

# **Rogue Resources Inc.**

**Consolidated Interim Financial Statements**

**Six Months Ended October 31, 2021 and 2020**  
**(Expressed in Canadian Dollars)**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited consolidated interim financial statements of Rogue Resources Inc. (“the Company”) for the six months ended October 31, 2021, have been prepared by management and have not been reviewed by the Company’s external independent auditors.

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**Rogue Resources Inc.**  
Consolidated Financial Statements  
Six months ended October 31, 2021 and 2020  
(Unaudited - expressed in Canadian Dollars)

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<b>Table of Contents</b>	<b>Page</b>
Consolidated Statements of Financial Position	4
Consolidated Statements of Operations and Comprehensive Income (Loss)	5
Consolidated Statements of Changes in Equity	6
Consolidated Statements of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 30

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**Rogue Resources Inc.**  
**Consolidated Statements of Financial Position**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian dollars)**

		As at October 31, 2021	As at April 30, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		<b>\$58,710</b>	\$128,401
Marketable securities	7	<b>67,542</b>	5,222
Accounts receivable		<b>176,956</b>	167,291
Prepaid expenses		<b>599</b>	4,845
Tax recoverable		-	25,557
Inventory	11	<b>168,099</b>	101,581
<b>Total Current Assets</b>		<b>471,906</b>	432,897
<b>Non-current assets</b>			
Investment in associates	8, 12	<b>1,754,542</b>	1,882,386
Exploration and evaluation assets	8	<b>10,820,986</b>	10,796,408
Right-of-use assets	9	<b>1,100,712</b>	1,202,614
Property, plant and equipment	10	<b>146,701</b>	37,795
Producing assets	6, 10	<b>2,924,600</b>	2,756,214
<b>Total Assets</b>		<b>\$17,219,448</b>	17,108,314
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		<b>\$423,377</b>	\$284,604
Tax payable		<b>37,527</b>	-
Current portion of lease liability	9	<b>295,706</b>	323,706
Due to related parties	19	<b>606,040</b>	647,956
Loan payable	15	<b>1,789,042</b>	1,773,522
<b>Total Current Liabilities</b>		<b>3,151,692</b>	3,029,788
<b>Non-current liabilities</b>			
Vendor mortgages	14	<b>700,000</b>	700,000
Lease liability	9	<b>607,564</b>	748,319
Government assistance	16	<b>60,000</b>	60,000
<b>Total Liabilities</b>		<b>4,519,256</b>	2,764,585
<b>EQUITY</b>			
Share capital	17	<b>50,372,364</b>	50,372,364
Reserves	17	<b>10,684,493</b>	10,666,052
Accumulated other comprehensive income	7	<b>6,618</b>	4,298
Non-controlling interest	18	<b>206,484</b>	202,188
Deficit		<b>(48,569,767)</b>	(48,674,694)
<b>Total Equity</b>		<b>12,700,192</b>	<b>12,570,207</b>
<b>Total Liabilities &amp; Equity</b>		<b>\$17,219,448</b>	<b>\$17,108,314</b>

These consolidated financial statements were approved and authorized for issue by the Board of Directors on December 15, 2021. They are signed on the Company's behalf by:

*(Signed) "Sean Samson"*

Director

*(Signed) "Christopher Berlet"*

Director

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

**Rogue Resources Inc.**  
**Consolidated Statements of Operations and Comprehensive Loss**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian dollars)**

	Note	Three months ended October 31,		Six months ended October 31,	
		2021	2020	2021	2020
<b>Revenue</b>	1	<b>\$441,537</b>	\$ 435,744	<b>\$ 1,014,058</b>	\$ 435,744
<b>Less:</b>					
Cost of goods sold		<b>(225,471)</b>	(229,453)	<b>(491,361)</b>	(229,453)
Depreciation and depletion	9,10	<b>(52,118)</b>	(60,021)	<b>(109,831)</b>	(120,042)
<b>Gross Profit</b>		<b>163,948</b>	146,270	<b>412,866</b>	86,249
<b>Expenses:</b>					
Compensation and benefits	19	<b>90,986</b>	84,675	<b>169,534</b>	61,450
Consulting fees - related parties	19	<b>5,188</b>	-	<b>8,313</b>	-
Financing fees	15	-	9,201	<b>3,067</b>	18,402
Interest and accretion expense	9,15	<b>64,456</b>	67,143	<b>139,716</b>	136,422
Investor relations, promotion and product marketing		<b>1,638</b>	2,059	<b>3,175</b>	3,933
Office expense and miscellaneous		<b>23,423</b>	9,672	<b>30,539</b>	21,860
Professional fees	19	<b>30,000</b>	41,441	<b>69,493</b>	35,441
Regulatory and stock transfer fees		<b>5,357</b>	8,145	<b>7,004</b>	9,234
Stock based compensation	17,19	<b>4,421</b>	64,118	<b>18,127</b>	64,118
<b>Total Expenses Before Items Below</b>		<b>225,469</b>	286,454	<b>448,968</b>	350,860
<b>Profit Before Other Income and Income Taxes</b>		<b>(61,521)</b>	(140,184)	<b>(36,102)</b>	(264,611)
<b>Gain/(Loss) on Property</b>	8	<b>(2,271)</b>	-	<b>273,329</b>	-
<b>Loss from Investment in Associates</b>	8,12	<b>(107,072)</b>	-	<b>(127,844)</b>	-
<b>Deferred Income Tax Recovery</b>	24	-	7,239	-	7,239
<b>Net Income/(Loss) For The Period</b>		<b>(170,864)</b>	(132,945)	<b>109,383</b>	(257,372)
<b>Other Comprehensive Income/(Loss)</b>					
Unrealized gain/(loss) on marketable securities	7	<b>(1,572)</b>	316	<b>2,321</b>	1,536
<b>Comprehensive Income/(Loss) For The Period</b>		<b>\$ (172,436)</b>	\$ (132,629)	<b>\$ 111,704</b>	\$ (255,836)
<b>Attributable to:</b>					
Non-controlling interest	18	<b>5,894</b>	-	<b>4,297</b>	-
Equity shareholders of the Company		<b>(178,330)</b>	(132,629)	<b>\$107,407</b>	(255,836)
		<b>(172,436)</b>	(132,629)	<b>111,704</b>	(255,836)
<b>Basic and Diluted Earnings/(Loss) Per Share</b>	17	<b>\$ (0.00)</b>	\$ (0.00)	<b>\$ 0.00</b>	\$ (0.01)
<b>Weighted Average Number of Shares Outstanding</b>					
Basic	17	<b>35,148,299</b>	34,948,298	<b>35,148,299</b>	34,948,298
Diluted	17	<b>36,606,373</b>	35,251,605	<b>38,064,447</b>	35,554,912

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

**Rogue Resources Inc.**  
**Consolidated Statements of Changes in Equity**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian dollars)**

	Share Capital		Reserves	Accumulated Other Comprehensive Income	Non- controlling Interest	Deficit	Total equity
	Number of shares	Amount					
Balance, April 30 2020	26,435,204	\$49,888,007	\$10,548,296	\$2,438	\$205,059	\$(49,789,431)	\$10,854,369
Non flow-through shares	2,173,999	130,440	-	-	-	-	130,440
Flow-through shares	450,000	31,500	-	-	-	-	31,500
Share issue cash costs	-	(2,310)	-	-	-	-	(2,310)
Other comprehensive gain	-	-	-	1,220	-	-	1,220
Net loss for the year	-	-	-	-	-	(124,427)	(124,427)
<b>Balance, October 31, 2020</b>	<b>29,059,203</b>	<b>50,047,637</b>	<b>10,548,296</b>	<b>3,658</b>	<b>205,059</b>	<b>(49,913,858)</b>	<b>10,890,799</b>
Balance, April 30, 2021	35,148,299	50,372,364	10,666,052	\$4,298	202,188	(48,674,694)	12,570,207
Stock based compensation - options	-	-	18,441	-	-	-	18,441
Other comprehensive income	-	-	-	2,320	-	-	2,320
Net income (loss) for the year	-	-	-	-	4,297	104,927	109,224
<b>Balance, October 31, 2021</b>	<b>35,148,299</b>	<b>\$50,372,364</b>	<b>\$10,684,493</b>	<b>\$6,618</b>	<b>\$206,484</b>	<b>\$(48,569,767)</b>	<b>\$12,700,192</b>

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

**Rogue Resources Inc.**  
**Consolidated Statements of Cash Flows**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian dollars)**

	<b>Six Months Ended October 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Net income (loss) for the year	<b>\$ 109,384</b>	\$ (257,372)
Items not affecting cash:		
Depreciation and depletion	<b>171,089</b>	120,042
Financing fees	-	18,402
Interest and accretion expense	<b>124,248</b>	85,553
Stock based compensation	<b>18,441</b>	60,191
Loss from investment in associates	<b>127,844</b>	-
Flow-through premium adjustment	-	11,546
Changes in non-cash working capital items:		
Accounts receivable	<b>(9,665)</b>	(97,542)
Prepaid expenses	<b>4,247</b>	-
Inventory	<b>(66,518)</b>	(7,803)
Due to related parties	<b>(41,916)</b>	(19,720)
Tax recoverable	<b>63,083</b>	31,075
Accounts payable and accrued liabilities	<b>138,773</b>	(43,338)
<b>Cash Used in Operating Activities</b>	<b>639,009</b>	(98,966)
<b>Investing activities</b>		
Net change in exploration and evaluation assets	<b>(24,578)</b>	246,474
Investment	<b>(60,000)</b>	-
Net change in producing assets	<b>(190,429)</b>	-
Purchase of property, plant, and equipment	<b>(156,264)</b>	-
<b>Cash Provided by (Used in) Investing Activities</b>	<b>(431,271)</b>	246,474
<b>Financing activities</b>		
Net proceeds from issuance of common shares	-	494,670
Lease liability payments	<b>(168,756)</b>	(253,748)
Interest payments	<b>(108,674)</b>	-
<b>Cash Provided by Financing Activities</b>	<b>(277,430)</b>	240,922
<b>Net Increase/(Decrease) in Cash</b>	<b>(69,690)</b>	388,431
Cash, Beginning of Period	<b>128,401</b>	42,094
<b>Cash, End of the Period</b>	<b>\$ 58,710</b>	\$ 430,525

**Supplemental Cash Flow Information (Note 20)**

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

**1) Nature of Operations**

Rogue Resources Inc. (“Rogue” or the “Company”) was incorporated on January 10, 1985 under the laws of the Province of British Columbia, Canada and is a public company listed on the TSX Venture Exchange (the “TSX.V”), trading under the symbol “RRS.” The registered and records office of the Company is Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3. The head office of the Company is Suite 200, 150 King St West, Toronto, Ontario, M5H 1J9.

The Company’s principal business activity is focused on selling dimensional limestone into the landscape market from its two operating quarries, Johnston Farm Quarry near Bobcaygeon, Ontario (“Johnston Farm Quarry” or “Bobcaygeon”) and Speiran Quarry near Orillia, Ontario (“Speiran Quarry” or “Orillia”).

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the evaluation and development of commercially viable reserves, the ability of the Company to generate enough revenue and income from commercial production of limestones, and upon future profitable production or proceeds from the disposition of exploration and evaluation assets.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time. The Company continues to monitor the situation closely and will follow the guidelines and recommendations of the Regional Health Departments and the Ontario Government.

**2) Transition to Commercial Production**

Management has determined that Rogue Stone projects were in the pre-commercial production stage at the beginning of Q2, 2021. Consistent with previous quarters, during this pre-commercial production period, costs associated with the projects, before they are operating in the way intended by management, are capitalized as exploration and evaluation assets, net of any pre-production revenues. Commercial production is deemed to have occurred when the project produces a designated percentage of planned output, which involves management judgment.

As previously disclosed, the Company follows the guideline that commercial production begins once the project produces a designated percentage of planned output.

The Company reached commercial production with an effective date of September 1, 2020. The Company completed an impairment analysis on the Rogue Stone projects on September 1, 2020 and concluded that there were no impairment on the exploration and evaluation assets before transferring the value to producing assets (see Notes 8 and 10).

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**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

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**3) Basis of Presentation**

These unaudited condensed interim consolidated financial statements of the Company for the six months ended October 31, 2021 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

The preparation of these unaudited condensed interim consolidated financial statements is based on accounting principles and methods consistent with those used in the preparation of the audited consolidated financial statements for the year ended April 30, 2021. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended April 30, 2021. The Company’s interim results are not necessarily indicative of its results for a full year.

**4) Critical Accounting Judgments and Estimates**

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Areas of significant judgement and estimates made by management for the three months ended October 31, 2021 in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 4 of the Company’s audited consolidated financial statements for the year ended April 30, 2021 and remain valid for the current period.

**5) Subsidiaries**

Rogue Stone was incorporated on October 25, 2019 under the laws of the Province of Ontario. Rogue Stone issued 100 common shares at \$1 per share to Rogue Resources Inc. on October 25, 2019. The principal activity will be to produce and distribute limestone. Rogue Resources Inc. has 100% of the ownership interest and voting power of Rogue Stone.

BobOpCo was incorporated on August 20, 2019 under the laws of the Province of Ontario. BobOpCo issued 85 common shares to Rogue Resources Inc. and 15 common shares to QMX8 Bobcaygeon Inc. on August 20, 2019 at \$1 per share (Note 6). The principal activity of BobOpCo is to produce limestone from the Johnston Farm Quarry near Bobcaygeon, Ontario. Rogue Resources Inc. has 85% of the ownership interest and voting power of BobOpCo.

OrilliaOpCo was incorporated on June 14, 2019 under the laws of the Province of Ontario. OrilliaOpCo issued 1 common share at \$1 per share to Rogue Resources Inc. on June 14, 2019. The principal activity of OrilliaOpCo is to produce limestone from the Speiran Quarry near Orillia, Ontario, an acquisition that closed on March 3, 2020. Rogue Resources Inc. has 100% of the ownership interest and voting power of OrilliaOpCo.

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**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

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**6) Asset Acquisitions**

a. Bobcaygeon Quarry Acquisition

On October 25, 2019, the Company completed the acquisition of 85% of the Johnston Farm Quarry (“Bobcaygeon Quarry”), located northeast of the town of Bobcaygeon from 2023115 Ontario Inc. (the “Seller”) (third party). The Company now operates the Bobcaygeon Quarry, which includes Class B Aggregate License number 20375, allowing extraction of up to 20,000 metric tons of natural stone per year.

The total consideration for the acquisition of the Bobcaygeon Quarry comprised the following:

Cash	\$ 200,000
Rogue common shares issued (1,620,000)	162,000
<b>Total Consideration of 85% interest</b>	<b>\$ 362,000</b>

The Company concluded that the acquired assets and liabilities did not constitute a business as there are no processes or inputs, and accordingly, the acquisition was accounted for as an asset acquisition. The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

Johnston Farm Quarry	\$ 1,367,059
Vendor Mortgage	(700,000)
Mortgage	(100,000)
Total assets acquired	567,059
Non-controlling share of total assets	(205,059)
<b>Total identifiable assets acquired</b>	<b>\$ 362,000</b>

The assets were transferred into BobOpCo and 85% of the shares of this entity were issued to Rogue Stone and 15% were issued to QMX8 Bobcaygeon Inc.

b. Orillia Quarry Acquisition

On March 3, 2020, the Company completed the acquisition of 100% of the Speiran Quarry (“Orillia Quarry”), from Gott Natural Stone '99 Inc. and members of the Speiran family (the “Orillia Sellers”). The Company now operates the Orillia Quarry, which includes Class B Aggregate License number 20375, allowing extraction of up to 20,000 metric tons of limestone per year.

The total consideration for the acquisition of the Orillia Quarry comprised the following:

Cash	\$ 1,406,042
<b>Total Consideration</b>	<b>\$ 1,406,042</b>

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

**6) Asset Acquisitions (Continued)**

b. Orillia Quarry Acquisition (Continued)

The Company concluded that the acquired assets and liabilities did not constitute a business as there are no processes or inputs, and accordingly, the acquisition was accounted for as an asset acquisition. The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

Orillia Quarry	\$ 1,406,042
<b>Total identifiable assets acquired</b>	<b>\$ 1,406,042</b>

The Project was transferred into OrilliaOpCo and 100% of the shares of this entity were issued to Rogue Stone.

**7) Marketable Securities**

**i) For the six months ended October 31, 2021**

	Number of Shares	Cost	Market Value at October 31, 2021	Accumulated Other Comprehensive Income/(Loss)
Mene Inc.	9,240	\$924	\$7,542	\$6,618
Noble Mineral Exploration Inc.	500,000	60,000	60,000	-
		<b>\$60,924</b>	<b>\$67,542</b>	<b>\$6,618</b>

**ii) For the year ended April 30, 2021**

	Number of Shares	Cost	Market Value at April 30, 2021	Accumulated Other Comprehensive Income/(Loss)
Mene Inc.	9,240	\$924	\$5,222	\$1,859
		\$924	\$5,222	\$1,859

During the six months ended October 31, 2021, the Company sold a group of 45 claims it had recently staked for cash consideration of \$50,000, 50,000 shares of Canadian Nickel Company and 500,000 shares of Noble Mineral Exploration, Inc. The shares had a fair value at the time of receipt of \$172,500 and \$60,000, respectively and have been designated as financial assets measured at FVOCI. As part of the transaction, the Company maintains a 2% NSR on the properties.

In August 2021, the Canadian Nickel Company shares were disposed of for a gain of \$2,621.

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

**8) Exploration and Evaluation Assets**

**g) For the six months ended October 31, 2021**

	Radio Hill	Snow White	Silicon Ridge	Total
	Ontario	Ontario	Quebec	
Acquisition costs:				
Balance, April 30, 2021	\$538,700	\$235,700	\$850,000	\$1,624,400
<b>Balance, October 31, 2021</b>	<b>538,700</b>	<b>235,700</b>	<b>850,000</b>	<b>1,624,400</b>
Exploration costs:				
Balance, April 30, 2021	3,466,820	905,175	4,800,013	9,172,008
Project management	9,831	9,831	4,916	24,578
<b>Balance, October 31, 2021</b>	<b>3,476,651</b>	<b>915,006</b>	<b>4,804,929</b>	<b>9,196,586</b>
<b>Total balance, October 31, 2021</b>	<b>\$4,015,351</b>	<b>\$1,150,706</b>	<b>\$5,654,929</b>	<b>\$10,820,986</b>
Cost summary				
Acquisition costs	\$538,700	\$235,700	\$850,000	\$1,624,400
Exploration costs	\$3,476,651	\$915,005	\$4,804,928	\$9,196,586

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

**8) Exploration and Evaluation Assets (Continued)**  
**ii) For the year ended April 30, 2021**

	Langmuir	Radio Hill	Snow White	Silicon Ridge	Bobcaygeon	Orillia	Total
	Ontario	Ontario	Ontario	Quebec	Ontario	Ontario	
Acquisition costs:							
Balance, April 30, 2020	\$ 137,418	\$ 538,700	\$ 191,700	\$ 850,000	\$ 1,496,294	\$ 1,406,042	\$ 4,620,154
Option payments – shares	-	-	34,000	-	-	-	34,000
Cash payment	-	-	10,000	-	-	-	10,000
Transfer to producing assets	-	-	-	-	(1,496,294)	(1,406,042)	(2,902,336)
Sale of asset	(137,418)	-	-	-	-	-	(137,418)
<b>Balance, April 30, 2021</b>	<b>-</b>	<b>538,700</b>	<b>235,700</b>	<b>850,000</b>	<b>-</b>	<b>-</b>	<b>1,624,400</b>
Exploration costs:							
Balance, April 30, 2020	21,369	3,435,287	881,930	4,775,487	174,032	3,424	9,291,529
Sales receipts	-	-	-	-	(96,153)	(569,040)	(665,193)
Cost of goods sold	-	-	-	-	68,363	236,709	305,072
Equipment rental	-	-	-	-	36,207	-	36,207
Field costs and equipment	5,000	5,000	-	-	1,622	18,008	29,630
Legal/insurance	-	-	-	-	481	320	801
Mapping and assaying	-	-	500	-	-	-	500
Permit application fees	-	-	719	2,500	-	-	3,219
Project management	24,495	26,533	22,026	22,026	4,873	4,873	104,826
Repair and maintenance	-	-	-	-	-	1,033	1,033
Travel and accommodation	-	-	-	-	144	110	254
Transfer to producing assets	-	-	-	-	(189,569)	304,563	114,994
Sale of asset	(50,864)	-	-	-	-	-	(50,864)
<b>Balance, April 30, 2021</b>	<b>-</b>	<b>3,466,820</b>	<b>905,175</b>	<b>4,800,013</b>	<b>-</b>	<b>-</b>	<b>9,172,008</b>
<b>Total balance, April 30, 2021</b>	<b>\$ -</b>	<b>\$ 4,005,520</b>	<b>\$ 1,140,875</b>	<b>\$ 5,650,013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,796,408</b>
Cost summary							
Acquisition costs	\$ -	\$ 538,700	\$ 235,700	\$ 850,000	\$ -	\$ -	\$ 1,624,400
<b>Exploration costs</b>	<b>\$ -</b>	<b>\$ 3,466,820</b>	<b>\$ 905,175</b>	<b>\$ 4,800,013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,172,008</b>

**8) Exploration and Evaluation Assets (Continued)**

**a) Rogue Stone**

**i. Orillia Quarry**

On March 3, 2020, the Company completed the acquisition of 100% of the Speiran Quarry, located near the Town of Orillia from the Orillia Sellers. Rogue Stone acquired and operates the project, which includes Class B Aggregate License number 3732, allowing extraction of up to 20,000 metric tons of Natural Stone per year. See Note 6 for details of the acquisition.

As of September 1, 2020, the Orillia Quarry was transferred from an exploration and evaluation asset to a producing asset once Rogue Stone entered commercial production. The value transferred was \$1,101,479 (see Note 10).

**ii. Bobcaygeon Quarry**

On October 25, 2019, the Company completed the acquisition of 85% of the Johnston Farm Quarry, located northeast of the Town of Bobcaygeon from 2023115 Ontario Inc. Rogue Stone acquired and operates the project, which includes Class B Aggregate License number 20375, allowing extraction of up to 20,000 metric tons of Natural Stone per year. See Note 6 for details of the acquisition.

As of September 1, 2020, the Bobcaygeon Quarry was transferred from an exploration and evaluation asset to a producing asset once Rogue Stone entered commercial production. The value transferred was \$1,685,863 (see Note 10).

**iii. Shadow Lake Quarry**

Rogue Stone secured operating rights on the Batty Pit (north of Coboconk, Ontario), which the Company will refer to as the "Shadow Lake Quarry." This represents Rogue's third operating quarry in its limestone business, referred to as "Rogue Stone." Rogue Stone will pay a set royalty to access the material. The Shadow Lake Quarry consists of privately owned parcels and currently has a Class B Aggregate License to extract up to 20,000 tonnes of Natural Stone per year and produces Armour Stone, Steps and Flagstone. The quarry permit covers an area of approximately 16.12 hectares allowing for extraction of natural stone to the ground water table that is estimated to range from 6 to 8 m from the current quarry floor.

**b) Rogue Quartz**

**i. Silicon Ridge Project**

Pursuant to an option agreement dated August 15, 2014, the Company acquired an option to earn a 100% interest in the Silicon Ridge property located northeast of Québec City for a payment of 850,000 shares (issued). The property is subject to a 2% NSR, of which one-half (1%) may be purchased for \$500,000 and the remaining one-half (1%) may be purchased for a further \$1,000,000.

**ii. Snow White Project**

The Company announced the closing of the acquisition of the Snow White Quartz project from a Sudbury-based prospector (the "Seller") pursuant to an agreement previously announced in October 2017. Under the terms of the agreement, Rogue purchased the project by delivering, among other things, the following to the Seller:

- cash payment at execution of \$25,000 (paid);
- issuance of 150,000 (issued) Rogue common shares at closing, subject to the approval of the TSXV;
- additional cash payment of \$25,000 (paid) following closing upon the earlier of achievement of certain milestones and anniversaries of closing (the "payment period");
- additional issuance of up to an aggregate of 900,000 Rogue common shares (200,000 common shares issued) during the payment period, subject to the approval of the TSXV; and
- grant of a 2% net return on all quartz/silica from the project, subject to a reservation by the Company of a buy back right upon payment of an additional \$2 million to the Seller.

**8) Exploration and Evaluation Assets (Continued)**

**b) Rogue Quartz (Continued)**

Upon an uncured event of default under the agreement, the project shall revert to the Seller and the Company shall have no interest in the project.

In June 2018, the Company amended the payment terms (the "2018 SW Amendment") of the Company's previously announced acquisition of the Snow White quartz project and made two cash payments, one for \$25,000 and one for \$20,000. Under the terms of the 2018 SW Amendment, Rogue has agreed to deliver additional cash payments up to an aggregate of \$470,000 upon the earlier of achievement of certain production milestones and the end of 2023 (200,000 common shares issued to settle \$25,000). Rogue also agreed to make payments equal to a maximum of \$355,000 in aggregate on the basis of \$1.00 per tonne of production of silica removed from the project. The Rogue common shares to be issued over the payment period and the 2% net return royalty remain unchanged from the original acquisition agreement. Upon an uncured event of default under the agreement, the project shall revert to the Seller and the Company shall have no interest in the project.

In February 2020, the Company further amended the payment terms (the "February 2020 SW Amendment") agreeing to deliver additional cash payments of up to an aggregate of \$440,000 upon the earlier of achievement of certain production milestones and the end of 2024 starting in December 2020. All other terms of the Agreement remain unchanged.

In January 2021, the Company announced it had amended the payment terms another time (the "January 2021 SW Amendment") whereby the December 2020 payment of \$120,000 became payments of \$10,000 cash and 200,000 shares. In addition, the annual \$80,000 cash payments due each December in each of the following two years were amended to become annual deliveries of shares of the Company with a worth of \$16,000. The number of shares to be granted will be calculated by a ten-day volume-weighted average price each December. Finally, the January 2021 Amendment adjusted the production royalty from \$1 per tonne on the first 500K tonnes of production to \$3/ tonne of the first 100K tonnes of production and \$1/ tonne of the next 200K tonnes. All other terms of the Agreement remain unchanged.

**c) Rogue Timmins**

**i. Langmuir Property**

Pursuant to an option agreement dated July 13, 2004, the Company acquired a 100% interest in two claims on the Langmuir property near Timmins, Ontario. The optionor is entitled to receive a 2% NSR. The Company may at any time purchase 1% of the NSR for \$500,000. The property is an exploration and evaluation asset that hosts a nickel and copper mineral resource and other prospective nickel/copper targets. Subsequent to the agreement, the Company staked a further 72 claims which form part of the Langmuir property.

On April 30, 2017, the Company decided to write-down the property's exploration costs to \$Nil to focus on its other properties. \$7,692,491 in exploration costs were written off during the year ended April 30, 2017. Minimal exploration costs have been incurred since April 30, 2017.

On March 4, 2021 the Company sold its ownership and rights in the Langmuir property to EV Nickel Inc. ("EVNi"), a private company incorporated under the laws of Ontario, conditional on the following:

- EVNi to close the first tranche of its previously announced non-brokered private placement for proceeds of more than \$1,500,000 (completed);
- Rogue to be granted shares for >20% in EVNi and been paid \$150,000 in cash (completed);
- Rogue to transfer the Langmuir Project claims to EVNi (completed).

**8) Exploration and Evaluation Assets (Continued)**

**c) Rogue Timmins (Continued)**

**i. Langmuir Property (Continued)**

In addition to the consideration paid at closing, a future payment will be received by the Company based on the size of an updated new mineral resource estimate, expected to be completed by EVNi in early 2022. This payment will be up to a maximum of \$5,000,000 paid in cash, EVNi shares, or a combination thereof to be determined by EVNi.

The Company acquired 6,666,667 shares of EVNi at a fair value of \$0.30 per share. The \$2,000,000 value is recorded as an investment in associates (see Note 12).

The Company recorded a gain on property sold of \$1,956,718:

Shares of EVNi received	\$	2,000,000
Cash received		150,000
Cash transferred to EVNi		(5,000)
Langmuir property transferred to EVNi		(188,282)
<b>Gain on property sold</b>	<b>\$</b>	<b>1,956,718</b>

**ii. Radio Hill Property**

Pursuant to an option agreement dated November 16, 2007, the Company acquired a 100% interest in any and all commercial products from the Radio Hill property. Consideration consisted of cash payments of \$275,000 (paid) over three years. By agreement dated November 16, 2010, the Company issued 2,000 shares to the Optionors in exchange for the final \$100,000 cash payment being delayed to February 28, 2011 (paid). There is a 3% NSR on all minerals produced (except for iron ore), 2/3 (2%) of which may be purchased at any time for \$3,000,000. In April 2011 and as amended in October 2013, the Company completed its option agreement to earn a 100% interest on its Radio Hill Iron Ore property. In lieu of an NSR on the iron rights, the agreement requires a \$50,000 annual payment to be paid in perpetuity until commencement of commercial production, at which time a \$7,000,000 payment is required, subject to a cost of living increase. The annual payment is only applied to the Radio Hill property containing the historical resource and not the adjacent Timmins West property, which hosts the Nat River formation as well as other targets.

On June 16, 2016, the Company executed an amendment to the Radio Hill Option Agreement whereby the Company maintains its option on the iron mineralization, but at the sole discretion of the Company, can either issue 10,000 shares of the Company or pay \$50,000 to the Optionors on an annual basis. The Company issued 10,000 shares to the Optionors in February 2017 and February 2018.

A Memorandum of Understanding (“MOU”) dated April 10, 2015 was entered into with the Flying Post and Mattagami First Nations groups (“First Nations”) in respect of the Radio Hill claims. The Company agreed to pay 2% of all costs of the exploration program incurred after the agreement date, to be divided equally amongst the First Nations groups. The Company also agreed to grant 10,000 shares to each of the First Nations groups (20,000 total), of which 20,000 shares were issued as at April 30, 2017.

In January 2020, the Company executed an amendment to the Radio Hill Option Agreement whereby the Company purchased full ownership of the iron mineralization less a 1.5% net smelter return royalty on the production of iron ore to the optionors, in exchange for 100,000 shares of the Company (fair valued at \$7,000).

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

**8) Exploration and Evaluation Assets (Continued)**

**c) Rogue Timmins (Continued)**

**iii. Timmins West Property**

Through staking, the Company acquired a 100% interest in mineral claims known as Timmins West located in Penhorwood, Kenogaming and Keith Townships, Ontario.

In July 2016, the Company completed the sale of its Pen South property to Rapier Gold Inc. for \$325,000 and 1,500,000 Rapier shares. The terms of the sale agreement include Rapier acquiring 100% of the Pen South property, subject to a 2% NSR. The entire NSR may be purchased for \$3,000,000. Rogue also retains the right to repurchase any individual claim within the property for \$1 if Rapier or any potential successor does not meet the outstanding government exploration work requirement and/or intends to abandon or allow the claim to lapse.

**9) Right-of-Use Assets**

<b>Right of use asset</b>	<b>Equipment</b>
Value of right-of-use assets as at May 1, 2021	1,202,614
Additions	36,635
Depreciation	(138,538)
<b>Value of right-of-use assets as at October 31, 2021</b>	<b>\$ 1,100,712</b>
<b>Lease liability</b>	
Lease liability recognized as at May 1, 2021	1,072,025
Additions	-
Lease payments	(137,560)
Interest expense	(31,195)
<b>Lease liability recognized as at October 31, 2021</b>	<b>\$ 903,270</b>
Current portion	295,706
Non-current portion	607,564
	<b>\$ 903,270</b>

Since March 2020, the Company acquired eleven pieces of machinery and equipment for a value of \$1,467,000 under lease agreements. The interest rates range from 4.0% to 10.4% per annum. Monthly lease payments for all leases are \$30,000 including HST.

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

**10) Equipment and Producing Assets**

	<b>Equipment</b>	<b>Bobcaygeon Quarry</b>	<b>Orillia Quarry</b>	<b>Total Producing Assets</b>	<b>Total</b>
Value of assets as at April 30, 2021	\$ 37,795	\$ 1,681,091	\$ 1,075,123	\$ 2,756,214	\$ 2,794,009
Additions	119,629	49,375	140,841	190,215	309,844
Depreciation	(10,723)	-	-	-	(10,723)
Depletion	-	(5,986)	(15,843)	(21,829)	(21,829)
<b>Value of assets as at October 31, 2021</b>	<b>\$ 146,701</b>	<b>\$ 1,724,480</b>	<b>\$ 1,200,121</b>	<b>\$ 2,924,600</b>	<b>\$ 3,071,301</b>

*Asset impairment*

The Company reviews the carrying value of assets at each reporting period for indicators of impairment using both internal and external sources of information.

Due primarily to the market capitalisation at October 31, 2021 and 2020, indicators for impairment existed leading to a test of recoverable amount of the Bobcaygeon and Orillia quarries. The Company estimated the recoverable amount of the mine based on the value-in-use model and categorised in Level 3 of the fair value hierarchy. The analysis performed has not resulted in the recognition of an impairment loss as at October 31, 2021 and 2020.

*Key assumptions and sensitivity*

The Company's key assumptions used in determining the recoverable amount of the Bobcaygeon and Orillia quarries are sale price per ton, cost per ton, volume of limestone sold, inflation rate, discount rate, capital expenditures and useful life of the quarries. The carrying value of the quarries remained above the fair value for the purposes of the impairment test.

The calculation of the recoverable amount is not sensitive to changes in the discount rate as it would need to change significantly to impact the fair value.

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

**11) Inventory**

The Company's limestone inventory is held at:

Quarry	October 31, 2021	April 30, 2021
Orillia	\$ 46,817	\$ 83,555
Shadow Lake	56,065	-
Bobcaygeon	65,217	18,026
	\$ 168,099	\$ 101,581

**12) Investment in Associates**

**EVNi**

As at October 31, 2021, the Company held 6,666,667 common shares of EVNi, representing 28.6% of EVNi's outstanding common shares.

EVNi meets the definition of an associate and has been equity accounted for in the consolidated financial statements.

The following is a summary of the investment in associates as at October 31, 2021:

	2021
Initial investment	\$ 2,000,000
Loss from investment in associates	(117,614)
Balance, April 30, 2021	1,882,386
Loss from investment in associates	(127,844)
Balance, October 31, 2021	\$ 1,754,542

The following are the financial statement balances of EVNi as at October 31, 2021:

	2021
Total current assets	\$ 368,002
Total assets	\$ 391,488
Total liabilities	\$ 240,636
Net loss (6 months)	\$ (1,577,887)

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**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

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**13) Loans Receivable**

On October 3, 2018, the Company provided a loan of \$25,000 to a vendor, secured against certain collateral of the vendor. The loan is non-interest bearing and was redeemable on or after March 31, 2019 at the sole election of the Company. On September 3, 2019, the Company issued a Notice of Intention to Enforce Security, in accordance with subsection 244(1) of the Bankruptcy and Insolvency Act (Canada). On April 16, 2021, \$20,000 of the loan was repaid in cash, with the remaining \$5,000 written off as bad debt.

**14) Vendor Mortgages**

On October 25, 2019, as part of the consideration for the acquisition of the Bobcaygeon Quarry, the Company took on a vendor mortgage with a principal amount of \$700,000 ("Vendor Mortgage"), incorporating an existing \$350,000 mortgage on title in favour of Inspirit Resources Inc. (a company controlled by 2023115 Ontario Inc. ("Vendor")) and a new \$350,000 mortgage, that was added at closing. The Vendor Mortgages are secured against the Bobcaygeon Quarry and the Class B Aggregate License number 20375, with the Vendor Mortgages listed on title for the Project until completely repaid. Quarterly interest-only payments are to begin when the property earns a positive net profit; the Vendor Mortgages will have a term of four years from closing of the acquisition and can be completely repaid at any time in lump sum. Interest shall accrue quarterly on the outstanding balance of the mortgages at a rate of 5.25% annualized, until maturity or until full repayment. Accrued interest of \$27,606 (2021 - \$36,750) has been recorded in accounts payable and accrued liabilities in the period.

As part of the Vendor Mortgages, if the Company chooses to add any additional mortgages to the property, it has agreed to pay the Vendor a one-time levy of \$75,000, to be counted against the remaining Vendor Mortgages Principal Amount, and a subordination fee for each month any additional mortgage is in place. The subordination fee will be calculated using a 2.5% annualized rate of the principal of the additional mortgage. The Company subsequently amended the agreement to exclude the loan payable (see Note 15) from the levy and subordination fee in exchange for a payment of \$15,000 which has been paid.

**15) Loan payable**

On March 4, 2020, the Company closed with a leading Canadian, nonbank lender (the “Credit Group”) for a \$1,800,000 term loan (the “New Term Facility”), secured against Orillia and the Company’s remaining assets. The New Term Facility has a 12 month term, extendable to 18 months, with interest-only payments until the principal is due in full at maturity and is subject to an existing general security agreement with the Credit Group. The New Term Facility carries an interest rate equal to the higher of prime plus 8.05% or 12%. In addition, the Company has issued the Credit Group 2,250,000 bonus shares, equal to 10% of the New Term Facility pending the TSX Venture Exchange’s (“TSXV”) approval. The agreement also required the Company to raise \$300,000 in new equity capital within 60 days of the closing date. The Company immediately drew the full \$1,800,000 loan amount. A discount rate of 15% was applied to determine the liability component of the loan payable. Financing fees related to the loan were \$46,000 and the bonus shares were valued at \$288,962. During the year ended April 30, 2021, the Company accrued interest expense of \$Nil (2020 - \$35,162) and is recorded in accounts payable and accrued liabilities

On April 23, 2020, the Company signed an amending agreement in response to the COVID-19 pandemic. This amendment extended the term to 15 months and delayed the first interest accrual and payment to June 30, 2020. The equity raise deadline was also extended.

On June 3, 2021, the Company extended its \$1,800,000 Debt Facility with the Credit Group. The Debt Facility is secured against all of the Company’s assets and has been extended for 6 months to December 2021. The Debt Facility has interest-only payments until the principal is due in full at maturity, carrying an interest rate equal to the higher of prime plus 8.05% or 12%. There were no penalties or further fees related to the extension.

**16) Government assistance**

In April 2020, the Company received a loan of \$40,000 through the Canadian Emergency Business Account Program (“CEBA Loan”), which provides financial relief for Canadian small businesses during the COVID-19 pandemic. In December 2020, the Company received an additional \$20,000 loan. The CEBA Loan has an initial term date on December 31, 2022 (the “Initial Term Date”) and may be extended to December 31, 2025. The CEBA Loan is non-revolving, with an interest rate being 0% per annum prior to the Initial Term Date and 5% per annum thereafter during any extended term, which is calculated daily and paid monthly. The CEBA Loan can be repaid at any time without penalty and, if at least 75% of the CEBA Loan is paid prior to the Initial Term Date, the remaining balance of the CEBA Loan will be forgiven.

**17) Share Capital**

**a) Authorized**

Unlimited number of common shares without par value.

**b) Issued**

**Six months ended October 31, 2021**

There were no share transactions in the six months ended October 31, 2021.

**Year ended April 30, 2021**

On December 31, 2020, the Company issued 200,000 shares related to the acquisition of the Snow White project. See Note 8 b) ii). The fair market value at the time of issuance was \$0.09 per share.

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**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

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**17) Share Capital (Continued)**

**b) Issued (Continued)**

**Year ended April 30, 2021 (Continued)**

On August 10, 2020, the Company closed the second and final tranche of its private placement, receiving aggregate gross proceeds of \$348,060. \$301,060 was received from the sale of Non-Flow-Through Units (the "Unit Offering") at a price of \$0.06 per unit ("Unit") from the issuance of 5,017,667 Units. Each Unit consists of one common share and one common share purchase warrant (each, a "Warrant") entitling the holder thereof to purchase one common share at an exercise price of \$0.08 for a period of 36 months from the closing date. \$47,000 was also received from the sale of Flow Through Units (the "FT Unit Offering") at a price of \$0.07 per unit ("FT Unit") from the issuance of 671,429 FT Units. The Company recorded a flow-through share premium of \$6,647.

Each FT Unit consists of one flow-through common share and one common share purchase warrant (each, a "Warrant") entitling the holder thereof to purchase one common share at an exercise price of \$0.08 for 36 months from the closing date.

In connection with closing of the Second Tranche of the financing, the Company paid finders' fees of \$13,020, share issuance cost of \$18,692 and also issued 212,333 non-transferable warrants ("Finder's Warrants") to certain arm's length finders. Each Finder's Warrant entitles the holder to acquire one additional common share at a price of \$0.08 for 36 months from the closing date. The fair value of the Finder's Warrants was estimated on the grant date in the amount of \$12,253 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.8; ii) expected share price volatility of 154.93%; iii) risk free interest rate of 0.30%; iv) expected life of 3 years; and v) no dividend yield.

On August 10, 2020, the Company issued 200,000 shares related to the acquisition of the Snow White project. See Note 8 b) ii). The fair market value at the time of issuance was \$0.08 per share.

On May 27, 2020, the Company closed the first tranche of its private placement, receiving aggregate gross proceeds of \$161,940. \$130,440 was received from the sale of Non-Flow-Through Units (the "Unit Offering") at a price of \$0.06 per unit ("Unit") from the issuance of 2,173,999 Units. Each Unit consists of one common share and one common share purchase warrant (each, a "Warrant") entitling the holder thereof to purchase one common share at an exercise price of \$0.08 for a period of 36 months from the closing date. \$31,500 was also received from the sale of Flow-Through Units (the "FT Unit Offering") at a price of \$0.07 per unit ("FT Unit") from the issuance of 450,000 FT Units. The Company recorded a flow-through share premium of \$4,500.

Each FT Unit consists of one flow-through common share and one common share purchase warrant (each, a "Warrant") entitling the holder thereof to purchase one common share at an exercise price of \$0.08 for 36 months from the closing date. In connection with closing, the Company paid finders' fees of \$2,310 and also issued 38,500 Finder's Warrants to certain arm's length finders. Each Finder's Warrant entitles the holder to acquire one additional common share at a price of \$0.08 for 36 months from the closing date. The fair value of the Finder's Warrants was estimated on the grant date in the amount of \$2,222 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.8; ii) expected share price volatility of 154.93%; iii) risk free interest rate of 0.30%; iv) expected life of 3 years; and v) no dividend yield.

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

**17) Share Capital (Continued)**

**c) Stock Options**

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the plan may not exceed 10% of the issued and outstanding shares of the Company at any given time. Stock options ("Options") granted under the Plan may have a maximum term of ten years. The exercise price of Options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the grant date, less the maximum discount permitted by TSX Venture Exchange Policy), or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. Options granted to consultants providing investor relations activities under the Plan are subject to vesting restrictions such that one-quarter of the total options shall vest at three, six, nine and twelve months following the date of the grant.

A summary of the status of the Company's stock options as of October 31, 2021 and 2020 were as follows:

	Options	Weighted Average Exercise Price
Balance, October 31, 2020	2,015,833	0.30
Cancelled	(10,000)	0.07
Granted	1,485,000	0.09
Expired	(4,333)	1.00
<b>Balance, April 30 and October 31, 2021</b>	<b>3,486,500</b>	<b>\$ 0.21</b>

On October 31, 2021, the Company had outstanding and exercisable stock options as follows:

Expiry Date	Exercise Price	Number of Options Exercisable	Number of Options Outstanding
December 10, 2021	\$0.50	6,500	6,500
November 3, 2022	\$1.00	30,000	30,000
November 30, 2022	\$1.10	10,000	10,000
March 4, 2023	\$0.95	100,000	100,000
December 6, 2023	\$0.44	270,000	270,000
February 7, 2024	\$0.60	120,000	120,000
January 11, 2025	\$0.39	550,000	550,000
January 15, 2027	\$0.07	915,000	915,000
August 14, 2027	\$0.09	1,065,000	1,065,000
December 18, 2027	\$0.08	210,000	420,000
<b>Balance, April 30 and October 31, 2021</b>		<b>3,276,500</b>	<b>3,486,500</b>

As at October 31, 2021, the weighted average remaining contractual life of the Company's share purchase options is 4.67 years and the weighted average exercise price is \$0.21 (April 30, 2021 – 5.17 years and \$0.21).

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

**17) Share Capital (Continued)**

**c) Stock Options**

**Three months ended October 31, 2021**

During the six months ended October 31, 2021, the Company recorded \$18,127 (six months ended July 31, 2020 - \$64,118) in stock-based compensation for stock options that were granted on August 14, 2020, and December 18, 2020.

**Year ended April 30, 2021**

On December 18, 2020, the Company granted a total of 420,000 options. These options are exercisable at a price of \$0.08 per share, expire in seven years, and vest over a period of one year, with one half of the options vesting immediately, and one half vesting at the end of the first anniversary of the date of grant. The fair value of the options was estimated on the grant date in the amount of \$16,917 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.08; ii) expected share price volatility of 109.09% determined from historical share price; iii) risk free interest rate of 0.48% for a 7 year Canadian zero-coupon bond; iv) expected life of 7 years; and v) no dividend yield.

On August 14, 2020, the Company granted a total of 1,065,000 options. These options are exercisable at a price of \$0.085 per share, expire in seven years, and vest over a period of one year, with one half of the options vesting immediately, and one half vesting at the end of the first anniversary of the date of grant. The fair value of the options was estimated on the grant date in the amount of \$71,762 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of \$0.085; ii) expected share price volatility of 114.52% determined from historical share price; iii) risk free interest rate of 0.45% for a 7 year Canadian zero-coupon bond; iv) expected life of 7 years; and v) no dividend yield.

During the year ended April 30, 2021, the Company recorded \$14,602 (2020 - \$43,807) in stock-based compensation for stock options that were granted on January 15, 2020 and vested during the current year.

**d) Warrants Outstanding**

A summary of the status of the Company's warrants as at October 31, 2021 and 2020 were as follows:

	<b>Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, October 31, 2020	6,972,276	\$ 0.21
Granted	8,313,095	0.08
Expired	(756,276)	0.30
Balance, April 30, 2021	14,529,095	0.13
Expired	(4,016,000)	0.20
<b>Balance, October 31, 2021</b>	<b>10,513,095</b>	<b>\$ 0.11</b>

A summary of the Company's warrants outstanding as at October 31, 2021 were as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Warrants</b>
November 7, 2021	0.20	2,200,000
May 26, 2023	0.08	2,623,999
August 11, 2023	0.08	5,689,096
<b>Balance, October 31, 2021</b>		<b>10,513,095</b>

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

**17) Share Capital (Continued)**

**d) Warrants Outstanding (Continued)**

As at October 31, 2021, the weighted average remaining contractual life of the Company's share purchase warrants is 1.36 years and the weighted average exercise price is \$0.11 (April 30, 2021 – 1.48 years and \$0.13).

**e) Compensation Warrants Outstanding**

A summary of the status of the Company's compensation warrants as at October 31, 2021 and 2020 were as follows:

	<b>Compensation Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, October 31, 2020	96,740	0.20
Granted	250,833	0.08
<b>Balance, April 30, 2021</b>	<b>347,573</b>	<b>\$0.11</b>
Lapsed	(96,740)	0.20
<b>Balance, April 30, 2021</b>	<b>250,833</b>	<b>\$0.08</b>

The Company had 250,833 compensation warrants outstanding as at October 31, 2021 with a weighted average remaining contractual life of 1.78 years and a weighted average exercise price of \$0.08 per share (April 30, 2021 – 1.80 years and \$0.11).

**f) Earnings (Loss) Per Share**

The following is a reconciliation of the denominator in calculating basic and diluted earnings (loss) per share:

	October 31,	
	<b>2021</b>	2020
Net income (loss) for the period	<b>\$ (172,426)</b>	\$ (132,629)
Basic weighted average number of shares outstanding	<b>35,148,299</b>	34,948,298
Effect on dilutive securities from stock options	-	130,972
Effect on dilutive securities from warrants	<b>1,458,074</b>	172,335
<b>Diluted weighted average number of shares outstanding</b>	<b>36,606,373</b>	35,251,605
Earnings (loss) per share, basic	<b>\$ 0.00</b>	\$ (0.00)
Earnings (loss) per share, diluted	<b>\$ 0.00</b>	\$ (0.00)

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

**18) Non-controlling Interest**

The Company has an 85% interest in BobOpCo. 15% of BobOpCo's equity and total comprehensive income or loss is allocated to the non-controlling interest using the indirect method. The non-controlling interest comprises the following amounts:

Balance, April 30, 2020	\$	205,059
Net loss attributable to non-controlling interest		(2,846)
Balance, April 30, 2021	\$	202,188
Net gain attributable to non-controlling interest		4,297
<b>Balance, October 31, 2021</b>	<b>\$</b>	<b>206,484</b>

**19) Related Party Balances and Transactions**

**a) Compensation of key management personnel**

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and consist of its directors, President and Chief Executive Officer, VP Technical and Corporate Secretary, and Chief Financial Officer. Compensation of the directors, officers and/or companies controlled by these individuals for the six months ended October 31, 2021 and 2020 were as follows:

	<b>2021</b>	2020
Key management compensation	<b>\$ 193,798*</b>	\$ 194,121*
Stock based compensation	<b>10,027*</b>	35,521
Total compensation of key management personnel	<b>\$ 203,825</b>	\$ 229,642

*\*Compensation of \$24,578 (2020 - \$86,133) have been capitalized under exploration and evaluation assets (see Note 8).*

**b) Related party balances**

Amounts due to related parties amounted to \$606,040 as at October 31, 2021 (April 30, 2021 - \$647,956). Amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

**c) Other related party transactions**

During the six months ended October 31, 2021, the Company incurred a total of \$7,571 (April 30, 2021 - \$37,388) related to legal services to a law firm in which a director of the Company is a partner.

The above transactions were in the normal course of operations and have been valued in these consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

**20) Supplemental Cash Flow Information**

	<b>Six Months Ended October 31,</b>	
	<b>2021</b>	<b>2020</b>
Interest paid	<b>\$ 31,195</b>	\$ 11,693
Non-cash investing and financing activities:		
Change in accounts payable in exploration and evaluation assets	<b>\$ 4,520</b>	\$ 4,782

**21) Financial Instruments and Risk Management**

**Fair value of financial instruments**

The fair value hierarchy established by IFRS 13 *Fair Value Measurement* has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The carrying values of the Company's cash, loans receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to the short-term nature of these instruments. The Company's marketable securities, vendor mortgages, and government assistance are Level 1 and lease liability and loan payable are Level 2.

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is primarily associated with its cash. The Company is not exposed to significant credit risk as its cash is placed with a major Canadian financial institution. The Company is exposed to some credit risk on accounts receivable and loan receivable (Note 13); however, management considers the risk to be low. The aging of accounts receivables is as follows:

	<b>October 31,</b>		<b>April 30, 2021</b>
	<b>2021</b>		
0 – 30 days	<b>\$ 97,655</b>	\$	139,101
31 – 90 days	<b>42,850</b>		26,453
Greater than 90 days	<b>36,451</b>		1,737
Accounts receivable	<b>\$ 176,956</b>	\$	167,291

**21) Financial Instruments and Risk Management (Continued)**

**Financial risk factors (Continued)**

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. As of October 31, 2021, the Company had a cash balance of \$58,710 (April 30, 2021 - \$128,401) to settle current liabilities of \$3,151,691 (April 30, 2021 - \$3,029,788). The Company's accounts payable and due to related parties have contractual maturities of less than forty-five days and are subject to normal trade terms. The Company's lease liabilities mature based on the terms outlined in the lease agreements (Note 23). The \$1,800,000 loan payable balance matures in 2021. The Company's other long-term liabilities of mortgages and government assistance undiscounted contractual cash flows mature in 2023 and 2022, respectively.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and other price risk. The Company is not exposed to significant market risk, except as noted below.

*Interest rate risk*

The Company is exposed to interest rate risk from fluctuations of the interest rate on its loan payable. Currently, the interest rate on the Company's revolving credit facility of \$1,800,000 is the greater of 8.05% above the Prime Rate or 12%. The Prime Rate must be higher than 3.95% for the Company to incur higher interest expenses. The Prime Rate has not been higher than 3.95% since December 2008.

*Price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in market prices of securities would not have a material effect on the Company's comprehensive income (loss). A 20% increase in the market price would have decreased the Company's comprehensive loss by \$12,000 (2020 - \$1,044). A 20% decrease in the market prices would have increased the Company's comprehensive loss by the same amount.

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**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
**Six Months Ended October 31, 2021 and 2020**  
**(Unaudited - expressed in Canadian Dollars)**

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**22) Capital Management**

In the definition of capital, the Company includes cash and equity, comprising issued common shares and reserves.

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

The Company is dependent upon revenues and external financings to fund activities. In order to carry out operations, the Company will spend its existing working capital and raise additional funds as needed. The Company 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 Company, is reasonable.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

**23) Commitments**

The Company entered into flow-through share subscription agreements whereby it was obligated to incur a total of \$78,500 on flow-through eligible expenditures. As of October 31, 2021, the Company had incurred \$77,667 (April 30, 2021 – \$53,089) of qualifying resource expenditures and had an unspent flow-through commitment of \$833 (April 30, 2021 – \$25,411).

As at October 31, 2021, the Company had entered into eleven equipment lease agreements to lease equipment for the two quarries. The leases end starting from July 2023 to April 2025. The commitments for these leases (including HST) are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2022	\$ 193,000
2023	386,000
2024	319,000
2025	<u>165,000</u>
	<u>\$ 1,063,000</u>

#### **24) Segmented Information**

The Company operates primarily in two business segments, which are selling quarried limestones from two operating quarries located in Canada and the exploration and development of resource properties located in Canada. The Company's non-current assets of \$16,747,541 (April 30, 2021 - \$16,675,417) are located in Canada. The operating quarries' non-current assets of \$4,172,013 (April 30, 2021 - \$3,996,623) are comprised of right-of-use assets, equipment and producing assets. The exploration and development's non-current assets of \$10,821,082 (April 30, 2021 - \$10,796,408) are comprised of exploration and evaluation assets. The Company's revenue for the last six months is \$1,014,058 (year ended April 30, 2021 - \$1,354,792) were earned from the operating quarries.

#### **25) Subsequent Events**

On December 10, 2021, the Company extended its \$1.8M debt financing (the "Debt Facility") with a leading Canadian, non-bank lender (the "Credit Group"). The Debt Facility is secured against all of the Company's assets and will be extended for six months. The financing originally had a 12-month term, to which 3 months were added almost immediately when the Company negotiated relief around the early impact of COVID-19. The Debt Facility has interest-only payments until the principal is due in full at maturity, carrying an interest rate equal to the higher of prime plus 8.05% or 12%. There were no penalties or further fees related to the extension.