

**ESSEX MINERALS INC.**

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

# **ESSEX MINERALS INC.**

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

The Company's auditors have not reviewed or been involved in the preparation of these condensed consolidated interim financial statements.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor, for the nine months ended June 30, 2021 and 2020.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

## ESSEX MINERALS INC.

Condensed Consolidated Interim Statements of Financial Position  
Unaudited - Expressed in Canadian Dollars

	Note	June 30, 2021	September 30, 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 1,078,552	\$ 2,911,633
Restricted cash	4	15,000	15,000
Receivables	5	23,906	62,638
Prepaid expenses and deposit	10	66,191	118,166
		1,183,649	3,107,437
<b>Non-current assets</b>			
Equipment	6	4,707	5,150
Exploration and evaluation assets	7	1,729,193	757,312
<b>Total assets</b>		<b>\$ 2,917,549</b>	<b>\$ 3,869,899</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8,10	\$ 260,710	\$ 198,433
<b>Total liabilities</b>		260,710	198,433
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	5,939,418	5,939,418
Reserves	9	1,267,310	1,267,310
Deficit		(4,549,889)	(3,535,262)
<b>Total shareholders' equity</b>		2,656,839	3,671,466
<b>Total liabilities and shareholders' equity</b>		<b>\$ 2,917,549</b>	<b>\$ 3,869,899</b>

Nature of Operations and Going Concern - Note 1  
Subsequent Events – Note 14

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on August 27, 2021:

They are signed on the Company's behalf by:

"Paul Loudon"  
Director/CEO

"James Harris"  
Director

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

**ESSEX MINERALS INC.**

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the Nine Months Ended June 30, 2021 and 2020

Unaudited - Expressed in Canadian dollars, except for number of shares

	Note	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
<b>Operating Expenses</b>					
Depreciation	6	\$ 456	\$ -	\$ 1,367	\$ -
General and administration		12,859	5,106	31,472	32,484
Investor relations		56,001	-	197,065	-
Management and consulting fees	10	120,000	70,262	349,750	315,262
Professional fees		108,942	48,200	249,330	109,627
Property investigation costs	10	75,250	91,414	164,722	307,119
Regulatory and transfer agent fees		8,703	2,029	25,645	21,419
Travel and promotion		-	1,268	1,410	12,354
Total expenses		(382,211)	(218,279)	(1,020,761)	(798,265)
<b>Other Items</b>					
Interest income		938	-	2,796	-
Interest expense		-	-	-	(2,600)
Write-off of payable	10	-	-	3,150	-
Foreign exchange gain (loss)		188	(1,323)	188	-
<b>Net loss</b>		<b>\$ (381,085)</b>	<b>\$ (219,602)</b>	<b>\$ (1,014,627)</b>	<b>\$ (800,865)</b>
<b>Loss and comprehensive loss</b>		<b>\$ (381,085)</b>	<b>\$ (219,602)</b>	<b>\$ (1,014,627)</b>	<b>\$ (800,865)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>	<b>\$ (0.09)</b>
<b>Weighted average number of common shares outstanding</b>		<b>28,947,801</b>	<b>18,828,226</b>	<b>28,947,801</b>	<b>9,253,280</b>

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

**ESSEX MINERALS INC.**

Condensed Consolidated Interim Statements of Cash Flows  
For the Nine Months Ended June 30, 2021 and 2020  
Unaudited - Expressed in Canadian dollars

	Nine months ended June 30, 2021	Nine months ended June 30, 2020
<b>Operating activities</b>		
Net loss for the period	\$ (1,014,627)	\$ (800,865)
Adjustment for non-cash item:		
Depreciation	1,367	-
Interest expense	-	2,600
Write-off of payable	(3,150)	-
Changes in non-cash working capital items:		
Receivables	38,732	(25,195)
Prepaid expenses and deposit	51,975	(155,475)
Accounts payable and accrued liabilities	65,427	(117,059)
<b>Net cash flows used in operating activities</b>	<b>(860,276)</b>	<b>(1,095,994)</b>
<b>Investing activities</b>		
Purchase of equipment	(924)	-
Exploration and evaluation assets	(971,881)	-
<b>Net cash flows used in investing activities</b>	<b>(972,805)</b>	<b>-</b>
<b>Financing activities</b>		
Repayment of loan	-	(116,000)
Advance	-	(217,382)
Shares issued for cash (net of issuance costs)	-	2,646,577
<b>Net cash flows provided by financing activities</b>	<b>-</b>	<b>2,313,195</b>
Net change in cash	(1,833,081)	1,217,201
Cash, beginning	2,911,633	46,793
<b>Cash, ending</b>	<b>\$ 1,078,552</b>	<b>\$ 1,263,994</b>
<b>Non cash transaction:</b>		
Common shares issued for finders' fee	\$ -	\$ 145,150

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

## ESSEX MINERALS INC.

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

For the Nine Months Ended June 30, 2021 and 2020

Unaudited - Expressed in Canadian dollars, except for number of shares

	Common Shares				
	Number	Amount	Reserves	Deficit	Total
<b>Balance, September 30, 2019</b>	2,085,001	\$ 888,219	\$ 303,239	\$ (1,479,524)	\$ (288,066)
Share issued, private placements	20,240,000	2,810,000	-	-	2,810,000
Share issuance costs - finders' shares	1,451,500	-	-	-	-
Share issuance costs - finders' warrants	-	(75,967)	75,967	-	-
Share issuance costs	-	(139,995)	-	-	(139,995)
Net loss for the period	-	-	-	(800,865)	(800,865)
<b>Balance at June 30, 2020</b>	<b>23,776,501</b>	<b>\$ 3,482,257</b>	<b>\$ 379,206</b>	<b>\$ (2,280,389)</b>	<b>\$ 1,581,074</b>
<b>Balance, September 30, 2020</b>	28,947,801	\$ 5,939,418	\$1,267,310	\$ (3,535,262)	\$ 3,671,466
Net loss for the period	-	-	-	(1,014,627)	(1,014,627)
<b>Balance at June 30, 2021</b>	<b>28,947,801</b>	<b>\$ 5,939,418</b>	<b>\$1,267,310</b>	<b>\$ (4,549,889)</b>	<b>\$ 2,656,839</b>

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

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended June 30, 2021 and 2020  
Unaudited - Expressed in Canadian dollars

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### 1. Nature of Operations and Going Concern

Essex Minerals Inc. (the “Company”) was incorporated on November 19, 2012 under the Business Corporations Act (British Columbia). The Company’s principal business activity is the exploration of mineral properties.

On March 15, 2017, the Company completed an Initial Public Offering and its shares were listed on the TSX Venture Exchange (“TSXV”).

On March 16, 2021, the Company’s common shares began being quoted on the OTCQB market under the stock symbol “ESXMF”. In addition to its primary listing on the TSXV, the Company is also listed on the Frankfurt Stock Exchange under the trading symbol “EWX1”.

The head office and principal address of the Company is located at 3002-1211 Melville Street, Vancouver, BC V6E 0A7, and the registered and records office of the Company is located at 2500-700 W Georgia Street, Vancouver, BC V7Y 1B3.

These condensed consolidated interim financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company emphasises that attention should be drawn to matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern, the most significant of these being the Company’s ability to carry out its business objectives dependent on the Company’s ability to receive continued financial support from related parties, to obtain public equity financing, or to generate profitable operations in the future. As at June 30, 2021, the Company has no properties in commercial production, continues to incur operating losses and no source of operating cash flow. The Company is considering a number of alternatives to secure additional capital including obtaining funding facilities or equity financings. Although management intends to secure additional financing there is no assurance management will be successful or that it will establish future profitable operations. These factors together indicate that a material uncertainty exists that may raise substantial doubt about the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

	<b>June 30,</b>		<b>September 30,</b>
	<b>2021</b>		<b>2020</b>
Deficit	\$ (4,549,889)	\$	(3,535,262)
Working capital	\$ 922,939	\$	2,909,004

If the going concern assumption was not appropriate for these condensed consolidated interim financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used, and such amounts would be material.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended June 30, 2021 and 2020  
Unaudited - Expressed in Canadian dollars

### 2. Basis of Preparation

The condensed consolidated interim financial statements were approved by the Board of Directors of the Company on August 27, 2021.

#### Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee. They do not include all of the information required for full annual financial statements.

#### Basis of Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for some financial instruments classified in accordance with measurement standards under IFRS. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise specified.

Certain comparative figures have been reclassified to conform to the current year’s presentation.

#### Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its controlled subsidiary. Details of controlled subsidiary as follows:

	Country of incorporation	Percentage owned*	
		June 30, 2021	September 30, 2020
Optegra Capital Corp.	Canada	100%	0%

\*Percentage of voting power is in proportion to ownership.

#### Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency.

### 3. Significant accounting policies

#### IAS 1 Presentation of Financial Statements (Amendment)

On October 1, 2020, the Company adopted the IASB issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2019. The amendments clarify the definition of material and how it should be applied, as well as align the definition of material across IFRS standards and other publications. The amended definition of material states: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The adoption of this new amendment did not have a material impact on the Company’s condensed consolidated interim financial statements.

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended June 30, 2021 and 2020  
Unaudited - Expressed in Canadian dollars

### 4. Restricted Cash

The Company has pledged \$15,000 (September 30, 2020 - \$15,000) in cash as collateral against the credit limits of credit cards issued to the Company. Cash pledged is held in short-term GIC maturing in one year or less, which will be automatically renewed on maturity date.

During the nine months ended June 30, 2021, the Company recorded \$68 (nine months ended June 30, 2020 - \$Nil) in interest income on restricted cash.

### 5. Receivables

Receivables consist of the following:

	June 30, 2021	September 30, 2020
	\$	\$
GST receivable	18,231	56,417
Other receivable	5,675	6,221
Receivables	23,906	62,638

### 6. Equipment

#### Cost

Balance, September 30, 2020	\$	5,150
Additions		924
Balance, June 30, 2021		6,074

#### Accumulated depreciation

Balance, September 30, 2020		-
Depreciation	\$	1,367
Balance, June 30, 2021		1,367

#### Net book value

Balance, September 30, 2020	\$	5,150
Balance, June 30, 2021	\$	4,707

### 7. Exploration and Evaluation Assets

#### Australian gold properties

On May 1, 2020, the Company announced the signing of an earn-in joint venture over three exploration properties in Australia selected for their potential to host large, high-grade gold deposits. The properties were assembled by a private Australian company KNX Resources Ltd ("KNX") in the Georgetown region of Queensland and the Pine Creek region of the Northern Territory.

The three properties are:

#### *Cumberland*

Five granted exploration permits covering 26,000 ha, 30 km from Georgetown, North Queensland, 70 km northwest of the former 3.5 million-ounce Kidston gold mine. The property has the potential to host high-grade epithermal gold mineralisation and is currently owned 80% by KNX and 20% by another Australian private company, AMD Resources Ltd. ("AMD") The property has a number of drill-ready exploration targets.

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
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### 7. Exploration and Evaluation Assets (cont'd)

#### Australian gold properties (cont'd)

##### *Mt. Turner*

A granted exploration permit covering 6,000 ha, 30 km northeast of Cumberland with potential to host highgrade epithermal mineralisation and large gold-copper porphyry mineralisation. This property is owned 100% by KNX.

##### *Compass Creek*

Three granted exploration permits covering 6,400 ha in Pine Creek goldfield, 28 km north of Kirkland Lake's 2.5Mtpa Union Reefs mill. The property has the potential to host large high-grade orogenic gold mineralisation and is owned 80% by KNX and 20% by AMD.

Under the terms of the agreement, the Company has the right to earn an initial First Stage Earn-in of 50% of KNX's interest in the three properties by spending AUD \$1,000,000 on exploration by May 2021.

The Company has committed to spend an initial AUD \$125,000 within three months to pay for aerial lidar mapping and assaying of soil samples to better position initial drill programs and completion of NI 43-101 property reports.

At the end of the First Stage Earn-in, the Company has the right to acquire the balance of KNX's interest in the properties at independent valuation or earn an additional 25% interest in Mt Turner and 20% interest in Cumberland and Compass Creek by funding a further AUD \$3,000,000 on exploration.

As at March 31, 2021, the Company advanced \$1,729,193 (AUD \$1,832,480) to KNX as part of its right to earn interest during the period ended June 30, 2021 on the KNX properties (September 30, 2020 - \$757,312 (AUD 837,300)).

During the period ended March 31, 2021, KNX acknowledged that the Company had completed the First Stage Earn-in and has earned 50% of KNX's interest in all three projects

#### Proposed acquisition of KNX

On April 29, 2021, the Company announced that further to its Australian gold earn-in joint venture it has reached agreement to acquire 100% of its joint venture partner, KNX.

Pursuant to the proposed acquisition of KNX:

- The Company has agreed to acquire all the issued and outstanding shares in KNX in exchange for the issuance of 5,000,000 ordinary shares in the Company to the shareholders of KNX (the "Purchase Shares").
- The purchase of KNX (the "Purchase") is deemed by management as the best way to acquire the balance of KNX's interest in the Australian gold properties as it also gives the Company an Australian operating subsidiary with accumulated tax losses.
- The Purchase Shares will be issued to the KNX shareholders on the basis of one Company share for approximately every 4.052 KNX shares.
- Completion of the acquisition will give the Company an 83% interest in the Cumberland and Compass Creek Projects and 100% of the Mt Turner Project through its 100% ownership of KNX.

#### *Acquisition Terms*

The Purchase Shares will be subject to a statutory four month hold period and an additional voluntary escrow until October 24, 2021. The Purchase is subject to the approval of the TSXV.

The Purchase Shares will be issued cum entitlement to the proposed capital return by the Company of new shares in Optegra ("Optegra Entitlement Shares"). Optegra is a stream finance spin-out from the Company. Optegra plans to raise up to \$50-million to finance the initial streams, after which it will file a non-offering prospectus with the British Columbia Securities Commission and seek a new listing as a Tier 1 investment company on the TSXV.

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended June 30, 2021 and 2020  
Unaudited - Expressed in Canadian dollars

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### 7. Exploration and Evaluation Assets (cont'd)

#### Proposed acquisition of KNX (cont'd)

If for any reason Optegra is not listed on the TSXV or an equivalent or more senior recognized stock exchange by August 25, 2021 the Purchase Shares and the Optegra Entitlement Shares will be cancelled. In this event, the Company will submit a revised offer to KNX based on the market conditions prevailing at the time and the Parties will work in good faith to reach mutually satisfactory revised purchase terms.

The proposed spin-out of Optegra has been delayed due to market conditions and consequently a revised offer has been submitted to the board of KNX for their consideration.

If such revised purchase terms are not agreed by October 24, 2021, then it will be deemed that all offers by the Company to purchase KNX have been rejected and the provisions of the existing Heads of Agreement between the Parties shall apply.

Closing of the Acquisition into escrow subject to the listing of Optegra.

Additional information regarding the Company's acquisition of KNX is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Gold Stream Joint Venture

On July 13, 2020, the Company entered into a gold stream joint venture agreement with Zola Minerals Inc. ("Zola"), an arm's length private streaming and royalty company whereby the Company has the option to participate for a 50% interest with respect to the gold re-leach project in Chile "Chile Project" in exchange for \$300,000 cash payment to Zola and financing the upfront payment of up to US\$4.5 million on the first project. Gross profits generated will be shared 50:50 with Zola, subject to a minimum IRR to the Company of 15% on funds invested. The cash payment to Zola was recorded as project investigation costs in the statements of loss and comprehensive loss.

#### Stream and royalty financing agreement with Zola

On April 12, 2021, the Company announced that it has elected to be Zola's exclusive financing partner for a new streaming and royalty company with a focus on renewable energy.

The new company will be funded separately to the Company with the founding shares in the new venture to be distributed pro-rata to the Company's shareholders.

Pursuant to the Stream and royalty financing agreement with Zola:

- Zola has secured exclusive access to a pipeline of long-life renewable energy streams and is in advanced negotiation on additional streams in the renewable energy and metals sectors.
- The Company has undertaken to arrange financing for the streaming venture as follows:
  - The Company incorporated on April 13, 2021, in British Columbia, Canada a new subsidiary called Optegra Capital Corp. ("Optegra") to which it will assign its rights under the Framework Financing Agreement with Zola.
  - Optegra plans to raise up to \$50 million to fund the initial streams after which it will file a non-offering prospectus with the British Columbia Securities Commission and seek a new listing as a Tier 1 Investment Company on the TSXV.
  - Optegra will also have the rights to acquire Zola's current and future rights to other streams being negotiated in the renewable energy, battery and precious metals sectors.
  - It was proposed that approximately \$5.6 million in capital will be returned to existing Company shareholders through the distribution of Optegra shares. The capital distribution is the equivalent of \$0.20 per Company share in share capital and will occur once the Optegra prospectus is filed and the TSXV has approved the listing.

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended June 30, 2021 and 2020  
Unaudited - Expressed in Canadian dollars

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### 7. Exploration and Evaluation Assets (cont'd)

#### Stream and royalty financing agreement with Zola (cont'd)

- The Company will remain focused on its existing Australian gold exploration joint venture projects, with budgets and work programs for the 2021 field season currently being finalized.
- At an Annual General and Special Meeting held on June 10, 2021, shareholders were asked to approve a return of capital of the Company by way of a special resolution. At the Meeting, Shareholders were asked to consider and if thought advisable, to pass, with or without variation, a special resolution approving the distribution of up to 7,000,000 common shares of Optegra Capital Corp. by way of a reduction of the capital of the Company in respect of the Common Shares of the Company by an amount equal to up to approximately \$7,000,000.

The resolution was passed by the Shareholders of the Company and the Directors of the Company are hereby authorized and empowered, at their discretion, without further notice to or approval of the Shareholders of the Company, to (i) determine the record date for the Distribution; (ii) to determine the exact number of Optegra Shares to be distributed to the shareholders of the Company or (iii) to determine not to proceed with any or all of the transactions contemplated hereby

Additional information regarding the Company's stream and royalty financing agreement with Zola is available on SEDAR at [www.sedar.com](http://www.sedar.com)

### 8. Accounts Payable and Accrued Liabilities

	June 30, 2021	September 30, 2020
	\$	\$
Accounts payable	235,710	164,443
Amounts due to related parties (Note 10)	25,000	4,150
Accrued liabilities	-	29,840
<u>Accounts payable and accrued liabilities</u>	<u>260,710</u>	<u>198,433</u>

During the period ended June 30, 2021, the Company wrote-off \$3,150 of amounts due to a former officer of the Company.

### 9. Share Capital

#### a) Authorized

Unlimited number of common shares with no par value.

#### b) Issued and outstanding

As at June 30, 2021, 28,947,801 (September 30, 2020: 28,947,801) common shares with no par value were issued and outstanding.

No common shares were issued during the nine months ended June 30, 2021.

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended June 30, 2021 and 2020  
Unaudited - Expressed in Canadian dollars

### 9. Share Capital (cont'd)

#### c) Warrants

The changes in warrants during the nine months ended June 30, 2021 and year ended September 30, 2020, are as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, September 30, 2019	-	-
Issued	552,000	0.41
Balance, June 30, 2021 and September 30, 2020	552,000	0.41

Warrants outstanding as at June 30, 2021 are as follows:

Number of Warrants	Exercise Price	Expiry Date
252,000	\$ 0.25	June 26, 2022
300,000	\$ 0.55	September 21, 2022
552,000	\$ 0.41	

Weighted average remaining life of the warrants is 1.12 years as of June 30, 2021.

#### d) Stock options

The changes in stock options during the nine months ended June 30, 2021 and year ended September 30, 2020, are as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, September 30, 2019	-	-
Stock options granted	2,100,000	0.40
Balance, June 30, 2021 and September 30, 2020	2,100,000	0.40

Stock options outstanding as at June 30, 2021 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price (\$)	Expiry Date
2,100,000	2,100,000	0.40	July 17, 2025

Weighted average remaining life of the options is 4.05 years as of June 30, 2021.

### 10. Related Party Balances and Transactions

#### Balances

As at June 30, 2021, the Company has \$25,000 (September 30, 2020 - \$4,150) due to related parties included in accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing and have no specified terms of repayment. During the period ended June 30, 2021, the Company wrote-off \$3,150 of amounts due to a former officer of the Company (Note 8).

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
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Unaudited - Expressed in Canadian dollars

### 10. Related Party Balances and Transactions (cont'd)

As at June 30, 2021, the Company has \$16,000 (September 30, 2020 - \$24,000) of management and consulting fees paid in advance to the related parties included in prepaid and deposit.

#### Transactions

During the nine months ended June 30, 2021 and 2020, the Company has the following related party transactions:

	June 30, 2021	June 30, 2020
	\$	\$
Management and consulting fees - current directors and officers	233,500	77,762
Management and consulting fees - former directors and officer	-	3,500
Professional fees - former officer	-	6,000
Prepaid fees	16,000	24,000
Property investigation costs	49,000	58,810
	298,500	170,072

### 11. Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, credit risk and interest rate risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. Refer to Note 1 for further details related to the ability of the Company to continue as a going concern.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2021, the Company had a cash balance of \$1,078,552 (September 30, 2020 - \$2,911,633) to settle current liabilities of \$260,710 (September 30, 2020 - \$198,433). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. The Company's cash is held in large Canadian financial institutions. The Company has not experience nor is exposed to any significant credit losses. As a result, the Company's exposure to credit risk is minimal.

## **ESSEX MINERALS INC.**

Notes to the Condensed Consolidated Interim Financial Statements  
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### **11. Financial Risk Management (cont'd)**

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. An immaterial amount of interest rate exposure exists in respect of cash balances on the statement of financial position. As a result, the Company is not exposed to material cash flow interest rate risk on its cash balances.

#### Foreign currency risk

Foreign currency exchange risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's exploration assets are located in Australia and advances to the exploration assets are denominated in Australian dollar. However, given the exploration assets are not fair valued at each reporting date, the Company is not significantly exposed to foreign currency exchange risk.

#### Fair value

The Company's financial instruments measured at fair value consist of cash, restricted cash, receivables (excluding GST) and accounts payable and accrued liabilities. The carrying values of cash, restricted cash, receivables (excluding GST) and accounts payable and accrued liabilities approximate their fair values due to their short-term in nature and/or the existence of market related interest rates on the instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices that are observable for the other assets or liabilities either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data.

All financial instruments are classified as Level 1.

### **12. Commitments**

See note 7

### **13. Capital Management**

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 capital structure of the Company consists of shareholder's equity, comprising issued capital, reserves and deficit. The Company is not exposed to any externally imposed requirements and the Company's overall strategy with respect to capital risk management has not changed from prior year. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

## **ESSEX MINERALS INC.**

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2021 and 2020

Unaudited - Expressed in Canadian dollars

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### **14. Subsequent Events**

#### Private Placement

On August 18, 2021 the Company closed a non-brokered private placement, raising \$1,330,027.66 in gross proceeds through the issuance of 10,230,982 units at a price of \$0.13 per unit, each unit is comprised of one common share and one-half Warrant. One full warrant is exercisable to purchase one additional common share at the price of \$0.18 for 24 months after closing. Directors and Officers of the Company subscribed for 1,060,000 units.

The Company paid a finders' fee in connection with the financing consisting of 6% cash and 6% finders' share purchase warrants entitling the holders to purchase one share at a price of \$0.18 for two years. The Company paid \$54,600 and 419,999 finders' warrants to Echelon Wealth Partners Inc., \$7,800 and 60,000 finders' warrants to Primary Capital Inc. and \$7,098 and 54,600 finders' warrants to PI Financial Corp.

The net proceeds from the financing will be used by Essex for exploration expenditures on its existing mineral projects and general working capital purposes.

#### Acquisition of KNX Resources

The proposed spin-out of Optegra has been delayed due to market conditions and consequently a revised offer has been submitted to the board of KNX for their consideration (See note 7).