



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2022, and 2021

(Canadian dollars)
(Unaudited)

ERDENE RESOURCE DEVELOPMENT CORPORATION

Condensed Consolidated Interim Statements of Financial Position

(Canadian dollars)

(Unaudited)

	Notes	March 31, 2022	December 31, 2021
Assets			
Cash and cash equivalents		\$ 3,636,326	\$ 7,063,051
Receivables		56,591	23,784
Prepaid expenses		1,132,705	1,012,450
Current assets		4,825,622	8,099,285
Exploration and evaluation assets	5	38,866,678	37,928,453
Right-of-use assets	6	123,731	143,200
Property, plant and equipment	7	414,221	373,379
Non-current assets		39,404,630	38,445,032
Total Assets		\$ 44,230,252	\$ 46,544,317
Liabilities and Equity			
Trade and other payables		\$ 735,456	\$ 660,456
Lease liabilities	6	66,259	65,560
Current liabilities		801,715	726,016
Lease liabilities	6	66,952	86,281
Non-current liabilities		66,952	86,281
Total Liabilities		868,667	812,297
Shareholders' Equity			
Share capital	9	\$ 145,153,510	\$ 145,153,510
Contributed surplus	9	26,724,969	26,648,556
Accumulated other comprehensive loss		(4,242,050)	(3,026,358)
Deficit		(124,274,844)	(123,043,688)
Total Shareholders' Equity		43,361,585	45,732,020
Total Liabilities and Equity		\$ 44,230,252	\$ 46,544,317

Commitments (Note 8)

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

Approved on behalf of the Board:

Signed "John P. Byrne"

Director

Signed "T. Layton Croft"

Director

ERDENE RESOURCE DEVELOPMENT CORPORATION

Condensed Consolidated Interim Statements of Comprehensive Loss

(Canadian dollars)

(Unaudited)

		For the three months ended March 31,	
	Notes	2022	2021
Operating Expenses			
Exploration and evaluation	10	\$ 781,624	\$ 234,243
Corporate and administration	11	445,446	394,604
Loss from operating activities		1,227,070	628,847
Finance income		(6,327)	(21,073)
Interest expense		3,523	1,866
Foreign exchange loss		6,890	7,444
Net Loss		\$ 1,231,156	\$ 617,084
Other comprehensive loss:			
Foreign currency translation difference arising on translation of foreign subsidiaries		1,215,692	226,011
Other Comprehensive Loss		1,215,692	226,011
Total Comprehensive Loss		\$ 2,446,848	\$ 843,095
Basic and diluted loss per share		\$ -	\$ -
Basic weighted average number of shares outstanding		294,379,845	268,503,766

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

ERDENE RESOURCE DEVELOPMENT CORPORATION

Condensed Consolidated Interim Statements of Changes in Equity

(Canadian dollars)

(Unaudited)

	Notes	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
Balance at January 1, 2021		268,450,433	\$ 136,618,086	\$ 25,937,667	\$ (2,964,666)	\$ (117,473,165)	\$ 42,117,922
Total comprehensive loss for the period:							
Net loss		-	-	-	-	(617,084)	(617,084)
Other comprehensive loss		-	-	-	(226,011)	-	(226,011)
Warrants exercised	9	100,000	32,300	(2,300)			30,000
Share-based compensation		-	-	78,155	-	-	78,155
Total transactions with owners		100,000	32,300	75,855	-	-	108,155
Balance at March 31, 2021		268,550,433	\$ 136,650,386	\$ 26,013,522	\$ (3,190,677)	\$ (118,090,249)	\$ 41,382,982
Balance at January 1, 2022		294,379,845	\$ 145,153,510	\$ 26,648,556	\$ (3,026,358)	\$ (123,043,688)	\$ 45,732,020
Total comprehensive loss for the period:							
Net loss		-	-	-	-	(1,231,156)	(1,231,156)
Other comprehensive loss		-	-	-	(1,215,692)	-	(1,215,692)
Share-based compensation		-	-	76,413	-	-	76,413
Total transactions with owners		-	-	76,413	-	-	76,413
Balance at March 31, 2022		294,379,845	\$ 145,153,510	\$ 26,724,969	\$ (4,242,050)	\$ (124,274,844)	\$ 43,361,585

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

ERDENE RESOURCE DEVELOPMENT CORPORATION

Condensed Consolidated Interim Statements of Cash Flows

(Canadian dollars)

(Unaudited)

		For the three months ended March 31,	
	Notes	2022	2021
Cash flows from (used in) operating activities:			
Net loss		\$ (1,231,156)	\$ (617,084)
Items not involving cash:			
Depreciation and amortization		32,157	16,654
Share-based compensation		76,413	78,155
Finance income		(6,327)	(21,073)
Foreign exchange not related to cash		6,890	7,444
Change in non-cash operating working capital		(76,130)	68,613
Cash flows used in operating activities		(1,198,153)	(467,291)
Cash flows from (used in) financing activities:			
Proceeds on exercise of warrants	9	-	30,000
Repayment of lease liability		(15,296)	(6,765)
Cash flows from financing activities		(15,296)	23,235
Cash flows from (used in) investing activities:			
Expenditures on exploration and evaluation assets	5	(2,122,948)	(2,289,725)
Expenditures on property, plant and equipment	7	(74,860)	(27,368)
Interest received		6,327	21,073
Cash flows used in investing activities		(2,191,481)	(2,296,020)
Effect of exchange rate changes on cash balances		(21,795)	(3,607)
Decrease in cash and cash equivalents		(3,426,725)	(2,743,683)
Cash and cash equivalents, beginning of period		7,063,051	12,800,728
Cash and cash equivalents, end of period		\$ 3,636,326	\$ 10,057,045

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

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three months ended March 31, 2022, and 2021

1. Nature of operations:

Erdene Resource Development Corporation ("Erdene" or the "Corporation") is a Canadian based resource company focused on the exploration and development of precious and base metal deposits in Mongolia. Currently, the Corporation's principal development is the Bayan Khundii Gold Project, located in Bayankhongor province, Mongolia. The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol "ERD" and the Mongolian Stock Exchange under the symbol "ERDN". The address of the Corporation's registered office is 1300-1969 Upper Water Street, Halifax, Nova Scotia, B3J 2V1.

In August 2020, Erdene completed a Feasibility Study for its Bayan Khundii Gold Project, titled "Bayan Khundii Gold Project Feasibility Study, NI 43-101 Technical Report". The continued operation of the Corporation and the recoverability of the amounts capitalized for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Corporation to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of one or more of the properties.

2. Basis of presentation

These unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022 (the "Interim Financial Statements") have been prepared in accordance with IAS 34 – Interim Financial Reporting. The Interim Financial Statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2021 ("Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements were authorized for issue on behalf of the Board of Directors on May 11, 2022.

3. Seasonality

The corporation's business experiences a seasonal pattern in which exploration expenditures and investments in exploration and evaluation assets are concentrated in the second and third quarters of the year due to weather conditions in Mongolia.

4. Changes in accounting policies

Erdene has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2022. These changes were made in accordance with applicable transitional provisions.

IAS 16 – Property, Plant and Equipment

The Corporation adopted the amendment to IAS 16 Property, Plant and Equipment, issued on May 14, 2020, by the IASB, that prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The application of the amendment has been made on a prospective basis and did not have an impact on the Corporation.

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

The Corporation adopted the amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued on May 14, 2020, by the IASB, specifying which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The application of the amendment has been made on a prospective basis and did not have an impact on the Corporation.

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three months ended March 31, 2022, and 2021

4. Changes in accounting policies (continued)

IFRS 9 – Financial Instruments

The Corporation adopted the amendment to IFRS 9 Financial Instruments, issued on May 14, 2020, by the IASB, clarifying which fees to include in the test in assessing whether to derecognize a financial liability. The application of the amendment has been made on a prospective basis and did not have an impact on the Corporation.

New and revised accounting standards not yet adopted

The IASB issued the following new and revised standards that have not been applied in preparing these condensed consolidated interim financial statements as their effective date falls within annual periods beginning subsequent to the current reporting period.

IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or noncurrent depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023, and are to be applied retrospectively, with early adoption permitted. The Corporation is currently assessing the financial impact of the amendments and the application of such amendments is not expected to have a material impact.

5. Exploration and evaluation assets

	Bayan Khundii	Altan Nar	Ulaan	Zuun Mod & Other	Total
Balance, January 1, 2021	\$ 22,850,206	\$ 3,827,267	\$ 1,799,625	\$ 887,057	\$ 29,364,155
Additions	8,126,412	428,052	1,716	89,847	8,646,027
Effect of movements in exchange rates	(65,619)	(9,018)	(3,841)	(3,251)	(81,729)
Balance, December 31, 2021	\$ 30,910,999	\$ 4,246,301	\$ 1,797,500	\$ 973,653	\$ 37,928,453
Balance, January 1, 2022	\$ 30,910,999	\$ 4,246,301	\$ 1,797,500	\$ 973,653	\$ 37,928,453
Additions	2,006,368	114,854	1,726	-	2,122,948
Effect of movements in exchange rates	(959,070)	(127,065)	(52,782)	(45,806)	(1,184,723)
Balance, March 31, 2022	\$ 31,958,297	\$ 4,234,090	\$ 1,746,444	\$ 927,847	\$ 38,866,678

The Corporation's mineral exploration and mining licenses in Mongolia are held by its subsidiaries, Erdene Mongol LLC and Anian Resources LLC. Mineral exploration licenses are valid for a period of three years and, through renewals, can be extended to a maximum of twelve years. Mining licenses are issued for an initial term of 30 years with two 20-year extensions possible. These rights are held in good standing through the payment of annual license fees.

Bayan Khundii Gold Project

The Bayan Khundii Gold Project is located in Bayankhongor province in Mongolia and is comprised of the 2,309 hectare Khundii mining license, issued in August 2019, from the Mineral Resource and Petroleum Authority of Mongolia, through the conversion of a portion of its legacy Khundii exploration license. The Khundii mining license includes the Bayan Khundii Resources and Reserves reported in "Bayan Khundii Gold Project Feasibility Study NI 43-101 Technical Report", dated August 31, 2020, and prepared by Roma Oil and Mining Associates Limited. The Corporation is currently completing construction readiness activities on the project in advance of a

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(Unaudited)

For the three months ended March 31, 2022, and 2021

5. Exploration and evaluation assets (continued)

decision to proceed to construction, anticipated in mid-2022. Additionally, the mining license includes Erdene's highly prospective Dark Horse target.

Altan Nar Gold Project

The Altan Nar Gold Project is located in Bayankhongor province in Mongolia, approximately 16km north of Erdene's Bayan Khundii Gold Project. Erdene received the 4,669 hectare Altan Nar mining license including the Altan Nar gold, silver, lead and zinc resource, on March 5, 2020, from the Mineral Resource and Petroleum Authority of Mongolia, through the conversion of its legacy Tsenkher Nomin exploration license.

Ulaan

The Ulaan exploration license covers an area of approximately 1,780 hectares, immediately west of the Khundii mining license. The exploration license is in its eighth year of a maximum 12-year term and can be converted to a mining license at any time prior to the end of the twelfth year by meeting the requirements prescribed under the Minerals Law of Mongolia.

Zuun Mod Copper & Molybdenum Resource & Other

The Zuun Mod property is located in Bayankhongor province in Mongolia and is comprised of a 6,041 hectare molybdenum-copper Mining License. The mining license was issued in 2011. The Zuun Mod molybdenum-copper deposit has significant potential for development provided molybdenum prices remain strong. In late 2021, the Corporation initiated a strategic and economic review of the property in light of rising commodity prices. The Corporation will continue to evaluate its options in light of technological and market factors.

6. Leases

The Corporation entered a five-year lease for its head office, with an effective date of September 1, 2019. Additionally, the Corporation entered a two-year lease for office space in Mongolia, with an effective date of October 1, 2021. These leases are reflected on the balance sheet as right-of-use assets, with associated lease liabilities. The discount rates applied to the leases are 7% and 15%, respectively.

Additional information on the right-of-use assets is as follows:

Balance, January 1, 2021	\$	107,693
Additions		74,640
Depreciation		(38,703)
Effect of movements in exchange rates		(430)
Balance, December 31, 2021	\$	143,200
Balance, January 1, 2022	\$	143,200
Additions		-
Depreciation		(16,207)
Effect of movements in exchange rates		(3,262)
Balance, March 31, 2022	\$	123,731

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(Canadian dollars)

(Unaudited)

For the three months ended March 31, 2022, and 2021

6. Leases (continued)

The maturity analysis of the lease liabilities at March 31, 2022, is as follows:

	Within 1 year	1 - 2 years	2 - 3 years	Total
Lease payments	\$ 75,575	\$ 54,960	\$ 14,598	\$ 145,133
Finance charges	(9,316)	(2,455)	(151)	(11,922)
Total liabilities	\$ 66,259	\$ 52,505	\$ 14,447	\$ 133,211

The Corporation also has leases for office space, staff accommodation and storage in Mongolia with initial lease terms of less than 12 months. The Corporation has elected not to apply the requirements of IFRS 16 to these leases and the Corporation expenses lease payments for these facilities as incurred, totaling \$21,247 during the three months ended March 31, 2022 (2021 – \$22,478).

7. Property, plant and equipment

	Vehicles	Equipment, furniture & fixtures	Software & computers	Total
Cost				
Balance, January 1, 2021	\$ 131,748	\$ 191,144	\$ 223,953	\$ 546,845
Additions	-	139,997	39,332	179,329
Disposals	-	(3,800)	(137,555)	(141,355)
Effect of movements in exchange rates	(905)	(1,019)	160	(1,764)
Balance, December 31, 2021	\$ 130,843	\$ 326,322	\$ 125,890	\$ 583,055
Depreciation & depletion				
Balance, January 1, 2021	\$ (21,586)	\$ (86,568)	\$ (199,260)	\$ (307,414)
Depreciation	(12,970)	(15,792)	(15,047)	(43,809)
Disposals	-	3,800	137,555	141,355
Effect of movements in exchange rates	33	76	83	192
Balance, December 31, 2021	\$ (34,523)	\$ (98,484)	\$ (76,669)	\$ (209,676)
Carrying amounts				
At December 31, 2021	\$ 96,320	\$ 227,838	\$ 49,221	\$ 373,379

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three months ended March 31, 2022, and 2021

7. Property, plant and equipment (continued)

	Vehicles	Equipment, furniture & fixtures	Software & computers	Total
Cost				
Balance, January 1, 2022	\$ 130,843	\$ 326,322	\$ 125,890	\$ 583,055
Additions	-	65,737	9,123	74,860
Disposals	-	-	-	-
Effect of movements in exchange rates	(6,726)	(14,327)	(2,915)	(23,968)
Balance, March 31, 2022	\$ 124,117	\$ 377,732	\$ 132,098	\$ 633,947
Depreciation & depletion				
Balance, January 1, 2022	\$ (34,523)	\$ (98,484)	\$ (76,669)	\$ (209,676)
Depreciation	(3,234)	(6,410)	(6,306)	(15,950)
Disposals	-	-	-	-
Effect of movements in exchange rates	1,906	2,422	1,572	5,900
Balance, March 31, 2022	\$ (35,851)	\$ (102,472)	\$ (81,403)	\$ (219,726)
Carrying amounts				
At March 31, 2022	\$ 88,266	\$ 275,260	\$ 50,695	\$ 414,221

8. Commitments

Sandstorm Gold Ltd. ("Sandstorm") holds a 1% net smelter returns royalty ("NSR Royalty") on Erdene's Altan Nar, Khundii and Ulaan licenses. Sandstorm has been given a right of first refusal on future stream or royalty financings related to these licenses.

The Zuun Mod License is subject to a 1.5% NSR Royalty. Erdene has the option to buy down a portion of the royalty if certain production milestones are achieved.

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three months ended March 31, 2022, and 2021

9. Share capital and contributed surplus

Authorized

An unlimited number of common shares with no par value.

Warrants

The following table summarizes the continuity of the warrants for the three months ended March 31, 2022, and 2021:

	March 31, 2022		March 31, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding at January 1	44,845,052	\$ 0.60	75,097,796	\$ 0.55
Exercised	-	-	(100,000)	0.30
Expired	-	-	(12,333,972)	0.59
Outstanding at March 31	44,845,052	\$ 0.60	62,663,824	\$ 0.55
Exercisable at March 31	44,845,052	\$ 0.60	62,663,824	\$ 0.55

The warrants outstanding at March 31, 2022, expire on August 11, 2022.

Stock options

The Corporation has a rolling 10% incentive stock option plan (the "Plan") under which options to purchase common shares of the Corporation may be granted to directors, officers, employees and consultants of the Corporation. Under the Plan, the terms and conditions of each grant of options are determined by the Board of Directors. If there are no terms specified upon grant, options vest immediately on the grant date. The number of common shares subject to options granted under the Plan is limited to 10% of the issued and outstanding common shares of the Corporation and no one person may receive in excess of 5% of the outstanding common shares of the Corporation at the time of grant (on a non-diluted basis).

During the three months ended March 31, 2022, no options were granted (2021 – 100,000 options granted at average exercise price of \$0.43). During the three months ended March 31, 2022, 2,445,000 options expired (2021 – 0 options expired).

The changes in stock options during the three months ended March 31, 2022, and 2021 were as follows:

	March 31, 2022		March 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	15,855,000	\$ 0.45	13,790,000	\$ 0.46
Granted	-	-	100,000	0.43
Expired	(2,445,000)	0.87	-	-
Outstanding at March 31	13,410,000	\$ 0.38	13,890,000	\$ 0.46
Exercisable at March 31	13,410,000	\$ 0.38	13,890,000	\$ 0.46

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three months ended March 31, 2022, and 2021

9. Share capital and contributed surplus (continued)

Deferred share units

In 2013, the Corporation adopted a deferred share unit ("DSU") plan to align the long-term incentive compensation of certain officers, directors and senior management with the drivers of long-term shareholder value. Under the Erdene DSU plan, the Corporation may grant DSUs to eligible plan members in such number and at such times as is determined by the Board of Directors as a bonus or in respect of services rendered by the plan member or otherwise as compensation. On the grant date, DSUs vest immediately and plan members are credited with the DSUs granted to them. Upon termination or death of the plan member, the Corporation pays the then market value of the plan member's shares either in cash or in shares, at the sole discretion of the Corporation. Since the type of payout is at the discretion of the Corporation, and the Corporation does not intend to cash settle awards under the plan, the plan is accounted for as an equity settled plan.

During the three months ended March 31, 2022, the Corporation granted 169,809 DSUs with an average fair value of \$0.45 per DSU (2021 – 146,636 DSUs with fair value of \$0.37 per DSU). The fair value of \$76,413 (2021 – \$54,255) was charged to share based compensation included in exploration expenses and corporate and administration expenses.

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Five day volume weighted average price at grant date	\$ 0.45	\$ 0.37

The following table summarizes the continuity of DSUs for the three months ended March 31, 2022, and 2021:

	March 31, 2022 Number of DSUs	March 31, 2021 Number of DSUs
Outstanding at January 1	6,103,362	5,032,836
Granted	169,809	146,636
Outstanding at March 31	6,273,171	5,179,472

Share-based compensation

For the three months ended March 31, 2022, the Corporation charged a total of \$76,413 of stock-based compensation expense to the statement of comprehensive loss (2021 – \$78,155) of which \$19,553 is attributable to exploration expenses (2021 – \$7,573), reflecting the fair value of stock options and DSUs issued, as noted above.

10. Exploration and evaluation expenses

The following table summarizes exploration and evaluation expenses for the three months ended March 31, 2022, and 2021:

	For the three months ended March 31	
	2022	2021
Depreciation & amortization	\$ 22,723	\$ 7,410
Direct costs	553,449	156,010
Employee compensation costs	185,899	63,250
Share-based compensation	19,553	7,573
	\$ 781,624	\$ 234,243

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

(Unaudited)

For the three months ended March 31, 2022, and 2021

11. Corporate and administration expenses

The following table summarizes corporate and administration expenses for the three months ended March 31, 2022, and 2021:

	For the three months ended March 31	
	2022	2021
Administrative services	\$ 142,890	\$ 99,971
Depreciation and amortization	9,520	9,231
Directors fees and expenses	26,250	19,411
Investor relations and marketing	23,413	49,897
Office and sundry	24,802	23,064
Professional fees	74,155	70,286
Regulatory compliance	81,303	51,967
Share-based compensation	56,860	70,582
Travel and accommodations	6,253	195
	\$ 445,446	\$ 394,604

12. Financial instruments

Credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	March 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 3,636,326	\$ 7,063,051
Receivables	56,591	23,784
	\$ 3,692,917	\$ 7,086,835

The Corporation manages credit risk by holding the majority of its cash and cash equivalents with high quality financial institutions in Canada, where management believes the risk of loss to be low. At March 31, 2022, \$299,256 or 8% of the balance of cash was held in banks outside Canada (December 31, 2021 - \$270,113 or 3%).

Liquidity risk:

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

ERDENE RESOURCE DEVELOPMENT CORPORATION

Notes to Condensed Consolidated Interim Financial Statements

(Canadian dollars)

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For the three months ended March 31, 2022, and 2021

12. Financial instruments (continued)

Market risk:

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

a) Interest rate risk

As of March 31, 2022, the Corporation has no interest-bearing debt and is not exposed to significant interest rate risk.

b) Foreign currency risk

The functional currency of the Corporation is the Canadian dollar, and the functional currency of the Corporation's subsidiaries is the Mongolian tugrik. Additionally, the Corporation incurs expenses in US dollars. Consequently, fluctuations of the Canadian dollar in relation to other currencies impacts the fair value of financial assets, liabilities and operating results. Financial assets and liabilities subject to currency translation risk primarily include US dollar denominated cash, accounts payable and accrued liabilities, as well as the Corporation's net investment in its Mongolian subsidiaries. The Corporation maintains US dollar bank accounts in Canada.

The Corporation's exposure to US dollar currency risk was as follows:

	March 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 570,024	\$ 3,373,167
Trade and other payables	(210,791)	(334,937)
	\$ 359,233	\$ 3,038,230

A 10% change in the US dollar exchange rate would affect net and comprehensive loss and deficit by approximately \$35,900 (December 31, 2021 - \$303,800).

The Corporation's exposure to Mongolian Tugrik currency risk was as follows:

	March 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 8,783	\$ 19,012
Trade and other receivables	49,568	19,198
Trade and other payables	(130,537)	(99,422)
	\$ (72,186)	\$ (61,212)

A 10% change in the Mongolian Tugrik exchange rate would affect net and comprehensive loss and deficit by approximately \$7,200 (December 31, 2021 - \$6,100).

c) Price risk

The Corporation's financial instruments are not exposed to direct price risk other than that associated with commodity price fluctuations impacting the mineral exploration and mining industries as the Corporation has no significant revenues.

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(Canadian dollars)

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13. Related parties

The Corporation has defined key management personnel as senior executive officers, as well as the Board of Directors. The total remuneration of key management personnel and the Board of Directors was as follows:

	Three months ended March 31,	
	2022	2021
Directors' fees and other compensation	\$ 26,250	\$ 24,317
Share-based compensation to directors	35,300	34,600
Executive compensation and benefits	276,023	231,618
Share-based compensation to executives	22,904	15,144
	\$ 360,477	\$ 305,679