accrued interest of $7,165 (Note 8) (September 30, 2018: unsecured long-term debenture of $199,969 and accrued interest of $4,415, respectively).

All transactions with related parties have been in the normal course of operations and were measured at their exchange amounts established and agreed to by the related parties, other than the long-term debentures that are measured at amortized costs using the effective interest method. Other amounts due to related parties were unsecured, non-interest bearing and have no specific repayment terms.

10. OTHER LIABILITY

On October 9, 2018, GSG acquired 95% of the issued and outstanding capital stock of Maple Beauty Global Limited ("MBGL"), a corporation incorporated under the laws of British Virgin Islands.

Pursuant to the share purchase agreement, the Company is required to issue convertible debentures representing an aggregate purchase price of $19,000,000 to the pre-acquisition shareholders of MBGL. The debentures are convertible into common shares of the Company at a deemed price per share equal to the closing market price of the shares on the Canadian Securities Exchange on the trading day prior to the earlier of dissemination of a news release disclosing the issuance of the debentures or the posting of notice of the proposed issuance of the debentures.

As the Company is still in the process of finalizing the form and terms of the convertible debentures, the debentures have not been issued as of December 31, 2018.

11. MINORITY INTEREST

On October 9, 2018, pursuant to the share purchase agreement, GSG acquired 95% of the issued and outstanding capital stock of Maple Beauty Global Limited ("MBGL"). (Note 1)

The non-controlling interest of 5% ownership of MBGL has been recognized on the interim financial statements accordingly.

12. SUBSEQUENT EVENT

On January 30, 2019, the Company closed a non-brokered debt financing of $50,000 by way of unsecured debenture bearing interest rate of 5% per annum with a maturity date of December 31, 2026. Proceeds raised from the debt financing will be used for claim maintenance fees, general property and geological review.