



**Condensed Consolidated Interim Financial Statements  
Unaudited**

Expressed in United States dollars  
For the six months ended June 30, 2022

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by, and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

**INTER-ROCK MINERALS INC.**  
**August 23, 2022**

# Inter-Rock Minerals Inc.

Condensed Consolidated Interim Balance Sheets  
(Expressed in thousands of United States Dollars)

<b>UNAUDITED</b>	Note	June 30, 2022	December 31, 2021
		\$	\$
<b>ASSETS</b>			
Current assets			
Cash		4,929	2,266
Accounts receivable		10,129	5,161
Inventories	7	2,382	1,624
Prepaid expenses and other assets		692	1,110
Assets held for sale		-	6,595
<b>Total Current Assets</b>		<b>18,132</b>	<b>16,756</b>
Non-current assets			
Deferred tax asset		-	262
Properties, plant and equipment	8	2,395	2,354
Intangible assets	9	1,207	1,368
Goodwill	9	1,808	1,808
<b>Total Assets</b>		<b>23,542</b>	<b>22,548</b>
<b>LIABILITIES AND EQUITY</b>			
Current liabilities			
Accounts payable and accrued liabilities		9,916	4,345
Current portion of long term debt	10	682	1,316
Current portion of lease obligations	11	269	330
Liabilities held for sale		-	3,837
<b>Total Current Liabilities</b>		<b>10,867</b>	<b>9,828</b>
Non-current liabilities			
Long term debt	10	6	280
Lease obligations	11	321	422
Deferred tax liability		672	-
Asset retirement obligation	12	26	26
Series A preferred shares	13	3,417	3,417
<b>Total Liabilities</b>		<b>15,309</b>	<b>13,973</b>
Equity			
Share capital	14	5,791	5,791
Contributed surplus		315	315
Retained earnings		2,127	2,469
<b>Total Equity</b>		<b>8,233</b>	<b>8,575</b>
<b>Total Liabilities and Equity</b>		<b>23,542</b>	<b>22,548</b>

Financial Commitments (Note 20)

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

## Inter-Rock Minerals Inc.

### Condensed Consolidated Interim Statements of Net and Comprehensive Income

(Expressed in thousands of United States Dollars except for outstanding shares and per share amounts)

<b>UNAUDITED</b>	Note	<b>For the three months ended</b>		<b>For the six months ended</b>	
		<b>June 30, 2022</b>	June 30, 2021 (restated)	<b>June 30, 2022</b>	June 30, 2021 (restated)
		\$	\$	\$	\$
<b>REVENUE</b>	6, 18	<b>24,173</b>	16,878	<b>41,726</b>	33,749
<b>COST OF SALES</b>					
Operating costs	6	<b>21,422</b>	14,665	<b>36,764</b>	29,526
<b>GROSS PROFIT</b>		<b>2,751</b>	2,213	<b>4,962</b>	4,223
<b>OPERATING EXPENSES</b>					
Gain on sale of asset	5	<b>220</b>	-	<b>(393)</b>	-
Selling, general and administrative	6	<b>1,566</b>	1,455	<b>3,222</b>	2,670
Amortization and depletion	8	<b>155</b>	136	<b>295</b>	269
Amortization of intangible assets	9	<b>80</b>	82	<b>161</b>	164
<b>INCOME BEFORE FINANCING COSTS</b>		<b>730</b>	540	<b>1,677</b>	1,120
<b>FINANCING COSTS</b>					
Gain on debt forgiveness		-	(318)	-	(318)
Interest on Series A preferred shares	13	<b>34</b>	28	<b>34</b>	28
Interest on debt and lease obligations	10, 11	<b>20</b>	44	<b>52</b>	88
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>		<b>676</b>	786	<b>1,591</b>	1,322
<b>INCOME TAXES</b>					
Current		<b>307</b>	73	<b>382</b>	103
		<b>307</b>	73	<b>382</b>	103
<b>NET INCOME AND COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS</b>		<b>369</b>	713	<b>1,209</b>	1,219
<b>NET (LOSS) AND COMPREHENSIVE (LOSS) FROM DISCONTINUED OPERATIONS</b>	5	-	(45)	-	(145)
<b>NET INCOME AND COMPREHENSIVE INCOME</b>		<b>369</b>	668	<b>1,209</b>	1,074
<b>Basic income per share</b>	15	<b>0.02</b>	0.03	<b>0.05</b>	0.05
<b>Diluted income per share</b>	15	<b>0.01</b>	0.02	<b>0.03</b>	0.03
<b>Weighted average number of shares outstanding</b>					
Basic		<b>22,303,311</b>	<b>22,312,811</b>	<b>22,303,311</b>	<b>22,312,811</b>
Diluted		<b>39,440,291</b>	<b>39,449,811</b>	<b>39,440,291</b>	<b>39,449,811</b>

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

## Inter-Rock Minerals Inc.

Condensed Consolidated Interim Statements of Changes in Equity  
(Expressed in thousands of United States Dollars)

	Share Capital (Note 14)	Contributed Surplus	Retained Earnings	Total
	\$	\$	\$	\$
Balance, December 31, 2020	5,794	315	1,168	7,277
Net income and comprehensive income	(2)	-	-	(2)
Shares purchased for cancellation		-	406	406
Balance, June 30, 2021	5,792	315	1,574	7,681
Balance, December 31, 2021	5,791	315	2,469	8,575
Prior year cumulative subsidiary losses	-	-	(1,551)	(1,551)
Net income and comprehensive income	-	-	1,209	1,209
<b>Balance, June 30, 2022</b>	<b>5,791</b>	<b>315</b>	<b>2,127</b>	<b>8,233</b>

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

## Inter-Rock Minerals Inc.

Condensed Consolidated Interim Statements of Cash Flows  
(Expressed in thousands of United States Dollars)

<b>UNAUDITED</b>	Note	for the three months ended		for the six months ended	
		June 30, 2022	June 30, 2021 (restated)	June 30, 2022	June 30, 2021 (restated)
		\$	\$	\$	\$
<b>CASH PROVIDED BY (USED IN) OPERATIONS</b>					
Net income		369	668	1,209	1,074
Items not affecting cash		-	-	-	-
Amortization and depletion		155	136	295	269
Amortization of intangible assets		80	82	161	164
Interest expense		54	72	86	116
Gain on sale of asset		220	-	(393)	-
Gain on debt forgiveness		-	(318)	-	(318)
Loss from discontinued operations		-	45	-	145
		<b>878</b>	<b>685</b>	<b>1,358</b>	<b>1,450</b>
Net changes in non-cash working capital					
Accounts receivable		(1,297)	1,809	(4,968)	1,597
Inventories		(144)	(365)	(758)	(426)
Prepaid expenses		(1)	(262)	418	(270)
Accounts payable and accrued liabilities		1,935	(56)	5,577	123
<b>Cash generated by continuing operating activities</b>		<b>1,371</b>	<b>1,811</b>	<b>1,627</b>	<b>2,474</b>
<b>Cash used in discontinued operating activities</b>		<b>-</b>	<b>(247)</b>	<b>-</b>	<b>(55)</b>
<b>Net cash from investing activities</b>		<b>1,371</b>	<b>1,564</b>	<b>1,627</b>	<b>2,419</b>
<b>INVESTING</b>					
Purchase of properties, plant and equipment	8	(137)	(117)	(277)	(157)
<b>Cash used in continuing investing activities</b>		<b>(137)</b>	<b>(117)</b>	<b>(277)</b>	<b>(157)</b>
<b>Cash used in discontinued investing activities</b>		<b>-</b>	<b>(15)</b>	<b>-</b>	<b>(546)</b>
<b>Net cash used in investing activities</b>		<b>(137)</b>	<b>(132)</b>	<b>(277)</b>	<b>(703)</b>
<b>FINANCING</b>					
Interest paid		(20)	(44)	(52)	(88)
Interest on Series A preferred shares	13	(58)	(56)	(58)	(56)
Net proceeds from sale of asset		(220)	-	3,310	-
Proceeds from long term debt	10	-	40	-	40
Repayment of long term debt	10	(210)	(211)	(908)	(460)
Repayment of lease obligations	11	(76)	(73)	(162)	(144)
Shares purchased for cancellation	14	-	-	-	(2)
<b>Cash provided by (used in) continuing financing activities</b>		<b>(584)</b>	<b>(344)</b>	<b>2,130</b>	<b>(710)</b>
<b>Cash used in discontinued financing activities</b>		<b>-</b>	<b>(197)</b>	<b>(817)</b>	<b>62</b>
<b>Net cash provided by financing activities</b>		<b>(584)</b>	<b>(541)</b>	<b>1,313</b>	<b>(648)</b>
<b>Net change in cash</b>		<b>650</b>	<b>891</b>	<b>2,663</b>	<b>1,068</b>
<b>Cash, beginning of the period</b>		<b>4,279</b>	<b>2,249</b>	<b>2,266</b>	<b>2,072</b>
<b>Cash, end of the period</b>		<b>4,929</b>	<b>3,140</b>	<b>4,929</b>	<b>3,140</b>

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

# Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2022 and 2021

(Expressed in thousands of United States Dollars except for per share information)

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## **1. CORPORATE INFORMATION**

Inter-Rock Minerals Inc. (“Inter-Rock” or the “Company”) is domiciled in Canada and is continued under the Business Corporations Act (Ontario). The Company’s office is located at 2 Toronto Street, Suite 500 Toronto, Ontario, M5C 2B6, Canada. The Company’s shares are traded on the TSX Venture Exchange under the symbol “IRO”.

Inter-Rock owns two operating businesses: Papillon Agricultural Company Inc. (“Papillon”) and MIN-AD, Inc. (“MIN-AD”). Papillon is a US based marketer and distributor of toll manufactured premium dairy feed nutritional supplements, including MIN-AD’s products. MIN-AD is engaged in the production and marketing of high purity dolomite and clay, primarily to the animal feed industry in the United States.

## **2. BASIS OF PRESENTATION**

### **2.1 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2021 prepared, in accordance with IAS as issued by the international Accounting Standards Board (“IASB”).

### **2.2 Basis of measurement**

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3 of the Company’s audited financial statements for the year ended December 31, 2021.

### **2.3 Basis of consolidation**

The condensed consolidated interim financial statements include the accounts of the Company and the following wholly-owned subsidiaries:

<b>Entity</b>	<b>Place of Incorporation</b>	<b>Ownership</b>
Secret Pass Gold Inc.	United States	100%
MIN-AD Inc.	United States	100%
Papillon Agricultural LLC	United States	100%
Papillon Agricultural Company Inc.	United States	100%

### **2.4 Functional currency and currency of presentation**

These condensed consolidated interim financial statements are presented in United States dollars, which is the functional currency of the Company and all its subsidiaries. Transactions denominated in currencies other than the functional currency are recorded in the functional currency using the spot rate on the transaction date, and revalued using the exchange rate in effect at the end of each reporting date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the reporting date. Non-monetary assets and liabilities are translated at the historical rate. Exchange gains and losses are included in the condensed consolidated interim statements of income and comprehensive income for the period.

## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2022 and 2021

(Expressed in thousands of United States Dollars except for per share information)

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated interim financial statements reflect the accounting policies applied by the Company in its audited financial statements for the year ended December 31, 2021. The Company's significant accounting policies are presented in Note 3 in the audited consolidated financial statements for the year ended December 31, 2021.

### **4. JUDGMENTS AND ESTIMATES**

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

These condensed consolidated interim financial statements reflect the judgements and estimates outlined by the Company in Note 4 of its audited consolidated financial statements for the year ended December 31, 2021.

### **5. MILL CREEK SALE**

On February 9 2022, Inter-Rock closed the sale of its Oklahoma based dolomite business, Mill Creek Dolomite LLC ("Mill Creek"). The business was sold to United States Lime & Minerals Inc. for \$6,400 in cash, excluding Mill Creek debt and accrued interest of \$2,240 that was repaid at closing with a portion of the proceeds of the sale in accordance with the terms of the sale agreement. After the repayment of debt and a final working capital adjustment of \$220, the Company received net cash of \$3,310.

### **6. SUBSIDIARIES AND BUSINESS SEGMENTS**

Inter-Rock has two operating businesses. Each business is an operating segment for financial reporting purposes. Certain costs are managed on a consolidated basis and are therefore not reflected in segment income. Operating segments of the Company are as follows:

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Name of subsidiary	Country of incorporation	
MIN-AD Inc.	United States	100%
Papillon Agricultural Company Inc.	United States	100%

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The Company's management evaluates the performance of these segments and allocates resources to them based on certain performance measures.

Segment earnings correspond to each business' earnings from operations. The Company's management reporting system evaluates performance based on a number of factors; however, the primary profitability measure is the earnings from operations before depreciation, amortization, net financing income or expense and income taxes ("EBITDA").



## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2022 and 2021

(Expressed in thousands of United States Dollars except for per share information)

### 6. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

Segment operating results are as follows:

For the six month period ended June 30, 2022	MIN-AD	Papillon	Other	Eliminations	Total
<b>REVENUE</b>					
Internal sales	1,934	82	300	(2,316)	-
External sales	2,452	39,274	-	-	41,726
<b>COST OF SALES</b>					
Operating costs	3,392	35,306	-	(1,934)	36,764
<b>GROSS PROFIT</b>	994	4,050	300	(382)	4,962
<b>OPERATING EXPENSES</b>					
Gain on sale of asset	(393)	-	-	-	(393)
Selling, general & administration	680	2,575	567	(600)	3,222
Amortization and depletion	179	36	80	-	295
Amortization of intangible assets	-	161	-	-	161
<b>INCOME (LOSS) BEFORE FINANCING</b>	528	1,278	(347)	(376)	1,677
<b>FINANCING COSTS</b>					
Interest on Series A preferred shares	-	-	34	-	34
Interest on debt and lease obligations	26	28	4	(6)	52
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	502	1,250	(161)	-	1,591
<b>INCOME TAXES</b>					
Current	-	-	382	-	382
<b>NET COMPREHENSIVE INCOME (LOSS)</b>	502	1,250	(543)	-	1,209
<b>As at June 30, 2022</b>					
<b>ASSETS</b>					
Current assets	2,618	15,444	396	(326)	18,132
Non-current assets	2,029	3,308	73	-	5,410
	4,647	18,752	469	(326)	23,542
<b>LIABILITIES</b>					
Current liabilities	865	10,216	112	(326)	10,867
Non-current liabilities	153	200	4,089	-	4,442
	1,018	10,416	4,201	(326)	15,309

## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2022 and 2021

(Expressed in thousands of United States Dollars except for per share information)

### 6. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

For the three month period ended June 30, 2022	MIN-AD	Papillon	Other	Eliminations	Total
<b>REVENUE</b>					
Internal sales	1,036	41	150	(1,227)	-
External sales	1,335	22,838	-	-	24,173
<b>COST OF SALES</b>					
Operating costs	1,778	20,681	-	(1,037)	21,422
<b>GROSS PROFIT</b>	593	2,198	150	(190)	2,751
<b>OPERATING EXPENSES</b>					
Gain on sale of asset	220	-	-	-	220
Selling, general & administration	330	1,295	115	(174)	1,566
Amortization and depletion	89	25	41	-	155
Amortization of intangible assets	-	80	-	-	80
<b>INCOME (LOSS) BEFORE FINANCING</b>	(46)	798	(6)	(16)	730
<b>FINANCING COSTS</b>					
Interest on Series A preferred shares	-	-	34	-	34
Interest on debt and lease obligations	8	12	-	-	20
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	(54)	786	(40)	(16)	676
<b>INCOME TAXES</b>					
Current	-	307	-	-	307
<b>NET COMPREHENSIVE INCOME (LOSS)</b>	(54)	479	(40)	(16)	369

Adjustments and eliminations include: (i) inter-segment revenues are eliminated on consolidation (ii) unallocated assets related to deferred tax assets (iii) unallocated liabilities related to deferred taxes and current taxes payable.

## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2022 and 2021

(Expressed in thousands of United States Dollars except for per share information)

### 6. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

Segment balances for the prior period are as follows:

For the six month period ended June 30, 2021	MIN-AD	Papillon	Other	Elimi- nations (restated)	Total	
<b>REVENUE</b>						
Internal sales	1,673	103	324	(2,100)	-	
External sales	2,030	31,719	-	-	<b>33,749</b>	
<b>COST OF SALES</b>						
Operating costs	2,836	28,212	-	(1,522)	<b>29,526</b>	
<b>GROSS PROFIT</b>	<b>867</b>	<b>3,610</b>	<b>324</b>	<b>(578)</b>	<b>4,223</b>	
<b>OPERATING EXPENSES</b>						
Selling, general & administration	566	2,244	288	(428)	<b>2,670</b>	
Amortization and depletion	164	29	76	-	<b>269</b>	
Amortization of intangible assets	-	164	-	-	<b>164</b>	
<b>INCOME (LOSS) BEFORE FINANCING</b>	<b>137</b>	<b>1,173</b>	<b>(40)</b>	<b>(150)</b>	<b>1,120</b>	
<b>FINANCING COSTS</b>						
Gain on debt forgiveness	-	(318)	-	-	<b>(318)</b>	
Interest on Series A preferred shares	-	-	28	-	<b>28</b>	
Interest on debt and lease obligations	33	48	7	-	<b>88</b>	
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>104</b>	<b>1,443</b>	<b>(75)</b>	<b>(150)</b>	<b>1,322</b>	
<b>INCOME TAXES</b>						
Current	-	100	3	-	<b>103</b>	
<b>NET COMPREHENSIVE INCOME (LOSS)</b>	<b>104</b>	<b>1,343</b>	<b>(78)</b>	<b>(150)</b>	<b>1,219</b>	
<b>As at June 30, 2021</b>						
	Mill Creek	MIN-AD	Papillon	Other	Elimi- nations	Total
<b>ASSETS</b>						
Current assets	2,024	1,616	8,859	182	(608)	<b>12,073</b>
Non-current assets	4,125	1,917	3,619	198	-	<b>9,859</b>
	6,149	3,533	12,478	380	(608)	<b>21,932</b>
<b>LIABILITIES</b>						
Current liabilities	861	1,693	4,674	175	(245)	<b>7,158</b>
Non-current liabilities	1,436	526	901	3,775	(213)	<b>6,425</b>
	2,297	2,219	5,575	3,950	(458)	<b>13,583</b>

## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2022 and 2021

(Expressed in thousands of United States Dollars except for per share information)

### 6. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

For the three month period ended June 30, 2021	MIN-AD	Papillon	Other	Elimi- nations (restated)	Total
<b>REVENUE</b>					
Internal sales	819	59	162	(1,040)	-
External sales	914	15,964	-	-	<b>16,878</b>
<b>COST OF SALES</b>					
Operating costs	1,379	14,104	-	(818)	<b>14,665</b>
<b>GROSS PROFIT</b>	<b>354</b>	<b>1,919</b>	<b>162</b>	<b>(222)</b>	<b>2,213</b>
<b>OPERATING EXPENSES</b>					
Selling, general & administration	289	1,171	217	(222)	<b>1,455</b>
Amortization and depletion	83	18	35	-	<b>136</b>
Amortization of intangible assets	-	82	-	-	<b>82</b>
<b>INCOME (LOSS) BEFORE FINANCING</b>	<b>(18)</b>	<b>648</b>	<b>(90)</b>	<b>-</b>	<b>540</b>
<b>FINANCING COSTS</b>					
Gain on debt forgiveness	-	(318)	-	-	<b>(318)</b>
Interest on Series A preferred shares	-	-	28	-	<b>28</b>
Interest on debt and lease obligations	18	23	3	-	<b>44</b>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>(36)</b>	<b>943</b>	<b>(121)</b>	<b>-</b>	<b>786</b>
<b>INCOME TAXES</b>					
Current	-	70	3	-	<b>73</b>
<b>NET COMPREHENSIVE INCOME (LOSS)</b>	<b>(36)</b>	<b>873</b>	<b>(124)</b>	<b>-</b>	<b>713</b>

### 7. INVENTORIES

	June 30, 2022	December 31, 2021
	\$	\$
Raw materials and consumables	<b>464</b>	424
Finished goods	<b>1,918</b>	1,200
Total inventories	<b>2,382</b>	1,624

## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2022 and 2021

(Expressed in thousands of United States Dollars except for per share information)

### 8. PROPERTIES, PLANT AND EQUIPMENT

Cost	Land	Dolomite Properties	Plant and Equipment	Right of Use Assets	Vehicles	Spare Parts	Total
Balance, December 31, 2020	515	2,051	14,111	2,838	490	328	20,333
Transferred to assets classified as held for sale	(515)	(297)	(5,024)	(1,413)	(207)	(73)	(7,529)
Additions in the year	-	-	328	110	-	19	457
Disposals in the year	-	-	-	-	-	-	-
Balance, December 31, 2021	-	1,754	9,415	1,535	283	274	13,261
Additions in the year	-	-	277	-	17	42	336
Disposals in the year	-	-	-	-	-	-	-
<b>Balance, June 30, 2022</b>	-	1,754	9,692	1,535	300	316	13,597

  

Accumulated Amortization and Depletion	Land	Dolomite Properties	Plant and Equipment	Right of Use Assets	Vehicles	Spare Parts	Total
Balance, December 31, 2020	-	(1,352)	(10,768)	(1,411)	(405)	-	(13,936)
Transferred to assets classified as held for sale	-	117	2,418	875	156	-	3,566
Additions in the year	-	(37)	(166)	(309)	(25)	-	(537)
Disposals in the year	-	-	-	-	-	-	-
<b>Balance, December 31, 2021</b>	-	(1,272)	(8,516)	(845)	(274)	-	(10,907)
Additions in the year	-	(17)	(107)	(158)	(13)	-	(295)
Disposals in the year	-	-	-	-	-	-	-
<b>Balance, June 30, 2022</b>	-	(1,289)	(8,623)	(1,003)	(287)	-	(11,202)

  

Net Book Value	Land	Dolomite Properties	Plant and Equipment	Right of Use Assets	Vehicles	Spare Parts	Total
As at December 31, 2021	-	482	899	690	9	274	2,354
As at June 30, 2022	-	465	1,069	532	13	316	2,395

For the period ending June 30, 2022 there were no indicators of impairment in the carrying value of the Company's dolomite properties, plant and equipment and right-of-use assets.

## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2022 and 2021

(Expressed in thousands of United States Dollars except for per share information)

### 9. INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill comprise the following:

	Customer relationships (a)	Distribution rights (b)	Non-competes (c)	Brand (d)	Total Intangibles	Goodwill
	\$	\$	\$	\$	\$	\$
Balance December 31, 2020	969	676	-	46	1,691	1,808
Less: amortization	(185)	(127)	(3)	(11)	(326)	-
Balance December 31, 2021	784	549	-	35	1,368	1,808
Less: amortization	(92)	(64)	-	(5)	(161)	-
<b>Balance, June 30, 2022</b>	<b>692</b>	<b>485</b>	<b>-</b>	<b>30</b>	<b>1,207</b>	<b>1,808</b>

Amortization of intangible assets is presented within amortization of intangibles on the condensed consolidated interim statement of income and comprehensive income. As at period-end there were no impairment losses recognized in income.

- Customer relationships, which are long-standing relationships with many specialty feed ingredient suppliers, toll manufacturers and customers in the dairy industry.
- Distribution rights, which are exclusive rights of the Company to produce and distribute specialty feed ingredients to the dairy industry.
- Non-competes arrangements, which serve to protect the Company's sensitive and confidential information. These agreements may apply to employees as well as any person or company that interacts with the business and encounters confidential information. The agreements have to be reasonable in scope and duration in order to be upheld in court.
- Brand, where the value of a brand is determined by the consumers' perception of the brand. Positive brand equity is achieved when consumers are willing to pay more for a product with a recognizable brand name than they would pay for a generic version of the product.

Goodwill is measured as the fair value of consideration paid less the fair value of the net assets acquired and liabilities assumed on the acquisition date. Goodwill is tested at least annually for impairment or more frequently when impairment indicators are identified. In accordance with IAS 36, if some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period.

## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2022 and 2021

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### 10. DEBT

Bank debt and equipment purchase financings comprise the following:

	June 30, 2022	December 31, 2021
	\$	\$
<u>Aggregate debt facilities</u>		
(i) Revolving credit facility	-	498
(ii) Mill Creek term loan	-	922
(iii) Papillon term loan	667	1,067
(iv) Equipment financings	21	1,398
Transferred to liabilities held for sale	-	(2,289)
	688	1,596
<u>Less: current portions of</u>	-	
Long term debt	(667)	(1,298)
Equipment financing	(15)	(18)
<b>Total long term debt</b>	<b>6</b>	<b>280</b>

#### Debt facilities

The Company's debt facilities at June 30, 2022 are described below.

- (i) \$500 Revolving Credit Facility – a one-year, secured revolving credit facility (“RC”) in the amount of the lesser of \$500 or 75% of accounts receivable at MIN-AD, bearing interest at the U.S. bank prime rate plus 1.00% per annum. The \$500 RC was amended to remove Mill Creek as a borrower, leaving MIN-AD as the sole borrower. The amendment required a repayment of at least \$100 be made within 30 days of closing the sale of Mill Creek. A repayment of \$498 was made on March 9, 2022 with a portion of Mill Creek sales proceeds. At June 30, 2022, \$Nil (June 30, 2021 - \$498) was outstanding under the RC facility. In addition, the borrowing base calculation for the revolving credit facility was amended so that advances under the line are capped at 50% of MIN-AD’s account receivables plus 75% of inventory.

The facility is secured by the assets of MIN-AD and is guaranteed by both the Company and its subsidiary Secret Pass Gold Inc. The facility contains certain covenants that limit, among other things, the ability of MIN-AD to incur new indebtedness, sell material assets and make acquisitions. There is also a requirement to maintain a minimum debt service cover ratio (“DSCR”). The DSCR is calculated at period end based on the consolidated results of the Company.

- (ii) In accordance with the terms of the Mill Creek sale agreement, the Mill Creek term loan and Mill Creek Volvo equipment term loans were repaid in full on February 9, 2022 with a portion of the Mill Creek sale proceeds.

## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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### 10. DEBT (CONT'D)

- (iii) \$4,000 Papillon Term Loan - five year secured term loan bearing interest at a fixed rate of 4.75% per annum. The loan is secured against all the present and future assets of Papillon and Papillon Agricultural LLC, and is guaranteed by the Company and its subsidiaries, Secret Pass Gold Inc. and Papillon. The loan contains various covenants customary for a facility of this nature, including restrictions on new indebtedness, asset dispositions and acquisitions. The loan also contains financial covenants including a minimum DSCR of 1.15 and a requirement that 80% of accounts receivable plus cash must be equal to or greater than the outstanding loan balance. At June 30, 2022, \$667 (June 30, 2021 - \$800) was recorded as the current portion of long term debt and the balance of \$Nil (June 30, 2021 - \$667) was recorded as long term debt.

At June 30, 2022, the Company was in compliance with all bank debt covenant requirements.

- (iv) MIN-AD Vehicle loans – the company finances the purchase of company vehicles for use by a number of employees. The total amount outstanding under these facilities at June 30, 2022 was \$21 (June 30, 2021 - \$70 ) of which \$15 (June 30, 2021 - \$34) was current. The loans are secured by the vehicles and the interest rate on the facilities ranges from 5.00% to 5.5% per annum.

### 11. LEASE OBLIGATIONS

The Company leases rail cars and office space. At June 30, 2022, the Company's lease obligations consist of the following:

	June 30, 2022	December 31, 2021
<b>Movement in lease obligations:</b>		
Lease obligations, beginning	\$ 752	\$ 1,560
Additions during the period	-	110
Payments during the period	(162)	(589)
Transferred to liabilities held for sale	-	(329)
Lease obligations, ending	590	752
Less: current portion	(269)	(330)
<b>Total long term lease obligations</b>	<b>\$ 321</b>	<b>\$ 422</b>

During the period, the Company recognized interest expense of \$19 (June 30, 2021 - \$41) on lease liabilities.

### 12. ASSET RETIREMENT OBLIGATION

The Company is required to satisfy certain asset retirement obligations including the removal of any equipment and the restoration of the land and premises. This liability is management's estimate of the requirements for restoration and rehabilitation of the Company's MIN-AD dolomite quarrying operations. The Company's liability for reclamation of the property has been discounted to its present value based on an estimate of the Company's pricing in the market to obtain debt.



## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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*(Expressed in thousands of United States Dollars except for per share information)*

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### **13. SERIES A PREFERRED SHARES**

On December 5, 2008, the Company issued 17,136,980 Series A preferred shares ("Preferred Shares") to settle debt and unpaid interest owing to a shareholder in the amount of \$3,417.

Each Preferred Share is entitled to one vote, is redeemable and retractable on demand at a value of \$0.20, pays a non-cumulative quarterly dividend at a rate equivalent to the US prime interest rate, and is convertible into one common share.

There is no certainty of retraction of the Preferred Shares as there is no fixed or determinable date for their retraction nor are any future events defined that would trigger retraction. The shareholder has agreed to waive its right to retract the Preferred Shares for the year ending December 31, 2022, so the liability has been presented in these condensed consolidated interim financial statements as long term. During the period, the Board of Directors declared a quarterly preferred share dividend of \$34 (June 30, 2022 - \$28). The dividend is recorded as interest expense.

### **14. SHARE CAPITAL**

The Company is authorized to issue an unlimited number of common shares. The number of common shares issued and outstanding is as follows:

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	Number	Amount
<b>Balance, June 30, 2022 and December 31, 2021</b>	22,303,311	\$5,791

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#### **Normal Course Issuer Bid**

On February 19, 2021, the Company received approval from the TSXV to renew its NCIB to purchase for cancellation up to 1,000,000 common shares, representing 4.4% of the outstanding common shares of the Company. The renewal allowed for the purchase of common shares under the NCIB over the twelve-month period beginning on or about February 25, 2021. The NCIB terminated on February 25, 2022 and has not been renewed. The NCIB terminated upon the earliest of (i) the Company purchasing 1,000,000 common shares, (ii) the Company providing notice of termination of the NCIB and (iii) the date that is 12 months following the commencement of the NCIB.

## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2022 and 2021

(Expressed in thousands of United States Dollars except for per share information)

### 15. INCOME PER SHARE

Basic and diluted income per share have been calculated as follows:

	For the three month period		For the six month period	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Basic income per share</b>				
Income available to common shares	369	668	1,209	1,074
Weighted average common shares (in thousands)	22,303	22,384	22,303	22,384
	0.02	0.03	0.05	0.05
<b>Diluted income per share</b>				
Income available to common shares	369	668	1,209	1,074
Income available to common shares, assuming dilution	369	668	1,209	1,074
Weighted average common shares outstanding	22,303	22,313	22,303	22,313
Preferred shares converted to common shares	17,137	17,137	17,137	17,137
Adjusted weighted average common shares outstanding	39,440	39,450	39,440	39,450
	0.01	0.02	0.03	0.03

Each Preferred Share (Note 13) is convertible into one common share of the Company, the dilutive effect of the conversion of Preferred Shares is 17,136,980 additional common shares.

### 16. INCOME TAXES

At June 30, 2022, the Company had Canadian tax losses which are not recognized as deferred tax assets. The Company recognizes the tax benefit of the tax losses only to the extent of anticipated future Canadian taxable income that can be reduced by tax losses. The gross amount of the tax losses for which a tax benefit has not been recorded expire as follows:

Incurring	Expires	Amount
		C\$
2007	2027	464
2008	2028	377
2009	2029	262
2010	2030	319
2011	2031	328
2012	2032	303
2013	2033	249
2014	2034	169
2015	2035	166
2016	2036	199
2017	2037	262
2018	2038	116
2019	2039	145
2020	2040	50
2021	2041	162
		3,570

## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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### 17. RELATED PARTY TRANSACTIONS

#### Key management remuneration

The Company's related parties as defined by IAS 24, Related Party Disclosures, include the key management of the Company and its subsidiaries. Key management includes directors, the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Vice-President of Operations and the President of Papillon.

The compensation paid to key management for services is shown below:

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Short term benefits including salaries, consulting and director fees	493	219	983	454

### 18. REVENUE SUPPLEMENTAL INFORMATION

The Company's revenue by type is broken down as follows in the condensed consolidated interim statements of income and comprehensive income.

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021 (restated)	June 30, 2022	June 30, 2021 (restated)
	\$	\$	\$	\$
<u>MIN-AD</u>				
Dolomite sales	1,034	632	1,770	1,402
Freight charges	168	224	454	522
Fuel charges	134	58	229	106
	1,336	914	2,453	2,030
<u>Papillon</u>				
Animal feed sales	21,883	15,224	37,507	30,750
Freight charges	954	740	1,766	969
	24,173	16,878	41,726	33,749

## Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2022 and 2021

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### **19. FINANCIAL RISK MANAGEMENT**

#### **Coronavirus (COVID-19)**

COVID-19 negatively impacted the Company's results particularly in the second quarter of 2020 and could have further negative impacts on the operations of the Company, its suppliers and its customers. Labour quarantines, railroad disruptions and other disturbances to the Company's operations have occasionally impacted the Company's ability to provide products to customers and, as a consequence, negatively impacted revenues and cash flow. Prolonged closures of meat processing facilities may also reduce the availability of key ingredients in the Company's protein supplements. It is not possible to reliably estimate the length and severity of the economic consequences of the COVID-19 pandemic and the impact on the financial results of the Company.

Despite the uncertainty of the length and magnitude of the economic impact of COVID-19, the Company expects that its available cash and cash flow from operations will be sufficient to meet its operating requirements and financial commitments for the next twelve months.

### **20. FINANCIAL COMMITMENTS**

The Company is committed to \$1,355 (June 30, 2021- \$5,067) for obligations and financial commitments in the normal course of operations and financing activities. At June 30, 2022 the Company had the following financial commitments related to its continuing operations:

	<b>Total</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Thereafter</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Bank principal repayments	<b>667</b>	401	266	-	-	-
Equipment financing	<b>21</b>	8	13	-	-	-
Lease obligations	<b>667</b>	183	200	129	49	106
<b>Total</b>	<b>1,355</b>	<b>592</b>	<b>479</b>	<b>129</b>	<b>49</b>	<b>106</b>

Debt repayments represent the principal only. Lease obligations represent the undiscounted amount of the lease commitments. Leases commenced subsequent to period end are not included in the lease liability recorded at period end.