



**INTERNATIONAL ICONIC GOLD EXPLORATION CORP.  
(formerly Marfil Mines Limited)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

Expressed in Canadian dollars

(Unaudited)

### **NOTE TO READER**

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

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

**INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

AS AT SEPTEMBER 30, 2022 AND DECEMBER 31, 2021

Expressed in Canadian dollars

	Note	September 30, 2022 <i>(Unaudited)</i>	December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 39,317	\$ 458,052
Other receivables	5	103,261	98,756
Prepaid expenses		54,553	14,737
Investments	6	-	24,829
		197,131	596,374
<b>Exploration and evaluation assets</b>	7	<b>4,151,907</b>	4,053,440
<b>Total assets</b>		<b>\$ 4,349,038</b>	<b>\$ 4,649,814</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	9	\$ 2,626,402	\$ 2,128,117
Loans payable to related parties	9	16,901	15,836
Loans payable	10	67,927	59,357
Promissory note	11	740,909	667,700
		3,452,139	2,871,010
CEBA loan payable	8	52,064	53,572
Promissory note	11	859,593	774,656
<b>Total liabilities</b>		<b>4,363,796</b>	3,699,238
<b>Shareholders' equity</b>			
Share capital	12	21,302,538	21,302,538
Shares to be issued		90,000	90,000
Contributed surplus	12	1,087,002	914,075
Deficit		(22,494,298)	(21,356,037)
<b>Total shareholders' equity</b>		<b>(14,758)</b>	950,576
<b>Total liabilities and equity</b>		<b>\$ 4,349,038</b>	<b>\$ 4,649,814</b>

Going concern (Note 2)

Approved and authorized by the Board on November 14, 2022.

*"Robert Abenante"*

Robert Abenante

*"Greg Burnett"*

Greg Burnett

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

**INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**  
Expressed in Canadian Dollars  
**(Unaudited)**

		For the three months ended September 30,		For the nine months ended September 30,	
	Note	2022	2021	2022	2021
<b>Operating expenses</b>					
General and administration	13	\$ 277,299	246,504	709,273	\$ 631,072
General exploration		-	-	221	-
Share-based compensation	9,12	31,726	10,861	172,927	10,861
		<b>309,025</b>	257,365	<b>882,421</b>	641,933
<b>Other expenses (income)</b>					
Administrative charge income	7	-	(2,543)	-	(4,837)
Accretion expense	8, 11	56,609	1,465	162,377	3,855
Finance costs	9, 10	37,912	24,961	102,642	70,082
Foreign exchange (gain) loss		18,435	(27,412)	16,164	(33,668)
Income from government assistance	8	-	-	(5,740)	(3,680)
Gain on sale of securities	6	(11,889)	(30,273)	(19,603)	(51,205)
Unrealized loss on investments	6	(439)	-	-	-
<b>Net loss and comprehensive loss</b>		<b>\$ 409,653</b>	223,563	<b>1,138,261</b>	\$ 622,480
<b>Net loss for the period attributable to:</b>					
Owners of the Company		\$ 409,653	220,345	1,138,261	\$ 616,353
Non-controlling interests	15	-	3,218	-	6,127
		<b>\$ 409,653</b>	223,563	<b>1,138,261</b>	\$ 622,480
<b>Weighted average number of common shares outstanding</b>	12	<b>101,325,432</b>	100,625,432	<b>101,325,432</b>	89,316,608
<b>Basic and diluted loss per common share attributable to owners of the parent</b>	12	<b>\$ 0.00</b>	\$ 0.00	<b>\$ 0.01</b>	\$ 0.01

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

**INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**  
Expressed in Canadian dollars  
(Unaudited)

	Note	Number of common shares	Common shares amount	Contributed surplus	Shares to be issued	Deficit	Shareholders' equity	Non- controlling interests	Total equity
<b>Balance as at December 31, 2020</b>		<b>60,075,432</b>	<b>\$ 19,211,873</b>	<b>\$ 2,501,058</b>	<b>\$ -</b>	<b>\$ (19,437,272)</b>	<b>\$ 2,275,659</b>	<b>\$ (30,845)</b>	<b>\$ 2,244,814</b>
Private placement		40,000,000	1,983,665	-	-	-	1,983,665	-	1,983,665
Share-based compensation		-	-	10,861	-	-	10,861	-	10,861
Exercise of warrants		1,000,000	70,000	-	-	-	70,000	-	70,000
Net loss for the period		-	-	-	-	(616,353)	(616,353)	(6,127)	(622,480)
<b>Balance as at September 30, 2021</b>		<b>101,075,432</b>	<b>\$ 21,265,538</b>	<b>\$ 2,511,919</b>	<b>-</b>	<b>\$ (20,053,625)</b>	<b>\$ 3,723,832</b>	<b>\$ (36,972)</b>	<b>\$ 3,686,860</b>
<b>Balance as at December 31, 2021</b>		<b>101,325,432</b>	<b>\$ 21,302,538</b>	<b>\$ 914,075</b>	<b>\$ 90,000</b>	<b>\$ (21,356,037)</b>	<b>\$ 950,576</b>	<b>\$ -</b>	<b>\$ 950,576</b>
Share-based compensation	9, 12	-	-	172,927	-	-	172,927	-	172,927
Net loss for the period		-	-	-	-	(1,138,261)	(1,138,261)	-	(1,138,261)
<b>Balance as at September 30, 2022</b>		<b>101,325,432</b>	<b>\$ 21,302,538</b>	<b>\$ 1,087,002</b>	<b>\$ 90,000</b>	<b>\$ (22,494,298)</b>	<b>\$ (14,758)</b>	<b>\$ -</b>	<b>\$ (14,758)</b>

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

**INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**  
Expressed in Canadian dollars  
(Unaudited)

	For the nine months ended September 30, 2022	For nine months ended September 30, 2021
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (1,138,261)	\$ (622,480)
Items not affecting cash		
Accretion expense	162,377	3,855
Unrealized foreign exchange (gain) loss	5,057	(21,096)
Gain on sale of securities	(19,603)	(51,205)
Unrealized loss on investments	-	-
Finance costs	3,514	-
Share-based compensation	172,927	10,861
Income from government assistance	(5,740)	(3,680)
Interest on related party loans	1,065	6,053
	<b>(818,664)</b>	<b>(677,692)</b>
Changes in non-cash working capital items:		
Other receivables	(4,505)	(12,759)
Prepaid expenses	(39,816)	(16,611)
Trade payables and other liabilities	498,285	312,245
<b>Cash provided by (used in) operating activities</b>	<b>(364,700)</b>	<b>(394,817)</b>
<b>INVESTING ACTIVITIES</b>		
Cash expenditures on exploration and evaluation assets	(98,467)	(110,970)
Purchase of investments	(22,143)	(80,426)
Proceeds from sale of investments	66,575	131,631
<b>Cash used in investing activities</b>	<b>(54,035)</b>	<b>(59,765)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loans to related parties	-	-
Proceeds from government assistance loan payable	-	20,000
Proceeds from private placement	-	1,983,665
Proceeds on exercise of warrants	-	70,000
<b>Cash provided by financing activities</b>	<b>-</b>	<b>2,073,665</b>
<b>CHANGE IN CASH</b>	<b>(418,735)</b>	<b>1,619,083</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>458,052</b>	<b>54,562</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 39,317</b>	<b>\$ 1,673,645</b>

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

# **INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)**

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022, AND 2021**

**Expressed in Canadian dollars**

**(Unaudited)**

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### **1. NATURE OF OPERATIONS**

International Iconic Gold Exploration Corp. (formerly Marifil Mines Limited) (the “Company” or “Iconic”) was incorporated on December 2, 2003 under the Yukon Business Corporation Act. On January 17, 2014, the Company changed its reporting jurisdiction from Yukon to British Columbia. On September 29, 2021 the Company changed its name to International Iconic Gold Exploration Corp. The Company is listed on the TSX Venture Exchange (“TSXV”) under the symbol ICON.V. The address of the Company’s corporate office and principal place of business is 3020 – 700 West Georgia Street, Vancouver, British Columbia, Canada.

The Company is in the business of acquiring, exploring, and evaluating mineral resource properties.

### **2. BASIS OF PREPARATION**

#### **2.1 Going Concern of Operations**

The Company has not generated revenue from operations. The Company incurred a net loss of \$1,138,261 for the nine months ended September 30, 2022, and as of that date the Company’s accumulated deficit was \$22,494,298. The Company has a working capital deficit of \$3,255,008. The Company’s continuation as a going concern is contingent on the completion of financings to adequately cover the Company’s working capital deficit and planned exploration activities. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financial resources to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which cast significant doubt about the Company’s ability to continue as a going concern.

In March of 2020, the World Health Organization declared the outbreak of COVID-19 a Global Pandemic. The COVID-19 pandemic has impacted a vast array of businesses through the restrictions put in place by most governments internationally. The effects of the pandemic have recently begun to lessen with many restrictions on movement and commercial activity being lifted. However, the aftermath of the pandemic has resulted in lingering uncertainty in capital markets, supply chain disruptions, and increased inflation rates which may hinder the Company’s ability to raise financing for exploration or operating costs and negatively impact the Company’s business and financial condition.

#### **2.2 Statement of Compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Accordingly, certain disclosures required in annual financial statements have been condensed or omitted.

## **INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022, AND 2021**

**Expressed in Canadian dollars**

**(Unaudited)**

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## **2. BASIS OF PREPARATION (continued)**

### **2.2 Statement of Compliance (continued)**

These condensed consolidated interim financial statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim consolidated financial statements be read in conjunction with the most recent audited annual consolidated financial statements of the Company for the year ended December 31, 2021 available on [sedar.com](http://sedar.com) on May 2, 2022.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 14, 2022.

### **2.3 Basis of Measurement**

The condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise stated.

The preparation of the condensed interim consolidated financial statements in compliance with IFRS requires management to make certain accounting estimates. It also requires management to make certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in Note 4.

### **2.4 Basis of Consolidation**

These condensed interim consolidated financial statements include the financial statements of the Company and entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the Company's subsidiaries are included in the condensed interim consolidated financial statements. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation. The Company's Argentine subsidiaries are Marifil S.A. and Minas San Roque S.A ("MSR"), which are both wholly owned. The Company's wholly owned Canadian subsidiaries are Prosperity Growth Ltd., Synergistic Resources Ltd., and Emirates Growth Ltd.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of the acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended December 31, 2021 and have been consistently followed in the preparation of these condensed interim consolidated financial statements except for those summarized below.

**INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022, AND 2021**

Expressed in Canadian dollars

(Unaudited)

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Debt Modifications**

A substantial debt modification or a debt exchange with substantially different terms is accounted for as an extinguishment of the original liability.

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

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

There have been no material revisions to the nature and amount of changes in estimates of amounts and critical judgements in applying accounting policies reported in the annual financial statements for the year ended December 31, 2021.

**5. OTHER RECEIVABLES**

As at September 30, 2022, amounts in other receivables are related to \$100,174 (December 31, 2021: \$81,050) in government sales tax receivables and \$3,087 (December 31, 2021: \$17,706) in expense advances made to a few vendors.

**6. INVESTMENTS**

Investments are comprised of shares of publicly traded companies. The Company classifies its investments at fair value through profit or loss. Realized gains and losses on disposal of investments and unrealized gains and losses in the fair value of the investments are reflected in profit or loss for the period in which they occur. The movements in investments are summarized as follows:

<b>Balance, December 31, 2020</b>	\$	-
Acquisitions		25,136
Unrealized gain recorded in net loss		101
Foreign exchange loss		(408)
<b>Balance, December 31, 2021</b>	\$	24,829
Acquisitions		22,143
Proceeds on sale		(66,575)
Gain (loss) on sale of securities		19,603
<b>Balance, September 30, 2022</b>	\$	-

**INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022, AND 2021**

Expressed in Canadian dollars

(Unaudited)

**7. EXPLORATION AND EVALUATION ASSETS**

	San Roque, Rio Negro Province	Other Properties	Total
<b>Balance, December 31, 2020</b>	\$ 3,861,373	\$ -	\$ 3,861,373
Property payments	15,739	4,845	20,584
Exploration costs	161,571	6,672	168,243
Change in IVA	3,240	-	3,240
<b>Balance, December 31, 2021</b>	\$ 4,041,923	\$ 11,517	\$ 4,053,440
Property payments	5,818	29,085	34,903
Exploration costs	40,476	20,565	61,041
Change in IVA	2,523	-	2,523
<b>Balance, September 30, 2022</b>	\$ 4,090,740	\$ 61,167	\$ 4,151,907

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many resource properties. The Company has investigated title to all its resource properties and, to the best of its knowledge; title to all properties are in good standing unless specifically noted otherwise. All the resource properties are in Argentina.

Impuesto al Valor Agregado (“IVA”) represents value added sales taxes paid to the government of Argentina which is recorded when paid. When there is reasonable assurance that the Company will be able to obtain a refund of IVA taxes, the amounts received by the Company will be credited to the cost of the properties.

**San Roque Gold Property, Rio Negro Province**

Prior to November 3, 2021, MSR was a 51% owned subsidiary of the Company and 49% owned by Novagold Argentina Inc. (NovaGold), which holds a 100% interest in the San Roque property consisting of 8 contiguous claims.

On May 14, 2018, the Company and Novagold (the “Shareholders”) entered into an Amended Shareholders Agreement (the “Agreement”) which details the management of MSR by the Shareholders. The Agreement required the Shareholders to contribute funds to MSR as needed for operations and exploration requirements in proportion to each Shareholder’s ownership percentage. At the inception of the original agreement, Novagold had a credit against its required contribution amount of US\$436,939.

Total costs incurred by MSR, and funded by the Company, on the San Roque Property plus additional allowable costs prescribed in the Agreement have exceeded the required 51% of expenditures, and NovaGold’s 49% portion of expenditures such that the initial credit of US\$436,939 was expended. Under the Agreement, Novagold was required to contribute funds in response to cash calls from MSR and provide funds in proportion to its ownership percentage.

On November 3, 2021, the Company entered into a share purchase agreement with NovaGold, pursuant to which NovaGold sold all 5,051,537 of the shares of MSR that it owned to Marifil S.A. (“Marifil”) in consideration for \$2,000,000 payable by Marifil (Note 11). As a result, MSR is a wholly owned subsidiary of the Company (Note 15). From November 3, 2021 onwards, the administration charge is no longer recorded.

**INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022, AND 2021**

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(Unaudited)

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**7. EXPLORATION AND EVALUATION ASSETS (continued)**

**Other Properties**

Other Argentine properties include the Lago Fontana mine rights in Chubut Province, the Mechanquil mine rights in Rio Negro province, the Milagros mine properties in Mendoza province, exploration rights in Ortiquita, and various claims in Salta, San Juan, and Catamarca Provinces.

**8. CEBA LOAN PAYABLE**

During the year ended December 31, 2020, the Company entered into a Canada Emergency Business Account “CEBA” loan with the Government of Canada. The loan is an interest free loan of \$40,000 from the Government of Canada. If the Government of Canada is repaid by December 31, 2022, 25% being \$10,000 will be forgiven. If the Company is not able to repay, the loan will convert into a regular loan with a three-year term at 5% per annum. The loan was recorded at a fair value of \$30,607 using an effective rate of 12%, considering the grant, the interest- free loan and the forgivable portion. The residual value of \$9,393 was recorded as other income. During the three and nine months ended September 30, 2022, the Company recorded accretion expense of \$977 and \$2,821 respectively (September 30, 2021 - \$977 and \$2,821).

During the year ended December 31, 2021, the Company entered into a CEBA loan with the Government of Canada for an additional \$20,000 (the “Additional Financing”). As above, the loan is interest free. If the Government of Canada is repaid the full loan of \$60,000 by December 31, 2022, 33%, being a total of \$20,000 will be forgiven. If the Company is not able to repay, the loan will convert into a regular loan with a three-year term at 5% per annum. The Additional Financing was recorded at a fair value of \$16,320 using an effective rate of 12%, considering the grant, the interest- free loan and the forgivable portion. The residual value of \$3,680 was recorded as other income. During the three and nine months ended September 30, 2022, the Company recorded accretion expense of \$489 and \$1,410 respectively (September 30, 2021: \$489 and \$1,035).

During the nine months ended September 30, 2022, the Government of Canada announced that the repayment date of the CEBA loans had been extended from December 31, 2022 to December 31, 2023. If the Government is repaid the full loan by December 31, 2023, 33% will be forgiven. If the Company is not able to repay, the loans will convert into a regular loan with a two-year term at 5% per annum. Due to the modification of the repayment date, the net present value of changes to the future contractual cash flows adjusts the carrying amount of the original debt with the difference immediately recognized in profit or loss, and the Company recognized the gain of \$5,740 as income from government assistance during the nine months ended September 30, 2022.

As at September 30, 2022, the carrying value of the CEBA loan was \$52,064 (December 31, 2021: \$53,272). During the three and nine months ended September 30, 2022, the Company recorded accretion expense of \$1,466 and \$4,231 respectively (September 30, 2021: \$1,466 and \$3,856).

**INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022, AND 2021**

Expressed in Canadian dollars

(Unaudited)

**9. RELATED PARTY BALANCES AND TRANSACTIONS**

## a) Related Party Balances

On May 22, 2020, the Company received \$13,000 cash in exchange for a promissory note, with a company controlled by an officer. The note carries an interest rate of 12%, accrued monthly, with a maturity date of April 30, 2021. The note can be settled in either cash or common shares of the Company. If settled in shares, the terms will be agreed upon between the Company and the note holder. If the Company does not fully repay the note upon maturity, the Company shall pay a penalty of 10% on the principal of the note. During the three and nine months ended September 30, 2022, the Company recorded finance costs of \$433 and \$1,283 respectively (September 30, 2021: \$469 and \$1,135) in connection with interest accrued under the note. As at September 30, 2022, included in loans payable to related parties is the carrying value of \$16,901 (December 31, 2021: \$15,836). The promissory note is in default at September 30, 2022.

During the three and nine months ended September 30, 2022, the Company recorded finance costs of \$20,351 and \$56,209 respectively, (September 30, 2021: \$15,142 and \$43,251) related to accrued interest on amounts due to companies controlled by officers and directors. Interest is accrued at 10% per annum, compounded monthly.

As at September 30, 2022 and December 31, 2021, the assets and liabilities of the Company include the following amounts receivable and payable from directors and officers:

	September 30, 2022	December 31, 2021
Advances receivable <sup>(1)</sup>	\$ 351	\$ 17,771
Trade payables and other liabilities	\$ 1,173,888	\$ 1,103,847

<sup>(1)</sup> This amount is non-interest bearing, unsecured and is due on demand.

## b) Related Party Transactions

During the three and nine months ended September 30, 2022, and 2021, the Company incurred charges with an officer and directors, which comprise key management compensation as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Management fees	\$ 60,252	\$ 70,478	\$ 177,478	\$ 193,460
Consulting fees	15,000	15,000	45,000	45,000
Share-based compensation	18,943	2,626	68,562	2,626
	\$ 94,195	\$ 88,104	\$ 291,040	\$ 241,086

For the nine months ended September 30, 2022, and 2021, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits. These transactions were recorded at the exchange amount, which is the amount agreed to by the transacting parties.

## **INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022, AND 2021**

**Expressed in Canadian dollars**

**(Unaudited)**

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#### **9. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

On May 1, 2021, the Company entered into an agreement with a company controlled by the Chief Executive Officer of the company for certain corporate consulting services provided by the Chief Executive Officer. As part of the compensation, the Company will issue various performance shares up to 1,500,000 for non-market performance milestones which include the agreement to acquire NovaGold's share of MSR (1,000,000 shares – milestone completed) and completion of an NI 43-101 technical report which leads to a preliminary economic assessment (500,000 shares). As at the effective date of the contract, Management estimated all of the performance shares will vest. During the three and nine months ended September 30, 2022, the Company recorded \$5,671 and \$16,829 respectively (September 30, 2021: \$Nil) in share-based compensation in relation to the vesting of these shares.

During the three and nine months ended September 30, 2022, \$3,979 and \$11,068 respectively (September 30, 2021: \$1,563 and \$4,654) in management fees was capitalized to mineral properties.

#### **10. LOANS PAYABLE**

On July 29, 2014, the Company entered into a loan agreement with a former director, whereas the former director loaned the Company US\$20,000. The unsecured loan bears interest at 18% per year and matured on January 29, 2016. At the option of the lender, the loan can be converted into common shares of the Company at the market price of the Company's shares.

During the three and nine months ended September 30, 2022, the Company recorded finance costs of \$1,247 and \$3,514 (September 30, 2021: \$1,153 and \$3,383) in connection with interest accrued under the loan. As at September 30, 2022, the loan is outstanding and due on demand and the carrying value is \$67,927 (December 31, 2021: \$59,357).

The former director ceased to be a related party effective June 25, 2021.

#### **11. PROMISSORY NOTES**

On November 3, 2021, the Company entered into a share purchase agreement with NovaGold Argentina Inc. ("NovaGold"), (Note 15) pursuant to which NovaGold sold all 5,051,537 of the shares of MSR that it owned to Marifil S.A. ("Marifil") in consideration for \$2,000,000 payable by Marifil as follows:

- Payment of \$250,000 on November 3, 2021 (paid);
- Delivery of a promissory note for \$750,000 which is repayable on or before November 1, 2022; and
- Delivery of a promissory note for \$1,000,000 which is repayable on or before November 1, 2023.

The principal sum of the promissory notes does not bear interest. The Company has agreed to guarantee the payment obligations of Marifil SA. The promissory notes were valued using a discounted cash flow approach using a discount rate of 14.92% as at the date of the share purchase agreement. On the transaction date of November 3, 2021, the promissory notes were recorded at their fair value of \$1,410,824. During the three and nine months ended September 30, 2022, the Company recorded accretion expense of \$55,143 and \$158,147 respectively (September 30, 2021: \$Nil). At September 30, 2022, the promissory notes were valued at \$1,600,502 (December 31, 2021: \$1,442,356).

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**12. SHARE CAPITAL**

a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

b) Shares issued

*For the nine months ended September 30, 2022:*

No securities were issued during the period.

*For the nine months ended September 30, 2021:*

On March 18, 2021, the company closed a private placement of 40,000,000 units at \$0.05 per unit for gross proceeds of \$2,000,000. Each unit consist of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.055 per share for 36 months from the date of issuance. No value has been allocated to the attached warrants. In conjunction with the private placement, the Company incurred \$16,335 in share issuance costs.

On March 18, 2021, the Company issued 1,000,000 shares for the exercise of warrants for gross proceeds of \$70,000.

c) Warrants

A summary of the warrant activity for the nine months ended September 30, 2022 and the year ended December 31, 2021 is as follows:

	September 30, 2022		December 31, 2021	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Balance, beginning of period	41,030,000	\$0.08	16,372,538	\$0.23
Granted	-	-	40,000,000	0.06
Exercised	-	-	(1,000,000)	0.07
Expired	(1,030,000)	1.00	(14,342,538)	0.18
Balance, end of period	40,000,000	\$0.06	41,030,000	\$0.08

As at September 30, 2022 warrants outstanding were as follows:

Expiry date	Number	Exercise price	Weighted average remaining life
March 17, 2024	40,000,000	\$ 0.055	1.46

As at September 30, 2022, the weighted average remaining contractual life of warrants outstanding was 1.46 years (December 31, 2021 – 2.16 years).

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**12. SHARE CAPITAL (continued)**

d) Stock options

The Company has an incentive stock option plan whereby share purchase options may be granted to directors, officers, employees and consultants of the Company and its subsidiaries. The total number of shares reserved under the plan may not exceed more than 10% of the outstanding shares at the time of granting the option. Options are granted at the market price or higher at the date of the grant, less any discounts permitted by regulatory authorities. Unless otherwise stated options vest when granted.

During the three and nine months ended September 30, 2022, the Company recorded share-based compensation of \$26,054 and \$156,098 respectively (September 30, 2021: \$10,861 and \$10,861) relating to the ongoing vesting of stock options.

A summary of stock option activity for the nine months ended September 30, 2022 and the year ended December 31, 2021 is as follows:

	September 30, 2022		December 31, 2021	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Balance, beginning of period	8,900,000	\$0.05	550,000	\$0.11
Granted	-	-	8,450,000	0.05
Expired	(850,000)	\$0.05	-	-
Forfeited	-	-	(100,000)	0.11
Balance, end of period	8,050,000	\$0.05	8,900,000	\$0.05

As at September 30, 2022, options outstanding were as follows:

Expiry date	Options Outstanding			Options Exercisable		
	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average remaining contractual life	Weighted average exercise price
August 21, 2023	350,000	0.89	\$0.11	350,000	0.89	\$0.11
September 23, 2024	7,700,000	1.98	\$0.05	6,537,500	1.98	\$0.05
	8,050,000	1.94	\$0.05	6,887,500	1.93	\$0.05

As at September 30, 2022, the weighted average remaining contractual life of stock options outstanding was 1.94 years (December 31, 2021 – 2.68 years).

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**12. SHARE CAPITAL (continued)**

e) Per share amounts

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Weighted average number of shares – basic:				
Issued common shares as at April 1 and January 1	101,325,432	101,075,432	101,325,432	60,075,432
Effect of common shares issued during the period	-	-	-	29,691,176
Effect of escrowed shares	-	(450,000)	-	(450,000)
	101,325,432	100,625,432	101,325,432	89,316,608
Loss per share – basic and diluted	\$0.00	\$0.00	\$0.01	\$0.01

**13. GENERAL AND ADMINISTRATION EXPENSES**

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Consulting fees	\$ 82,570	\$ 57,000	\$ 214,871	\$ 171,000
Filing fees	11,312	1,894	27,245	12,431
Investor relations & shareholder info	49,457	10,500	94,457	31,500
Management fees	68,787	66,066	205,140	206,825
Office and miscellaneous	29,373	10,488	65,614	28,789
Professional fees	35,800	26,868	101,946	39,403
Total	\$ 277,299	\$ 172,816	\$ 709,273	\$ 489,948

**14. BASIS OF FAIR VALUE**

The Company's financial instruments consist of cash, other receivables, trade payables and other liabilities, loans payable and loans payable to related parties. The fair value of the Company's other receivables, trade payables and other liabilities, loans payable and loans payable to related parties approximate the carrying value, which is the amount on the consolidated statements of financial position due to their short-term maturities or ability of prompt liquidation. The Company's cash is measured at fair value under the fair market hierarchy, based on level one quoted prices in active markets for identical assets.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
  - Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

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**15. NON-CONTROLLING INTERESTS**

Prior to the acquisition (Note 7) the Company's Argentine subsidiary Marifil S.A. owned 51% of MSR. The remaining 49% interest in MSR was owned by NovaGold. MSR was formed for the sole exclusive purpose of proportionately investing together in the San Roque Gold Property.

Given that the criteria of 'control' was met to whereby Marifil S.A. had control over MSR, the Company consolidated MSR and presented a non-controlling interest in the consolidated statements of financial position.

On November 3, 2021, the Company entered into a share purchase agreement with NovaGold and Marifil S.A. in which Marifil S.A. acquired the remaining 49% (5,051,537 shares) of MSR from NovaGold increasing its ownership from 51% to 100%. The change in ownership did not result in a change in control. This was treated as an equity transaction where the net identifiable assets remain unchanged and the difference between the fair value of the consideration paid and the change in NCI was recognised in equity.

The purchase price of \$2,000,000 was payable by Marifil S.A. as follows:

- By payment of \$250,000 on November 3, 2021;
- By delivery of promissory note for \$750,000 on November 1, 2022; and
- By delivery of promissory note for \$1,000,000 on November 1, 2023.

The Company recognised a decrease in the non-controlling interest of \$49,112 and recognised a decrease in contributed surplus of \$1,736,205 which represents the difference in the fair value of the consideration and the carrying value of the non-controlling interest on the date of the purchase.

Net loss allocated to non-controlling interest in the consolidated statement of comprehensive loss includes \$Nil for the three and nine months ended September 30, 2022 (September 30, 2021: \$3,218 and \$6,127 respectively).

The following is summarized financial information of MSR prepared in accordance with IFRS:

	For the nine months ended September 30, 2022		For the nine months ended September 30, 2021	
NCI Percentage	\$	0%	\$	49%
Loss attributable to NCI	\$	-	\$	6,127
Current assets	\$	-	\$	2,364,246
Non-current assets		-		1,237,296
Current liabilities		-		(37,476)
Net assets	\$	-	\$	3,564,066
Net assets attributable to NCI	\$	-	\$	1,746,392

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**15. NON-CONTROLLING INTERESTS (continued)**

The change in the balance of the non-controlling interest in the consolidated statement of financial position was as follows:

		NCI
Balance as at December 31, 2020	\$	30,845
Share of Comprehensive Loss for the period		18,267
Acquisition of NCI on November 3, 2021		(49,112)
Balance as at December 31, 2021 and September 30, 2022	\$	-