

# **Rockex Mining Corporation**

Condensed Interim Financial Statements  
For the three-month period ended March 31, 2023  
(Stated in Canadian Dollars)  
(Unaudited)

## Table of Contents

|  |    |
|--|----|
| CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION.....          | 4  |
| CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS..... | 5  |
| CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY.....           | 6  |
| CONDENSED INTERIM STATEMENTS OF CASH FLOWS.....                  | 7  |
| 1. NATURE OF BUSINESS AND GOING CONCERN.....                     | 8  |
| 2. BASIS OF PREPARATION.....                                     | 8  |
| 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....               | 9  |
| 4. CASH AND CASH EQUIVALENTS.....                                | 12 |
| 5. EQUIPMENT.....  | 13 |
| 6. EXPLORATION AND EVALUATION EXPENDITURES.....                  | 13 |
| 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES.....                 | 14 |
| 8. DEFERRED PREMIUMS ON FLOW-THROUGH SHARES.....                 | 14 |
| 9. SHARE CAPITAL AND RESERVES.....                               | 14 |
| 10. SHARE-BASED PAYMENTS.....                                    | 15 |
| 11. RELATED PARTY TRANSACTIONS.....                              | 16 |
| 12. LOSS PER SHARE.....  | 17 |
| 13. CAPITAL MANAGEMENT.....                                      | 17 |
| 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT.....               | 18 |
| 15. COMMITMENTS AND CONTRACTUAL OBLIGATIONS.....                 | 19 |
| 16. SUBSEQUENT EVENTS.....                                       | 19 |

**MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED  
CONDENSED INTERIM FINANCIAL REPORTING**

The accompanying unaudited condensed interim financial statements of Rockex Mining Corporation (the "Corporation") are the responsibility of the management and Board of Directors of the Corporation.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. The Corporation's independent auditor has not conducted a review of these unaudited condensed interim financial statements.

The Corporation maintains systems of internal controls that are designed by management to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for financial reporting purposes.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

\_\_\_\_\_  
*"Pierre Gagne" (signed)*  
Chief Executive Officer

\_\_\_\_\_  
*"Justin Garofalo" (signed)*  
Chief Financial Officer

**Rockex Mining Corporation**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Stated in Canadian Dollars - Unaudited)

| As at                                    | Note  | March 31,<br>2023  | December 31,<br>2022 |
|--|-------|--------------------|----------------------|
|  |       | \$                 | \$                   |
| <b>ASSETS</b>                            |       |                    |                      |
| <b>Current</b>                           |       |                    |                      |
| Cash and cash equivalents                | 4     | 33,851             | 72,419               |
| Other receivables                        |       | 16,750             | 14,277               |
| Prepays and deposits                     |       | -                  | 3,327                |
| <b>Total current assets</b>              |       | <b>50,601</b>      | <b>90,023</b>        |
| <b>Non-current</b>                       |       |                    |                      |
| Equipment, net                           | 5     | 2,512              | 2,644                |
| <b>Total assets</b>                      |       | <b>53,113</b>      | <b>92,667</b>        |
| <b>LIABILITIES AND EQUITY</b>            |       |                    |                      |
| <b>Current liabilities</b>               |       |                    |                      |
| Accounts payable and accrued liabilities | 7     | 3,320,113          | 3,187,648            |
| <b>EQUITY</b>                            |       |                    |                      |
| Share capital                            | 9     | 22,375,038         | 22,375,038           |
| Share purchase warrants reserve          | 9     | -                  | -                    |
| Share-based payments reserve             | 9, 10 | 5,519,637          | 5,519,637            |
| Deficit                                  |       | (31,161,675)       | (30,989,656)         |
| <b>Total equity</b>                      |       | <b>(3,267,000)</b> | <b>(3,094,981)</b>   |
| <b>Total liabilities and equity</b>      |       | <b>53,113</b>      | <b>92,667</b>        |

**Nature of Business and Going Concern (Note 1)**

**Commitments and Contractual Obligations (Note 15)**

These financial statements are authorized for issue by the Board of Directors on May 29, 2023. They are signed on its behalf by:

“Armando Plastino” (signed)  
 Director

“Pierre Gagné” (signed)  
 Director

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

**Rockex Mining Corporation**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Stated in Canadian Dollars - Unaudited)

| <b>For the three months ended</b>                 | Note | <b>March 31, 2023</b> | March 31, 2022 |
|---|------|-----------------------|----------------|
|   |      | \$                    | \$             |
| <b>EXPENSES</b>                                   |      |                       |                |
| Advanced royalty                                  |      | <b>133,974</b>        | 121,795        |
| Amortization                                      |      | <b>132</b>            | 165            |
| Compliance and regulatory filings                 |      | <b>2,978</b>          | 3,130          |
| Exploration and evaluation                        |      | <b>4,757</b>          | -              |
| Management and consulting fees                    | 11   | <b>6,000</b>          | 6,000          |
| General and administrative                        |      | <b>11,750</b>         | 11,503         |
| Professional fees                                 |      | <b>12,428</b>         | 12,409         |
| <b>Loss and comprehensive loss for the period</b> |      | <b>(172,019)</b>      | (155,002)      |
| Loss per common share, basic and diluted          | 12   | <b>(0.00)</b>         | (0.00)         |

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

**Rockex Mining Corporation**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Stated in Canadian Dollars - Unaudited)

|                                   | Share Capital             |                   |                                 |                     |                    |
|-----------------------------------|---------------------------|-------------------|---------------------------------|---------------------|--------------------|
|                                   | Number of common shares # | Amount \$         | Share-based payments reserve \$ | Deficit \$          | Total \$           |
| Balance at January 1, 2022        | 133,687,341               | 22,375,038        | 5,519,637                       | (30,412,028)        | (2,517,353)        |
| Loss for the period               | -                         | -                 | -                               | (155,002)           | (155,002)          |
| Balance at March 31, 2022         | 133,687,341               | 22,375,038        | 5,519,637                       | (30,567,030)        | (2,672,355)        |
| Loss for the period               | -                         | -                 | -                               | (422,626)           | (422,626)          |
| Balance at December 31, 2022      | 133,687,341               | 22,375,038        | 5,519,637                       | (30,989,656)        | (3,094,981)        |
| <b>Balance at January 1, 2023</b> | <b>133,687,341</b>        | <b>22,375,038</b> | <b>5,519,637</b>                | <b>(30,989,656)</b> | <b>(3,094,981)</b> |
| <b>Loss for the period</b>        | <b>-</b>                  | <b>-</b>          | <b>-</b>                        | <b>(172,019)</b>    | <b>(172,019)</b>   |
| <b>Balance at March 31, 2023</b>  | <b>133,687,341</b>        | <b>22,375,038</b> | <b>5,519,637</b>                | <b>(31,161,675)</b> | <b>(3,267,000)</b> |

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

**Rockex Mining Corporation**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

(Stated in Canadian Dollars - Unaudited)

| <b>For the three months ended</b>                                       | <b>March 31,<br/>2023<br/>\$</b> | <b>March 31,<br/>2022<br/>\$</b> |
|---|----------------------------------|----------------------------------|
| <b>Cash flows from operating activities</b>                             |                                  |                                  |
| Loss for the period   | (172,019)                        | (155,001)                        |
| Adjustments to reconcile loss to net cash used in operating activities: |                                  |                                  |
| Amortization  | 132                              | 165                              |
| Share-based payments  | -                                | -                                |
| Flow-through premium  | -                                | -                                |
| Advanced royalty  | 133,974                          | 121,795                          |
| Changes in non-cash working capital balances:                           |                                  |                                  |
| Other receivables   | (2,473)                          | (3,718)                          |
| Prepays and deposits  | 3,327                            | 3,005                            |
| Accounts payable and accrued liabilities                                | (1,509)                          | 24,436                           |
| <b>Total cash outflows from operating activities</b>                    | <b>(38,568)</b>                  | <b>(9,318)</b>                   |
| <b>Total increase in cash and cash equivalents during the period</b>    | <b>(38,568)</b>                  | <b>(9,318)</b>                   |
| <b>Cash and cash equivalents at beginning of period</b>                 | <b>72,419</b>                    | <b>27,308</b>                    |
| <b>Cash and cash equivalents at end of period</b>                       | <b>33,851</b>                    | <b>17,990</b>                    |

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Stated in Canadian Dollars - Unaudited)

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### 1. NATURE OF BUSINESS AND GOING CONCERN

Rockex Mining Corporation (the "Corporation" or "Rockex") was incorporated pursuant to the provisions of the *Alberta Business Corporations Act* on May 29, 1996. On January 24, 2011, the Corporation continued as an Ontario corporation subject to the provisions of the *Business Corporations Act* (Ontario). The Corporation was formerly named Enviropave International Ltd. (until December 20, 2010). The change of name and continuance into Ontario were part of the reorganization of the Corporation which included the reverse take-over of the Corporation by the shareholders of Rockex Limited effective January 1, 2011. The Corporation's shares are listed on the Canadian Securities Exchange, having the trading symbol RXM. The address of the Corporation's corporate office and principal place of business is 580 New Vickers Street, Thunder Bay, Ontario.

The Corporation is in the exploration stage and its principal business activity is the exploration and evaluation of mineral properties that it believes contain mineralization that will be economically recoverable in the future. There has been no determination regarding whether the Corporation's interests in mineral properties contain mineral reserves that are economically recoverable.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Corporation's continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Corporation to raise additional financing, as necessary, or alternatively, upon the Corporation's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values of its property interests.

Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements, non-compliance with regulatory requirements or aboriginal land claims.

As at March 31, 2023, the Corporation had a working capital deficit of \$3,269,510 (December 31, 2022 - \$3,097,625), has not yet achieved profitable operations, had accumulated losses of \$31,161,675 (December 31, 2022 - \$30,989,656) and expects to incur further losses in the development of its business. The Corporation will require additional financing in order to complete its planned work programs on its property interests, meet its ongoing levels of corporate overhead and discharge its liabilities as they become due. While the Corporation has been successful in securing financing and in some cases, discharging its liabilities through issuance of equity in the past, there can be no assurance that it will be able to do so in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying audited financial statements. Such adjustments could be material.

### 2. BASIS OF PREPARATION

#### a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. They do not include all of the information and notes required by the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2022.

Other than the adoption of new accounting policies described in Note 3, the same accounting policies are used in the preparation of these condensed interim financial statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for fair presentation in accordance with IFRS of the results for the interim periods presented.

#### b) Basis of Measurement

These condensed interim financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Measurement basis are more fully described in the accounting policies below.

The condensed interim financial statements are presented in Canadian dollars, which is also the Corporation's functional currency.

The preparation of audited financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the audited financial statements are disclosed in Note 3.



# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022  
(Stated in Canadian Dollars - Unaudited)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are adopted for the period ended March 31, 2023 and have been applied consistently to all years presented in these financial statements.

#### a) Financial Instruments

##### *Classification and Measurement*

All financial instruments are required to be measured at fair value on initial recognition. Subsequent to initial recognition, financial assets are categorized and measured based on how the Corporation manages its financial instruments and the characteristics of their contractual cash flows.

There are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive loss and fair value through profit and loss. A financial asset is measured at amortized cost if it meets both of the following conditions:

- i. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. 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.

Financial liabilities are classified and measured based on two categories: amortized cost and fair value through profit and loss. The Corporation's accounts payable and accrued liabilities are measured at amortized cost.

##### *Impairment – Expected Credit Loss Model:*

Under the expected credit loss ("ECL") model allows, the measurement options are lifetime expected credit losses and 12 month expected credit losses.

The Corporation adopted the practical expedient to determine ECL on trade and other receivables using a provision matrix based on historical credit loss experiences adjusted for forward-looking factors specific to the debtors and to the economic environment to estimate lifetime ECL.

#### (b) **Mineral Exploration and Evaluation Expenditures**

##### *Exploration and Evaluation Expenditures*

Exploration and evaluations expenditures ("E&E") are classified and expensed to the statement of loss once the legal right to explore a property has been acquired. These direct expenditures include such costs as acquisition costs, periodic option payments, materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase.

The Corporation may occasionally enter into arrangements, whereby the Corporation will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Corporation. The Corporation does not record any expenditures made by the transferee. Any cash consideration received from the agreement is recorded in income.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'.

#### c) Equipment

##### *Recognition and Measurement*

On initial recognition, equipment is recorded at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Corporation and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

The cost of replacing part of an item of equipment is recognized in the carrying amount of the equipment if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Stated in Canadian Dollars - Unaudited)

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### *Amortization*

Amortization is recognized in profit or loss and is provided on the declining balance basis at the rate below.

|           |     |
|-----------|-----|
| Equipment | 20% |
|-----------|-----|

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### d) Impairment of Non-Financial Assets

Non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Corporation has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss.

### e) Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income or where they relate to items recognized in equity or other comprehensive loss they are recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those amounts where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Corporation reassesses recognized and unrecognized deferred tax assets. The Corporation recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered and derecognizes previously recognized deferred tax assets to the extent that it has become probable that future taxable profit will not allow the deferred tax asset to be recovered.

### f) Equity

Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation's common shares, share purchase warrants reserve, share-based payments reserve and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

For unit offerings, the proceeds from the issue of units are allocated between common shares and common share purchase warrants using the residual method, allocating fair value first to the common shares and then to share purchase warrants. Upon expiration of warrants, the Corporation transfers amounts from share purchase warrants reserve to share-based payments reserve.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Stated in Canadian Dollars - Unaudited)

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### *Flow-through Shares*

The Corporation will from time to time issue flow-through common shares to finance a significant portion of its exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Corporation bifurcates the flow-through share proceeds into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred and renounced, the Corporation derecognizes the liability on a pro rata basis and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

The amount of proceeds received from the issuance of flow-through shares must be used for Canadian resource property exploration expenditures within a two-year period.

The Corporation may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

### *Income / Loss Per Share*

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Corporation by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

### *g) Share-based Payments*

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the shares issued is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in share-based payments reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payments reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Corporation immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Stated in Canadian Dollars - Unaudited)

### h) Adoption of Accounting Standards

At the date of the authorization of these financial statements, several new, but not effective Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Corporation. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact to the Corporation's financial statements.

### i) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Corporation's accounting policies, which are described in this note, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### *Critical judgments in applying the Corporation's accounting policies*

The most significant critical judgment that members of management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the financial statements is the policy for exploration and evaluation assets. In particular, management is required to assess exploration and evaluation assets for indications of impairment. As part of this assessment, management must make an assessment as to whether there are indicators of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

The recoverability of exploration and evaluation assets is dependent on a number of factors common to the natural resource sector. These include the extent to which the Corporation can continue to renew its exploration and future development licenses with local authorities, establish economically recoverable reserves on its properties, the ability of the Corporation to obtain necessary financing or secure a strategic partner to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. The Corporation will use the evaluation work of professional geologists, geophysicists and engineers for estimates in determining whether to commence mining and processing. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization. In 2015, the Corporation completed a preliminary economic assessment for the Lake St. Joseph property that demonstrates positive economic feasibility from the asset.

#### *Key sources of estimation uncertainty*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The Black-Scholes Option Pricing Model was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Corporation's stock options and warrants have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

## 4. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates.

|                            | March 31, 2023 | December 31, 2022 |
|----------------------------|----------------|-------------------|
|                            | \$             | \$                |
| General operating purposes | 33,851         | 72,419            |
| Total                      | 33,851         | 72,419            |

# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Stated in Canadian Dollars - Unaudited)

### 5. EQUIPMENT

|  | Equipment     |
|--|---------------|
|  | \$            |
| <b>Cost</b>  |               |
| <b>Balance at December 31, 2022 and March 31, 2023</b> | <b>57,475</b> |
| <b>Depreciation</b>                                    |               |
| <b>Balance at January 1, 2022</b>                      | <b>54,171</b> |
| Depreciation for the year                              | 660           |
| <b>Balance at December 31, 2022</b>                    | <b>54,831</b> |
| Depreciation for the period                            | 132           |
| <b>Balance at March 31, 2023</b>                       | <b>54,963</b> |
| <b>Carrying amounts</b>                                |               |
| At December 31, 2022                                   | 2,644         |
| At March 31, 2023                                      | 2,512         |

### 6. EXPLORATION AND EVALUATION EXPENDITURES

#### *Western Lake St. Joseph Iron Project*

The Western Lake St. Joseph Iron Project is the Patricia Mining Division of Ontario which are centered on the Eagle, Wolf and Fish Islands in Lake St. Joseph. On May 30, 2008, the Corporation entered into a purchase agreement with a director (the "Vendor") to acquire a 100% right, title and interest in and to certain mineral properties in Lake St. Joseph. For this acquisition, the Corporation paid \$90,000, representing the approximate amount of staking and related costs incurred by the Vendor, issued 20,000,000 common shares at a price of \$0.50 per share, and reserved certain royalties, including the obligation for payment of advance royalties of \$250,000 per year commencing in 2012 (see Commitments and Contractual Obligations Note 14 regarding the temporary suspension of the advance royalty obligations). A 2.0% Net Smelter Return Royalty (the "NSR") is payable to the Vendor on any minerals other than iron produced from the property. A 2.0% gross sale royalty (the "Royalty") is payable to the Vendor on the gross sales proceeds of any and all minerals mined and processed from the property for their iron content. Subsequent to completion of the acquisition, the Corporation acquired core samples and written results of mineral testing and core sampling conducted on the property by former owners for \$nil consideration.

On May 16, 2011, the Corporation purchased 100% of the right, title and interest in certain properties comprised of surface rights in the Trist Lake Area in exchange for a cash payment of \$15,000.

#### *East Soules Bay Property*

The East Soules Bay Property is east of the Corporations Western Lake St. Joseph Iron Project. These claims were acquired by staking this property. Subsequent to staking, the Corporation acquired core samples and written results of mineral testing and core sampling conducted on the East Soules Bay Property by the former owners of the mineral claims, now owned by the Corporation, for \$nil consideration.

On May 5, 2011, the Corporation purchased 100% of the right, title and interest in certain properties comprised of surface rights in the East Soules Bay Property area in exchange for a cash payment of \$199,140.

On November 30, 2013, the Corporation sold the surface rights to certain properties to a company controlled by a director of the Corporation for \$250,000, approximately the Corporation's costs to acquire those properties from arm's length vendors. The Corporation retained an option to re-purchase the properties at any time within seven (7) years, during the first two (2) years at the same price plus taxes paid to maintain the properties and thereafter at a price which includes both taxes paid and an increase in the cost base proportionate to the increase in the national consumer price index in Canada from January 1, 2014 to the date of completion of the exercise of the re-purchase option. The re-purchase option expired on November 30, 2020.

#### *Root Lake Property*

The Root Lake Property is north of Sioux Lookout near the central part of the Western Lake St. Joseph, west of the Western Lake St. Joseph Iron Project. These claims were acquired by staking.

#### *North Spirit Lake Property*

This property is northeast of Red Lake in the Buckett Lake and Hewitt Lake Townships. These claims were acquired by staking on September 14, 2012.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022  
(Stated in Canadian Dollars - Unaudited)

### *Mineral testing and core sampling acquired*

In 2009, the Corporation was provided core samples and written results of mineral testing and core sampling conducted on the Eagle Island Property in Lake St. Joseph by the former owners of the unpatented mineral exploration claims, now owned by the Corporation, for \$nil consideration. An independent review of the samples and test results estimated the current cost of completing the same level of sampling and testing would be approximately \$8,675,000, plus or minus 30%. It is reasonably possible that this current value estimate could differ from the original costs by a material amount due to the difference in technologies used today to undertake similar work.

In addition, the Corporation was provided core samples and written results of mineral testing and core sampling conducted on the East Soules Bay Property by the former owners of the mineral claims now owned by the Corporation, for \$nil consideration.

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|   | March 31,<br>2023 | December 31,<br>2022 |
|---|-------------------|----------------------|
|   | \$                | \$                   |
| Trade payables                            | 497,515           | 485,275              |
| Payroll related liabilities               | 23,000            | 20,000               |
| Accrued liabilities and shareholder loans | 56,652            | 73,401               |
| Advance royalties (notes 10(d) and 14)    | 2,742,946         | 2,608,972            |
|   | <b>3,320,113</b>  | <b>3,187,648</b>     |

## 8. DEFERRED PREMIUMS ON FLOW-THROUGH SHARES

A flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, is recognized as a liability.

On June 2, 2021, the Corporation issued 1,370,000 flow-through common shares at a price of \$0.05 per flow-through share for total aggregate proceeds of \$68,500, resulting in flow-through premium of \$27,400. In fiscal 2022, all of the flow-through funds received in fiscal 2021 have been spent on Canadian resource property exploration expenditures, specifically on the Root Lake property. As a result, the flow-through premium has been recognized as other income for the year ended December 31, 2022.

## 9. SHARE CAPITAL AND RESERVES

### a) Share Capital

The Corporation is authorized to issue an unlimited number of common shares, an unlimited number of first preferred shares, an unlimited number of second preferred shares and an unlimited number of special shares, issuable in series. Only common shares (and no other class or series of shares) have been issued.

The following is a summary of changes in common share capital from January 1, 2022 to March 31, 2023:

|                                     | Number of Shares<br># | Issue Price<br>\$ | Amount<br>\$ |
|-------------------------------------|-----------------------|-------------------|--------------|
| <b>Balance at January 31, 2022</b>  | 133,687,341           |                   | 22,375,038   |
| <b>Balance at December 31, 2022</b> | 133,687,341           |                   | 22,375,038   |
| <b>Balance at March 31, 2023</b>    | 133,687,341           |                   | 22,375,038   |

### b) Share-based Payment Reserve

The following is a summary of changes in share-based payment reserve:

|                              | Amount<br>\$ |
|------------------------------|--------------|
| Balance at January 1, 2022   | 5,519,637    |
| Balance at December 31, 2022 | 5,519,637    |
| Balance at March 31, 2023    | 5,519,637    |

See Note 10 for outstanding stock options.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022  
(Stated in Canadian Dollars - Unaudited)

### c) Share Purchase Warrants Reserve

The following is a summary of changes in share purchase warrants reserve:

|                           | Number of<br>Warrants<br># | Amount<br>\$ |
|---------------------------|----------------------------|--------------|
| Balance January 1, 2022   | 8,136,131                  | -            |
| Warrants expired          | (6,000,000)                | -            |
| Balance December 31, 2022 | 2,136,131                  | -            |
| Balance March 31, 2023    | 2,136,131                  | -            |

As at March 31, 2023, the Corporation had outstanding warrants as follows:

|                  | Number of Warrants | Exercise Price | Expiry     |
|------------------|--------------------|----------------|------------|
|                  | 2,136,131          | \$0.05         | 04/13/2023 |
| Weighted Average |                    | \$0.05         |            |

### d) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Corporation's statement of financial position include Share Purchase Warrants and Share-based payment reserve.

- Share-based payments reserve is used to recognize the value of stock option grants prior to exercise.
- Share Purchase Warrants is used to recognize the value of warrant grants prior to exercise. On expiry, the value of warrants is reclassified to share-based payments reserve.

## 10. SHARE-BASED PAYMENTS

### a) Option Plan Details

The Corporation has an incentive Stock Option Plan (the "Plan") under which non-transferable options to purchase common shares of the Corporation may be granted to directors, officers, employees or service providers of the Corporation. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Corporation at not less than the closing market price of the shares on the day preceding the grant for terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria. The Plan provides that the total number of shares which may be issued thereunder is limited to 10% of the aggregate number of shares outstanding.

The following is a summary of changes in options from January 1, 2022 to December 31, 2022:

| Grant Date                      | Expiry Date | Exercise Price | Opening Balance | During the year ended |           |         | Closing Balance | December 31, 2022      |          |
|---------------------------------|-------------|----------------|-----------------|-----------------------|-----------|---------|-----------------|------------------------|----------|
|                                 |             |                |                 | Granted               | Exercised | Expired |                 | Vested and Exercisable | Unvested |
| 10/19/18                        | 10/19/23    | \$0.05         | 200,000         | -                     | -         | -       | 200,000         | 200,000                | -        |
| 05/13/21                        | 05/13/26    | \$0.05         | 8,500,000       | -                     | -         | -       | 8,500,000       | 8,500,000              | -        |
|                                 |             |                | 8,700,000       | -                     | -         | -       | 8,700,000       | 8,700,000              | -        |
| Weighted Average Exercise Price |             |                | \$0.05          | -                     | -         | -       | \$0.05          | \$0.05                 | -        |

The following is a summary of changes in options from January 1, 2023 to March 31, 2023:

| Grant Date                      | Expiry Date | Exercise Price | Opening Balance | During the period ended |           |         | Closing Balance | March 31, 2023         |          |
|---------------------------------|-------------|----------------|-----------------|-------------------------|-----------|---------|-----------------|------------------------|----------|
|                                 |             |                |                 | Granted                 | Exercised | Expired |                 | Vested and Exercisable | Unvested |
| 10/19/18                        | 10/19/23    | \$0.05         | 200,000         | -                       | -         | -       | 200,000         | 200,000                | -        |
| 05/13/21                        | 05/13/26    | \$0.05         | 8,500,000       | -                       | -         | -       | 8,500,000       | 8,500,000              | -        |
|                                 |             |                | 8,700,000       | -                       | -         | -       | 8,700,000       | 8,700,000              | -        |
| Weighted Average Exercise Price |             |                | \$0.05          | -                       | -         | -       | \$0.05          | \$0.05                 | -        |

# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022  
(Stated in Canadian Dollars - Unaudited)

### b) Options Issued During the Year

*December 31, 2022*

No stock options were granted during the year ended December 31, 2022.

*March 31, 2023*

No stock options were granted during the period ended March 31, 2023.

#### *Options Issued to Employees*

The fair value at grant-date is determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant-date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted in Note 10(a) included:

| Grant Date | Expiry Date | Share Price at Grant Date | Exercise Price | Risk-Free Interest Rate | Expected Life | Volatility Factor | Dividend Yield |
|------------|-------------|---------------------------|----------------|-------------------------|---------------|-------------------|----------------|
| 10/19/18   | 10/19/23    | \$0.035                   | \$0.05         | 2.40%                   | 5 years       | 264.65%           | 0.00%          |
| 05/13/21   | 05/13/26    | \$0.025                   | \$0.05         | 0.94%                   | 5 years       | 284.13%           | 0.00%          |

#### *Options Issued to Non-Employees*

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

### c) Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognized during the period ended March 31, 2023 as part of employee benefit expense was \$nil (December 31, 2022 - \$nil).

## 11. RELATED PARTY TRANSACTIONS

Certain corporate entities that are related to the Corporation's officers and directors provide consulting and other services to the Corporation. Transactions were conducted in the normal course of operations and are measured at the exchange amounts.

The following is a summary of the Corporation's related party transactions during the period ended March 31, 2023:

### a) Rental Payments

Rental charges of \$8,238 during the three-month period ended March 31, 2023 (three-month period ended March 31, 2022 - \$8,238) were payable to a company which is controlled by a director of the Corporation. At March 31, 2023, \$65,310 (December 31, 2022 - \$56,001) owing to this company was included in accounts payable and accrued liabilities.

### b) Key Management Compensation

Key management personnel compensation comprised:

|                                      | March 31, 2023 | March 31, 2022 |
|--------------------------------------|----------------|----------------|
|                                      | \$             | \$             |
| Management and consulting fees       | 6,000          | 6,000          |
| Share-based payments (stock options) | -              | -              |
|                                      | <u>6,000</u>   | <u>6,000</u>   |

At March 31, 2023, \$23,000 (December 31, 2022: \$20,000) owing to key management was included in accounts payable.



# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022  
(Stated in Canadian Dollars - Unaudited)

### c) Exploration Expenditures

Exploration expenditures of \$4,757 for the three-month period ended March 31, 2023 (year ended December 31, 2022: \$164,008) incurred in connection with the Corporation's expenditure activities were paid to a company controlled by a director of the Corporation. At March 31, 2023, \$163,839 (December 31, 2022: \$158,324) was included in accounts payable.

### d) Advance Royalty

Advance royalty charges of \$133,974 for the three-month period ended December 31, 2022 (year ended December 31, 2022: \$487,179) incurred in connection with the Corporation's properties were payable to one director of the Corporation. At December 31, 2022, \$2,742,946 (December 31, 2022: \$2,608,972) was included in accrued liabilities.

#### *Temporary Suspension and Subsequent Reinstatement of Advance Royalties*

On July 8, 2014, the Corporation signed an agreement with the holder of royalties on the Corporation's Western Lake St. Joseph Project to suspend payment of advance royalties from October 1, 2013 until the earliest of (i) completion of a pre-feasibility study, (ii) a change of control, amalgamation, plan of arrangement, take-over bid or other fundamental change involving the Corporation, (iii) completion of a transaction with a strategic investor, or (iv) September 30, 2015. Advance royalty payments were further waived to December 31, 2015. Effective January 1, 2016 the advance royalty payments have been reinstated. As a result of this agreement, royalties were accrued and have been classified as a current liability due to no formal agreement in place specifying collection terms.

## 12. LOSS PER SHARE

### *Weighted Average Number of Common Shares:*

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of common shares used in the calculation of basic earnings per share is as follows:

| For the year ended                                    | March 31,<br>2023 | December 31,<br>2022 |
|---|-------------------|----------------------|
| Basic weighted-average number of shares outstanding   | 133,687,341       | 133,687,341          |
| Dilution adjustment for stock options and warrants    | -                 | -                    |
| Diluted weighted-average number of shares outstanding | 133,687,341       | 133,687,341          |

## 13. CAPITAL MANAGEMENT

The Corporation manages its capital structure and makes adjustments to it, based on the funds available to the Corporation, in order to support the acquisition, exploration and evaluation of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business. The Corporation defines capital to include its shareholders' equity. In order to carry out planned exploration activities and pay for administrative costs, the Corporation will spend its existing working capital and raise additional amounts as needed. The Corporation will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or 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 Corporation, is reasonable. There were no changes in the Corporation's approach to capital management during the period ended March 31, 2023. The Corporation is not subject to externally imposed capital requirements.

The Corporation considers its capital to be shareholders' equity (deficit), which is comprised of share capital, share purchase warrants, share-based payments and deficit, which as at March 31, 2023 totaled \$3,267,000 deficit (December 31, 2022 - \$3,094,981 deficit). The Corporation's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and to obtain sufficient funding to further the identification and exploration of iron deposits.

The Corporation raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Corporation will be able to continue raising equity capital in this manner.

The Corporation invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash and short-term guaranteed deposits, all held with major Canadian financial institutions.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Stated in Canadian Dollars - Unaudited)

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### 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Fair Value of Financial Instruments

The Corporation's financial instruments are comprised of cash and cash equivalents and other receivables which are measured at amortized cost. Accounts receivable are classified for accounting purposes at amortized cost which approximates fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also approximates fair value.

A summary of the Corporation's risk exposure as it relates to financial instruments is reflected below:

#### A. Credit Risk

The Corporation is not exposed to major credit risk attributable to customers. Additionally, the majority of the Corporation's cash and cash equivalents are held with a highly rated Canadian financial institution in Canada.

#### B. Market Risk

##### i. Interest Rate Risk

The Corporation does not have any interest-bearing debt. The Corporation invests cash surplus to its operational needs in investment-grade short-term deposit certificates issued by the bank where it keeps its Canadian bank accounts. The Corporation periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short-term deposit certificates.

##### ii. Foreign Currency Risk

The Corporation's exploration and evaluation activities are denominated in Canadian dollars. The Corporation's funds are kept in Canadian dollars with a major Canadian financial institution.

##### iii. Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Corporation. The Corporation is exposed to fair value fluctuations on its investments, if any. The Corporation's other financial instruments (cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities) are not subject to price risk.

##### iv. Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Corporation had current assets of \$50,601 (December 31, 2022 - \$90,023) and current liabilities of \$3,320,113 (December 31, 2022 - \$3,187,648). All of the Corporation's financial liabilities and receivables are due within the year. Current working capital deficit of the Corporation is \$3,269,512 (at December 31, 2022 deficit of \$3,097,624). The financial liabilities are largely due to related parties as disclosed in Note 11 and are not expected to be called given the cash position of the Corporation. Liabilities are expected to remain until a time when the cash position of the Corporation improves.

##### v. Commodity Price Risk

The price of the common shares in the capital the Corporation ("Share Capital"), its financial results, exploration and evaluation activities have been, or may in the future be, adversely affected by declines in the price of iron ore and its products. Iron ore prices fluctuate widely and are affected by numerous factors beyond the Corporation's control such as the sale or purchase of commodities by various companies, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Corporation's revenues, if any, are expected to be in large part derived from mining and sale of iron ore and its products. The effect of these factors on the price of iron ore and its products, and therefore the economic viability of any of the Corporation's exploration projects, cannot accurately be predicted.

There have not been any changes to risks from the prior year.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Stated in Canadian Dollars - Unaudited)

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### 15. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

- (a) The Corporation is committed to paying advance royalties of \$250,000 per year to a director of the Corporation, starting in 2012 and increasing at a rate of 10% per year, payable in monthly installments. The advance royalty payments accrued to September 30, 2013 in the amount of \$456,250 were settled in 2013 with 11,406,250 shares and 11,406,250 warrants. The advance royalty payments for the last quarter of 2013 and the first two quarters of 2014 were accrued but none were paid. On July 8, 2014, the Corporation signed an agreement with the holder of royalties on the Corporation's Western Lake St. Joseph Project to suspend payment of advance royalties effective from October 1, 2013 until the earliest of (i) completion of a pre-feasibility study, (ii) a change of control, amalgamation, plan of arrangement, take-over bid or other fundamental change involving the Corporation, (iii) completion of a transaction with a strategic investor, or (iv) September 30, 2015. As a result of this agreement, no royalties were accrued for the year ended December 31, 2014 and December 31, 2015 (advance royalty payments were further waived to December 31, 2015) and royalties that had been previously accrued for the period October 1, 2013 to March 31, 2014 were reversed. Effective January 1, 2016 the advance royalty payments have been reinstated and are being accrued and classified as a current liability due to no formal agreement in place specifying collection terms.
- (b) In November 2022, the Corporation entered into an exclusivity agreement (the "Exclusivity Agreement") with Fifty St George PTY Ltd. ("FSG") granting FSG the exclusive opportunity for a period of six months to acquire a 90% interest in the Root Lake mineral claims in Northwestern Ontario. In exchange for the exclusivity agreement, the Corporation received \$125,000 which was recognized in other income. The terms of the acquisition agreement are contemplated to include the Corporation receiving (i) a cash payment of \$550,000, (ii) shares of FSG having an aggregate value of \$575,000 and (iii) a 2% net smelter royalty.

### 16. SUBSEQUENT EVENTS

The Corporation agreed to a three-month extension of the term of the Exclusivity Agreement with Fifty St George PTY Ltd. and received an extension fee of \$80,000.