

# **Rogue Resources Inc.**

**Consolidated Interim Financial Statements**

**Six months ended October 31, 2022 and 2021**  
**(Unaudited - 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, 2022, 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, 2022 and 2021  
(Unaudited - expressed in Canadian Dollars)

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**Rogue Resources Inc.**  
**Consolidated Statements of Financial Position**  
**Six months ended October 31, 2022**  
**(Unaudited - expressed in Canadian Dollars)**

		As at October 31, 2022		As at April 30, 2022
<b>ASSETS</b>				
<b>Current assets</b>				
Cash		\$ 70,189	\$	30,123
Marketable securities	4	-		6,454
Accounts receivable		123,128		176,139
Prepaid expenses		-		6,804
Inventory	8	187,359		197,634
<b>Total Current Assets</b>		<b>380,676</b>		<b>417,154</b>
<b>Non-current assets</b>				
Investment in associates	5,9	1,382,094		1,709,139
Exploration and evaluation assets	5	1,182,715		1,177,061
Right-of-use assets	6	894,967		959,926
Property, plant and equipment	7	120,877		132,443
Producing assets	7	3,706,961		3,327,709
<b>Total Assets</b>		<b>\$ 7,668,290</b>	\$	<b>7,723,432</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities		\$ 772,023	\$	819,595
Tax payable		201,198		107,779
Current portion of lease liability	6	323,124		296,435
Due to related parties	16	458,405		364,929
Short term advance	5	351,750		230,000
Loan payable	11	1,796,808		1,795,036
<b>Total Current Liabilities</b>		<b>3,903,308</b>		<b>3,613,774</b>
<b>Non-current liabilities</b>				
Vendor mortgages	10	700,000		700,000
Lease liability	6	428,196		530,924
Government assistance loan	12	60,000		60,000
<b>Total Liabilities</b>		<b>5,091,504</b>		<b>4,904,698</b>
<b>EQUITY</b>				
Share capital	13	50,388,363		50,388,363
Reserves	13	10,686,123		10,686,123
Accumulated other comprehensive income	4	-		5,530
Non-controlling interest	15	188,954		193,266
Deficit		(58,686,654)		(58,454,549)
<b>Total Equity</b>		<b>2,576,786</b>		<b>2,818,733</b>
<b>Total Liabilities &amp; Equity</b>		<b>\$ 7,668,290</b>	\$	<b>7,723,431</b>

These consolidated financial statements were approved and authorized for issue by the Board of Directors on December 21, 2022. They are signed on the Company's behalf by:

*(Signed) "Sean Samson"*

Director

*(Signed) "Christopher Wolfenberg"*

Director

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

**Rogue Resources Inc.**  
**Consolidated Statements of Operations and Comprehensive Income/(Loss)**  
**Six months ending October 31, 2022 and 2021**  
**(Unaudited - expressed in Canadian dollars)**

	Note	Three months ended October 31		Six months ended October 31	
		2022	2021	2022	2021
<b>Revenue</b>	1	\$ 484,784	\$ 441,537	\$ 998,368	\$ 1,014,058
<b>Less:</b>					
Cost of goods sold		(263,566)	(225,471)	(606,141)	(491,361)
Depreciation and depletion	6,7	(55,895)	(52,118)	(111,864)	(109,831)
<b>Gross Profit</b>		<b>165,323</b>	<b>163,948</b>	<b>280,363</b>	<b>412,866</b>
<b>Expenses:</b>					
Compensation and benefits	16	95,457	90,986	172,692	169,534
Consulting fees - related parties	16	5,000	5,188	6,000	8,313
Financing fees	11	-	-	-	3,067
Interest and accretion expense	6,11	72,691	64,456	144,750	139,716
Investor relations, promotion and product marketing		-	1,638	-	3,175
Office expense and miscellaneous		24,467	23,423	40,235	30,539
Professional fees		45,000	30,000	28,803	69,493
Regulatory and stock transfer fees		5,857	5,357	6,874	7,004
Stock based compensation	13,16	-	4,421	-	18,127
<b>Total Expenses Before Items Below</b>		<b>248,472</b>	<b>225,469</b>	<b>399,354</b>	<b>448,968</b>
<b>Loss Before Other Income and Income Taxes</b>		<b>(83,149)</b>	<b>(61,521)</b>	<b>(118,991)</b>	<b>(36,102)</b>
<b>Gain/(Loss) on Property</b>	5	<b>153,247</b>	<b>(2,271)</b>	<b>209,619</b>	<b>273,329</b>
<b>(Loss) from Investment in Associates</b>	5,9	<b>(222,876)</b>	<b>(107,072)</b>	<b>(327,045)</b>	<b>(127,844)</b>
<b>Net (Loss) For The Period</b>		<b>(152,778)</b>	<b>(170,864)</b>	<b>(236,417)</b>	<b>109,383</b>
<b>Other Comprehensive Income/(Loss)</b>					
Unrealized & realized gain/(loss) on marketable securities	4	(5,475)	(1,572)	(5,530)	2,321
<b>Comprehensive Income/(Loss) For The Period</b>		<b>\$ (158,253)</b>	<b>\$ (172,436)</b>	<b>\$ (241,947)</b>	<b>\$ 111,704</b>
<b>Attributable to:</b>					
Non-controlling interest	15	(2,906)	5,894	(4,312)	4,297
(Deficit)/Equity shareholders of the Company		(155,347)	(178,330)	(237,635)	107,407
		(158,253)	(172,436)	(241,947)	111,704
<b>Basic and Diluted Income/ (Loss) Per Share</b>	14	<b>\$ (0.00)</b>	<b>\$ 0.00</b>	<b>\$ (0.01)</b>	<b>\$ 0.00</b>
<b>Weighted Average Number of Shares Outstanding</b>					
Basic and diluted	14	<b>35,326,076</b>	<b>35,148,299</b>	<b>35,326,076</b>	<b>35,148,299</b>

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

**Rogue Resources Inc.**  
**Consolidated Statements of Changes in Equity**  
**Six months ending October 31, 2022 and 2021**  
**(Unaudited - expressed in Canadian Dollars)**

	Share Capital							
	Number of shares	Amount	Reserves	Accumulated Other Comprehensive Income	Non-controlling Interest	Deficit	Total equity	
Balance, April 30, 2021	35,148,299	\$ 50,372,364	\$ 10,666,052	\$ 4,298	\$ 202,188	\$ (48,674,694)	\$ 12,570,208	
Stock based compensation – options (Note 13)	-	-	18,441	-	-	-	18,441	
Other comprehensive income	-	-	-	2,320	-	-	2,320	
Net income for the year	-	-	-	-	4,296	104,927	109,223	
<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>	
Balance, April 30, 2022	35,326,076	\$ 50,388,363	\$ 10,686,123	\$ 5,530	\$ 193,266	\$ (58,454,549)	\$ 2,818,733	
Other comprehensive loss	-	-	-	(5,530)	-	-	(5,530)	
Net loss for the year	-	-	-	-	(4,312)	(232,105)	(236,417)	
<b>Balance, October 31, 2022</b>	<b>35,326,076</b>	<b>\$ 50,388,363</b>	<b>\$ 10,686,123</b>	<b>\$ -</b>	<b>\$ 188,954</b>	<b>\$ (58,686,654)</b>	<b>\$ 2,576,786</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, 2022 and 2021**  
**(Unaudited - expressed in Canadian Dollars)**

	For the six months ended October 31,	
	2022	2021
<b>Operating activities</b>		
Net income (loss) for the year	\$ (236,417)	\$ 109,383
Items not affecting cash:		
Depreciation and depletion	180,132	155,937
Interest and accretion expense	144,750	139,716
Stock based compensation	-	18,127
Loss from investment in associates	327,045	127,844
Changes in non-cash working capital items:		
Accounts receivable	53,012	(9,665)
Prepaid expenses	6,804	4,247
Inventory	10,275	(66,518)
Due to related parties	93,476	(41,916)
Tax recoverable	93,419	63,083
Accounts payable and accrued liabilities	(65,947)	138,772
<b>Cash Provided by (Used in) Operating Activities</b>	<b>606,549</b>	<b>639,010</b>
<b>Investing activities</b>		
Change in marketable securities	924	(60,000)
Net change in exploration and evaluation assets	(5,653)	(24,578)
Net change in producing assets	(391,534)	(190,429)
Purchase of property, plant, and equipment	(3,592)	(156,264)
Purchase of right-of-use asset	(87,735)	-
<b>Cash Provided by (Used in) Investing Activities</b>	<b>(487,590)</b>	<b>(431,271)</b>
<b>Financing activities</b>		
Loan proceeds	112,100	-
Net change in lease liability	(76,040)	(168,756)
Interest payments	(114,953)	(108,674)
<b>Cash Provided by (Used in) Financing Activities</b>	<b>(78,893)</b>	<b>(277,430)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>40,066</b>	<b>(69,691)</b>
Cash, Beginning of Period	30,123	128,401
Cash, End of the Period	\$ 70,189	\$ 58,710

**Supplemental Cash Flow Information (Note 17)**

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.

**2) Basis of Presentation**

These unaudited condensed interim consolidated financial statements of the Company for the quarter ended October 31, 2022 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, 2022. 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, 2022. The Company’s interim results are not necessarily indicative of its results for a full year.

**3) 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 quarter ended October 31, 2022 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, 2022 and remain valid for the current period.

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
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**4) Marketable Securities**

**i) For the Six Months Ended October 31, 2022**

On September 19, 2022, the Company sold its holdings in Mene Inc. A total gain of \$3,628 was recorded on the sale, while an unrealized gain of \$5,475 previously recorded in Other Comprehensive Income was reversed.

**ii) For the year ended April 30, 2022**

	Number of Shares	Cost	Market Value at April 30, 2022	Accumulated Other Comprehensive Income/(Loss)
Mene Inc.	9,240	\$924	\$6,454	\$1,232
		<b>\$924</b>	<b>\$6,454</b>	<b>\$1,232</b>

**5) Exploration and Evaluation Assets**

**i) For the Six Months Ended October 31, 2022**

	Snow White Ontario
Acquisition costs:	
Balance, April 30, 2022	\$251,700
<b>Balance, October 31, 2022</b>	<b>251,700</b>
Exploration costs:	
Balance, April 30, 2022	925,361
Project management	5,654
<b>Balance, October 31, 2022</b>	<b>931,015</b>
<b>Total balance, October 31, 2022</b>	<b>\$1,182,715</b>
Cost summary	
Acquisition costs	\$251,700
Exploration costs	\$931,015

**Rogue Resources Inc.**  
**Notes to the Consolidated Financial Statements**  
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ii) For the year ended April 30, 2022

	Radio Hill Ontario	Snow White Ontario	Silicon Ridge Quebec	Total
Acquisition costs:				
Balance, April 30, 2021	\$538,700	\$235,700	\$850,000	\$1,624,400
Option payments - shares	-	16,000	-	16,000
Impairment	-	-	(850,000)	(850,000)
Sale of Asset	(538,700)	-	-	(538,700)
<b>Balance, April 30, 2022</b>	<b>-</b>	<b>251,700</b>	<b>-</b>	<b>251,700</b>
Exploration costs:				
Balance, April 30, 2021	3,466,820	905,174	4,800,013	9,172,008
Project management	20,166	19,463	500	40,179
Field costs and equipment	(14,000)	-	(13,000)	(27,000)
Permit application fees	-	724	9,480	10,204
Sale of asset	(3,472,986)	-	-	(3,472,986)
Impairment	-	-	(4,796,993)	(4,796,993)
<b>Balance, April 30, 2022</b>	<b>-</b>	<b>925,361</b>	<b>-</b>	<b>925,361</b>
<b>Total balance, April 30, 2022</b>	<b>-</b>	<b>\$1,177,061</b>	<b>-</b>	<b>\$1,177,061</b>
Cost summary				
Acquisition costs	-	\$251,700	-	\$251,700
Exploration costs	-	\$925,361	-	\$925,361

**a) 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.

In April 2021, the Company received notice of refusal from Québec's Ministère des Forêts, de la Faune et des Parcs ("MFFP") regarding the permit application for the Company's Silicon Ridge Project ("Project"). The Company assesses the carrying value of its mineral properties for indication of impairment at each quarter end. On January 31, 2022, the Company concluded based on further discussion and evaluation to write-down the property's exploration costs to \$nil. An impairment of \$5,659,992 was recorded during the year ended April 30, 2022. The Company plans to continue to engage with the MFFP to negotiate a fair resolution for the Project.

**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.

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

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**Rogue Resources Inc.**  
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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.

**b) 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. \$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);
- The Company to be granted shares for >20% in EVNi and been paid \$150,000 in cash (completed);
- The Company to transfer the Langmuir Project claims to EVNi (completed).

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.

In April 2022, the Company amended the Langmuir Asset Purchase Agreement, granting until the end of 2023 for EVNi to complete an updated mineral resource estimate. The extension was granted to allow for additional drilling across the Langmuir property, including on the W4 deposit which has an historic resource already and is currently completing metallurgical test work to be fully incorporated into any updated resource. In exchange for this amendment, EVNi has agreed to provide the Company with access to an advance on the New Resource Payment, the advance carries an interest rate of 6%. At October 31, 2022, \$351,750 has been advanced to the Company.

The Company acquired 6,666,667 shares of EVNi at a fair value of \$0.30 per share. The \$2,000,000 value was recorded as an investment in associates (see Note 9).

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).

On April 7, 2022, the Company sold its 100% interest in, and all commercial products from the Radio Hill property. Consideration consisted of cash payments of \$75,000 (received) and the issuance of 50,000 common shares in the capital of the Purchaser, Canada Nickel Company ("CNC"), a publicly traded company incorporated under the laws of Ontario. The agreement is further subject to a Net Smelter Returns royalty to be granted to the Company. The Purchaser shall execute and deliver and enter into a royalty agreement granting the Seller a half percent (0.5%) Net Smelter Returns royalty on iron produced from the Property in accordance with the Net Smelter Returns Royalty Agreement. A loss on the sale of \$3,936,686 was recorded during the year ended April 30, 2022.

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.

**Rogue Resources Inc.**  
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iv. **Additional Claims**

On January 24, 2022, the Company signed an agreement to sell an additional group of claims it staked for cash consideration of \$50,000 and 92,000 shares of Canadian Nickel Company. The Company received the shares on July 20, 2022 upon TSX approval of the sale. The shares were sold for proceeds of \$133,341.

**6) Right-of-Use Assets**

<b>Right of use asset</b>		Equipment
Value of right-of-use assets as at April 30, 2021	\$	1,202,614
Additions		321,636
Disposals		(286,466)
Depreciation		(277,858)
Value of right-of-use assets as at April 30, 2022		<b>959,926</b>
Additions		<b>87,735</b>
Depreciation		<b>(152,694)</b>
<b>Value of right-of-use assets as at October 31, 2022</b>	<b>\$</b>	<b>894,967</b>
<b>Lease liability</b>		
Lease liability recognized as at April 30, 2021	\$	1,072,025
Additions		210,528
Disposals		(217,449)
Lease payments		(237,744)
Lease liability recognized as at April 30, 2022		<b>827,360</b>
Additions		<b>87,636</b>
Lease payments		<b>(163,676)</b>
<b>Lease liability recognized as at October 31, 2022</b>	<b>\$</b>	<b>751,320</b>
Current portion		<b>323,124</b>
Non-current portion		<b>428,196</b>
	<b>\$</b>	<b>751,320</b>

The Company holds twelve pieces of machinery and equipment with a book value of \$900,000 under lease agreements. In the prior fiscal year, the Company traded in one of these for a replacement and sold another piece of equipment. The interest rates range from 4.0% to 18.8% per annum. Monthly lease payments for all leases are \$36,000 including HST.

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**7) Equipment and Producing Assets**

	Equipment	Bobcaygeon Quarry	Orillia Quarry	Total Producing Assets	Total
Value of assets as at April 30, 2022	\$ 132,443	\$ 1,724,480	\$ 1,603,229	\$ 3,327,709	\$ 3,460,152
Additions	-	-	391,534	391,534	391,534
Depreciation	(11,566)	-	-	-	(11,566)
Depletion	-	(149)	(12,133)	(12,282)	(12,282)
<b>Value of assets as at October 31, 2022</b>	<b>\$ 120,877</b>	<b>\$ 1,724,331</b>	<b>\$ 1,982,630</b>	<b>\$ 3,706,961</b>	<b>\$ 3,827,838</b>

**a) 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 5 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.

**b) 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 5 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.

**c) 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.

*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, 2022 and 2021, indicators for impairment existed leading to a test of recoverable amount of the Bobcaygeon and Orillia quarries as well as the Company's exploration assets. The Company estimated the recoverable amount of the mines based on the value-in-use model categorised as Level 3 of the fair value hierarchy. The analysis performed has not resulted in the recognition of an impairment loss as at October 31, 2022 and 2021.

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*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.

**8) Inventory**

The Company's limestone inventory is held at:

Quarry	October 31, 2022	April 30, 2022
Orillia	\$ 67,266	\$ 70,842
Shadow Lake	52,729	57,210
Bobcaygeon	67,364	69,582
	<b>\$ 187,359</b>	<b>\$ 197,634</b>

**9) Investment in Associates**

**EVNi**

The Company has determined it has significant influence but not control of EVNi. As such, its investment has been equity accounted for in these consolidated financial statements. As at October 31, 2022, the Company held 6,666,667 common shares of EVNi, representing 15.15% of EVNi's outstanding common shares.

The following is a summary of the investment in associates as at October 31, 2022:

Initial investment	\$	2,000,000
Loss from investment in associates		(117,614)
Balance, April 30, 2021		1,882,386
Loss from investment in associates		(173,247)
Balance, April 30, 2022		1,709,139
Loss from investment in associates		(327,045)
<b>Balance, October 31, 2022</b>	<b>\$</b>	<b>1,382,094</b>

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

	2022	2021
Total current assets	\$ 1,604,632	\$ 368,002
Total assets	\$ 1,659,281	\$ 391,488
Total liabilities	\$ 457,259	\$ 240,636
Net loss (six months)	\$ (3,912,810)	\$ (1,577,887)

## **10) 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 \$18,375 (April 30, 2022 - \$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 11) from the levy and subordination fee in exchange for a payment of \$15,000 which has been paid.

## **11) 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 "Debt Facility"), secured against Orillia and the Company's remaining assets. The Debt 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 Debt 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 Debt Facility. 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.

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 (completed).

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 was extended for six 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 additional fees related to the extension.

On December 10, 2021, the Company further extended its \$1,800,000 Debt Facility with the Credit Group. The Debt Facility is secured against all of the Company's assets and was extended for an additional six months to June 2022. All other terms remained unchanged and there were no penalties or additional fees related to the extension.

On June 3, 2022, the Company extended its \$1,800,000 Debt Facility for an additional six months to December 3, 2022. The facility was extended again for six months to June 3, 2023. There were no penalties or further fees related to the extension.

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**12) Government assistance loan**

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 due date of December 31, 2022 (the “Initial Term Date”) which was extended to December 31, 2023. The loan can be further 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.

**13) Share Capital**

**a) Authorized**

Unlimited number of common shares without par value.

**b) Issued**

**Six Months Ended October 31, 2022**

There were no share transactions in the six months ended October 31, 2022.

**Year ended April 30, 2022**

On February 16, 2022, the Company issued 177,778 shares related to the acquisition of the Snow White project. See Note 5 a) ii). The fair market value at the time of issuance was \$0.09 per share.

**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, 2022 and 2021 were as follows:

	<b>Options</b>	<b>Weighted Average Exercise Price</b>
Balance, April 30 and October 31, 2021	3,486,500	0.21
Expired	(6,500)	0.50
<b>Balance, April 30 and October 31, 2022</b>	<b>3,480,000</b>	<b>\$ 0.21</b>

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On October 31, 2022, the Company had outstanding and exercisable stock options as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Options Exercisable</b>	<b>Number of Options Outstanding</b>
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	420,000	420,000
<b>Balance, April 30 and October 31, 2022</b>		<b>3,480,000</b>	<b>3,480,000</b>

As at and October 31, 2022, the weighted average remaining contractual life of the Company's share purchase options is 3.68 years and the weighted average exercise price is \$0.21 (April 30, 2022 – 4.2 years and \$0.21).

**Six Months Ended October 31, 2022**

During the six months ended October 31 2022, the Company recorded \$nil (year ended April 30, 2022 - \$19,615) in stock-based compensation (\$nil in stock-based compensation was capitalized to Exploration and evaluation assets in the fiscal year (2022 - \$456)).

**Year ended April 30, 2022**

During the year ended April 30, 2022, the Company recorded \$19,615 (2021 - \$114,763) in stock-based compensation (\$456 in stock-based compensation was capitalized to Exploration and evaluation assets in the fiscal year (2021 - \$nil)).

**d) Warrants Outstanding**

A summary of the status of the Company's warrants as at October 31, 2022 and 2021 were as follows:

	<b>Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, October, 2021	10,513,095	\$ 0.11
Expired	(2,200,000)	0.20
<b>Balance, April 30 and October 31, 2022</b>	<b>8,313,095</b>	<b>\$ 0.08</b>

A summary of the Company's warrants outstanding as at October 31, 2022 were as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Warrants</b>
May 26, 2023	0.08	2,623,999
August 11, 2023	0.08	5,689,096
<b>Balance, April 30 and October 31, 2022</b>		<b>8,313,095</b>

As at October 31, 2022, the weighted average remaining contractual life of the Company's share purchase warrants is 0.71 years and the weighted average exercise price is \$0.08 (April 30, 2022 – 1.2 years and \$0.08).

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**e) Compensation Warrants Outstanding**

A summary of the status of the Company's compensation warrants as at October 31, 2022 and 2021 were as follows:

	<b>Compensation Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, April 30 and October 31, 2021	250,833	0.08
<b>Balance, April 30 and October 31, 2022</b>	<b>250,833</b>	<b>\$ 0.08</b>

A summary of the Company's warrants outstanding as at October 31, 2022 were as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Warrants</b>
August 11, 2023	\$0.08	250,833
<b>Balance</b>		<b>250,833</b>

The Company has 250,833 compensation warrants outstanding as at October 31, 2022 with a weighted average remaining contractual life of 0.78 years and a weighted average exercise price of \$0.08 per share (April 30, 2022 – 1.3 years and \$0.08).

**14) Earnings (Loss) Per Share**

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

	<b>Three Months Ended October 31,</b>	
	<b>2022</b>	<b>2021</b>
Net income (loss) for the period	\$ (152,778)	\$ (170,864)
Basic weighted average number of shares outstanding	35,326,076	35,148,299
Effect on dilutive securities from stock options	-	-
Effect on dilutive securities from warrants	-	-
<b>Diluted weighted average number of shares outstanding</b>	<b>35,326,076</b>	<b>35,148,299</b>
<b>Earnings (loss) per share, basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ 0.00</b>

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**15) 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, 2021	\$	202,213
Net loss attributable to non-controlling interest		(8,947)
Balance, April 30, 2022		193,266
Net loss attributable to non-controlling interest		(4,312)
<b>Balance, October 31, 2022</b>	<b>\$</b>	<b>188,954</b>

**16) 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, 2022 and 2021 were as follows:

	<b>2022</b>	<b>2021</b>
Key management compensation	\$ <b>106,812*</b>	\$ 193,798*
Stock based compensation	-	10,027*
Total compensation of key management personnel	<b>\$ 106,812*</b>	<b>\$ 203,825</b>

*\*Compensation of \$5,654 (October 31, 2021 - \$24,578) has been capitalized under exploration and evaluation assets (see Note 5).*

The significant change in key management compensation between the periods is a result of the President and Chief Executive Officer and the VP Technical and Corporate Secretary choosing to forgo payment during certain pay periods in 2022.

**b) Related party balances**

Amounts due to related parties amounted to \$458,405 as at October 31, 2022 (April 30, 2022 - \$364,929). Amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

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**17) Supplemental Cash Flow Information**

	<b>Six Months Ended October 31,</b>	
	<b>2022</b>	<b>2021</b>
Interest paid	\$ 141,841	\$ 140,113
Non-cash investing and financing activities:		
Right-of-use assets additions	\$ 87,735	\$ 36,635
Change in accounts payable in exploration and evaluation assets	\$ (30,899)	\$ 4,520

**18) 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; however, management considers the risk to be low. The aging of accounts receivables is as follows:

	<b>October 31, 2022</b>		<b>April 30, 2022</b>	
0 – 30 days	\$	99,384	\$	162,232
31 – 90 days		11,049		1,958
Greater than 90 days		12,695		11,952
Accounts receivable	\$	123,128	\$	176,139

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*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, 2022, the Company had a cash balance of \$70,189 (April 30, 2022 - \$30,123) to settle current liabilities of \$3,903,308 (April 30, 2022 - \$3,613,774). The Company's accounts payable have contractual maturities of less than forty-five days and are subject to normal trade terms. Of the accounts payable balance, \$453,309 are from invoices more than 24 months old. According to Ontario law "a proceeding shall not be commenced in respect of a claim after the second anniversary of the day on which the claim was discovered" (Limitations Act, 2002, S.O. 2002, c. 24, Sched. B, section 4). The Company's lease liabilities mature based on the terms outlined in the lease agreements (Note 20). The \$1,800,000 loan payable balance matures in June 2023. The Company's other long-term liabilities of mortgages and government assistance are undiscounted contractual cash flows and 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. As of October 31, 2022, the Prime Rate was 5.45%.

*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. With no equity holdings accounted for at fair value, fluctuations in market prices of securities would not affect the Company's comprehensive income (loss). A 20% increase in the market price would have decreased the Company's comprehensive loss by \$nil (April 30, 2022 - \$1,291). A 20% decrease in the market prices would have increased the Company's comprehensive loss by the same amount.

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**19) 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.

**20) Commitments**

As at October 31, 2022 the Company currently has twelve equipment lease agreements to lease equipment for the two quarries. The leases end starting from July 2023 to May 2028. The commitments for these leases (including HST) are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2023	221,000
2024	352,000
2025	206,000
2026	93,000
2027	30,000
2028	<u>3,000</u>
	<u>\$ 905,000</u>

**21) 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 \$7,140,532 (April 30, 2022 - \$7,306,278) are located in Canada. The operating quarries' non-current assets of \$4,722,805 (April 30, 2022 - \$4,420,077) are comprised of right-of-use assets, equipment and producing assets. The exploration and development's non-current assets of \$1,182,715 (April 30, 2022 - \$1,177,061) are comprised of exploration and evaluation assets. The Company's quarterly revenue is \$484,784 (quarter ended October 31, 2021 - \$441,537) were earned from the operating quarries.

**22) Subsequent Events**

On November 22, 2022, a vendor issued a statement of claim in the Province of Alberta. The issue is expected to be heard in January 2023 and the Company intends to defend itself. On December 14, 2022, a second vendor issued a statement of claim in the Province of British Columbia. The Company continues to include these amounts in its Current Liabilities; no additional amounts have been accrued.

On December 13, 2022, the Company further extended its \$1,800,000 Debt Facility with the Credit Group for another six months. The new maturity date is June 3, 2023.