

ESSEX MINERALS INC.

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2022 and 2021

(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, 2022 and 2021.

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
As at June 30, 2022 and September 30, 2021
Unaudited - Expressed in Canadian Dollars

	Note	June 30, 2022	September 30, 2021
ASSETS			
Current assets			
Cash		\$ 173,392	\$ 1,501,880
Restricted cash	5	15,000	15,000
Receivables	6	70,068	26,788
Prepaid expenses and deposit		79,706	80,561
		338,166	1,624,229
Non-current assets			
Equipment	7	18,341	6,234
Exploration and evaluation assets	8	3,427,851	2,207,050
Total assets		\$ 3,784,358	\$ 3,837,513
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9,11	\$ 259,491	\$ 274,947
Related party loan	11	13,338	-
		272,829	274,947
Non-current liabilities			
Deferred tax liability	4	622,680	-
Total liabilities		\$ 895,509	\$ 274,947
SHAREHOLDERS' EQUITY			
Share capital	10	7,339,432	7,114,432
Reserves	10	1,404,252	1,328,677
Accumulated other comprehensive loss	4	1,641	-
Deficit		(5,856,476)	(4,880,543)
Total shareholders' equity		2,888,849	3,562,566
Total liabilities and shareholders' equity		\$ 3,784,358	\$ 3,837,513

Nature of Operations and Going Concern - Note 1

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on August 29, 2022:

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 Three and Nine Months Ended June 30, 2022 and 2021

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

		Three months ended June 30, 2022	Three months ended June 30, 2021	Nine months ended June 30, 2022	Nine months ended June 30, 2021
	Note				
Operating Expenses					
Depreciation	7	\$ 468	\$ 456	\$ 1,403	\$ 1,367
General and administration		20,189	12,859	46,356	31,472
Investor relations		46,345	56,001	183,859	197,065
Management and consulting fees	11	88,750	120,000	269,750	349,750
Professional fees		42,080	108,942	204,898	249,330
Property investigation costs	11	40,941	75,250	217,790	164,722
Regulatory and transfer agent fees		15,659	8,703	29,054	25,645
Travel and promotion		11,115	-	20,640	1,410
Total expenses		(265,547)	(382,211)	(973,750)	(1,020,761)
Other Items					
Interest income		172	938	1,509	2,796
Write-off of payable	9	-	-	1,145	3,150
Foreign exchange loss		(1,483)	188	(4,837)	188
Net loss		\$ (266,858)	\$ (381,085)	\$ (975,933)	\$ (1,014,627)
Loss and comprehensive loss		\$ (266,858)	\$ (381,085)	\$ (975,933)	\$ (1,014,627)
Basic and diluted loss per common share		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding		44,013,948	28,947,801	40,790,505	28,947,801

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, 2022 and 2021
Unaudited - Expressed in Canadian dollars

	Nine months ended June 30, 2022	Nine months ended June 30, 2021
Operating activities		
Net loss for the period	\$ (975,933)	\$ (1,014,627)
Adjustment for non-cash item:		
Depreciation	1,403	1,367
Write-off of payable	(1,145)	(3,150)
Changes in non-cash working capital items:		
Receivables	(18,900)	38,732
Prepaid expenses and deposit	(2,463)	51,975
Related party loan	13,338	-
Accounts payable and accrued liabilities	75,192	65,427
Net cash flows used in operating activities	(908,508)	(860,276)
Investing activities		
Purchase of equipment	(333)	(924)
Cash acquired from acquisition of subsidiary	2,368	-
Exploration and evaluation assets	(423,656)	(971,881)
Net cash flows used in investing activities	(421,621)	(972,805)
Currency impact on cash	1,641	-
Net change in cash	(1,328,488)	(1,833,081)
Cash, beginning	1,501,880	2,911,633
Cash, ending	\$ 173,392	\$ 1,078,552

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, 2022 and 2021

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

	<u>Common Shares</u>			Accumulated other comprehensive loss	Deficit	Total
	Number	Amount	Reserves			
Balance, September 30, 2020	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)
Balance, June 30, 2021	28,947,801	\$5,939,418	\$1,267,310	\$ -	\$(4,549,889)	\$2,656,839
Balance, September 30, 2021	39,178,783	\$7,114,432	\$1,328,677	\$ -	\$(4,880,543)	\$3,562,566
Shares issued, KNX acquisition	5,000,000	225,000	-	-	-	225,000
Warrants issued, KNX acquisition	-	-	75,575	-	-	75,575
Foreign exchange translation from subsidiary	-	-	-	1,641	-	1,641
Net loss for the period	-	-	-	-	(975,933)	(975,933)
Balance, June 30, 2022	44,178,783	\$7,339,432	\$1,404,252	\$ 1,641	\$(5,856,476)	\$2,888,849

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, 2022 and 2021

Unaudited - Expressed in Canadian dollars

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, 2022, the Company has no properties in commercial production, continues to incur operating losses and has 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.

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 consolidated 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 are 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. At present, the Company does not expect to experience any significant impact on its financial results and condition or on its operations in future periods.

ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months Ended June 30, 2022 and 2021
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 29, 2022.

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 the controlled subsidiaries are as follows:

	Country of incorporation	Percentage owned*	
		June 30, 2022	September 30, 2021
Optegra Capital Corp. ("Optegra")	Canada	100%	100%
KNX Resources Ltd. ("KNX")	Australia	100%	0%
IsMins Pty Ltd. ("IsMins")	Australia	100%	0%

*Percentage of voting power is in proportion to ownership.

On April 5, 2022, the Company acquired all of the shares of KNX and its 100% owned subsidiary, IsMins.

Functional and Presentation Currency

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

3. Significant Accounting Judgements and Estimates

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment is used mainly in determining how a balance or transaction should be recognized in the consolidated financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2022 and 2021

Unaudited - Expressed in Canadian dollars

3. Significant Accounting Judgements and Estimates (cont'd)

- Impairment of exploration and evaluation assets (E&E assets)
In accordance with the Company's accounting policy, the Company's E&E assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of the recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash-generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, metal prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

- The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year as they fall due, and fund planned and contractual exploration programs, involves judgment based on historical experience and other factors including the expectation of future events that are believed to be reasonable under the circumstances.

Significant areas requiring the use of management estimates and assumptions include:

- Asset retirement obligations
The Company recognizes the liability for an asset retirement obligation. The relevant costs associated with the asset retirement obligations are estimated based on the Company's interpretation of current regulatory requirements. Based on the assessment, the Company did not have any significant asset retirement obligations at the reporting dates.
- Valuation of options and warrants
Estimating the fair value of the granted options and warrants required determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. The fair value is estimated using the Black Scholes Model. The estimate of option valuation also requires determining the most appropriate inputs to the valuation model including the volatility, expected life of warrants, risk-free interest rate and dividend yield.
- Current and deferred taxation
The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgements and estimates may materially affect the final amounts.

ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months Ended June 30, 2022 and 2021
Unaudited - Expressed in Canadian dollars

4. Acquisition of KNX Resources Ltd.

On April 5, 2022, pursuant to the revised purchase terms with its joint venture partner, KNX, the Company acquired all the issued and outstanding shares of KNX and its subsidiary IsMins, which holds the interest in Cumberland, Compass Creek and Mt. Turner Projects in Australia, for total considerations as follows:

- Issuance of 5,000,000 common shares of the Company with a fair value of \$225,000 (Note 10).
- Issuance of 5,000,000 share purchase warrants with a fair value of \$75,575. Each warrant is exercisable at \$0.20 for a period of two years.

At the acquisition date, the Company determined that the acquisition of KNX and IsMins did not constitute a business combination as defined under IFRS 3, Business Combination and the transaction was accounted for as an asset purchase. The excess of the consideration paid over the fair value of the net liabilities was attributed to the exploration and evaluation asset.

The acquisition was recorded as follows:

Fair value of shares issued to acquire KNX	\$	225,000
Fair value of share purchase warrants issued to acquire KNX		75,575
Total consideration	\$	300,575
Allocated to:		
Cash		2,369
Receivables		24,380
Prepaid expenses and deposit		5,082
Exploration and evaluation asset (Note 8)		891,226
Equipment (Note 7)		13,176
Accounts payable and accrued liabilities		(12,978)
Deferred tax liabilities		(622,680)
	\$	300,575

As a result of the acquisition, the Company has an 88% interest in the Cumberland and Compass Creek Projects and 100% of the Mt. Turner Project through its 100% ownership of KNX.

5. Restricted Cash

The Company has pledged \$15,000 (September 30, 2021 - \$15,000) in cash as collateral against the credit limits of credit cards issued to the Company. Cash pledged is held in a short-term one-year GIC, which automatically renews on the maturity date.

During the nine months ended June 30, 2022, the Company recorded \$nil (nine months ended June 30, 2021 - \$68) in interest income on restricted cash.

6. Receivables

Receivables consist of the following:

	June 30, 2022	September 30, 2021
	\$	\$
GST receivable	58,747	26,506
Other receivable	11,321	282
Receivables	70,068	26,788

ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months Ended June 30, 2022 and 2021
Unaudited - Expressed in Canadian dollars

7. Equipment

Cost	
Balance, September 30, 2021	\$ 8,107
Additions	13,510
Balance, June 30, 2022	\$ 21,617
Accumulated depreciation	
Balance, September 30, 2021	1,873
Depreciation	1,403
Balance, June 30, 2022	\$ 3,276
Net book value	
Balance, September 30, 2021	6,234
Balance, June 30, 2022	\$ 18,341

8. Exploration and Evaluation Assets

Acquisition of KNX

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.

During the period ended June 30, 2021, the Company had reached an agreement to acquire 100% of its joint venture partner, KNX and revised the purchase terms of the KNX acquisition.

On April 5, 2022, pursuant to the revised purchase terms with its joint venture partner, KNX, the Company acquired all the issued and outstanding shares of KNX and its subsidiary IsMins, which holds the interest in Cumberland, Compass Creek and Mt. Turner Projects in Australia, for total considerations as follows:

- Issuance of 5,000,000 common shares of the Company with a fair value of \$225,000 (Note 10).
- Issuance of 5,000,000 share purchase warrants with a fair value of \$75,575. Each warrant is exercisable at \$0.20 for a period of two years.

As a result of the acquisition, the Company has an 88% interest in the Cumberland and Compass Creek Projects and 100% of the Mt. Turner Project through its 100% ownership of KNX.

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 88% by the Company and 12% by another Australian private company, AMD Resources Ltd. ("AMD") The property has a number of drill-ready exploration targets.

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 88% by the Company and 12% by AMD.

ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months Ended June 30, 2022 and 2021
Unaudited - Expressed in Canadian dollars

8. Exploration and Evaluation Assets (cont'd)

Mt. Turner

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

Mt. Turner earn-in agreement with Meryllion Resources Corporation

On April 26, 2022, the Company announced it reached terms with Meryllion Resources Corporation ("Meryllion") for an arm's length option and earn-in joint venture on the Mt. Turner copper-molybdenum and Drummer Fault gold projects in north Queensland, Australia in exchange for a \$25,000 non-refundable option fee (received). In addition, the Company will grant Meryllion a 90-day option to conduct preliminary exploration on the properties. During this period, Meryllion needs to spend \$250,000 minimum on an initial drill target definition, and the Company will provide Meryllion with the geological teams and manage the recommended exploration programs for the properties.

During the quarter ended June 30, 2022, the \$250,000 minimum spend condition was completed. Meryllion shall have the right to exercise its option by making a further \$75,000 payment to the Company. On June 23, 2022, it was announced that Meryllion advised the Company that it intends to exercise its option.

In the term sheet, there are three stages of earn-in terms:

First stage: Upon exercising the option, Meryllion shall have the right to earn a 25% undiluted interest in the properties by spending a further \$400,000 on exploration within the first 12 months.

Second stage: Meryllion shall have the right to earn up to a further 26% undiluted interest in the properties by spending a further \$1,400,000 on exploration within the first 36 months after exercising the option. Meryllion shall earn an additional 6.5% interest in the properties for each \$350,000 of expenditure.

Third stage: The optionee shall have the right to earn up to a further 19% undiluted interest in the properties by spending a further \$2,000,000. Meryllion shall earn an additional 4.75% interest in the properties for each \$500,000 of expenditure.

Upon reaching a 70% interest in the properties at the completion of the third stage, exploration will be on a 70:30 basis.

As at June 30, 2022, total exploration and evaluation asset was \$3,427,851 (September 30, 2021 - \$2,207,050). During the nine months ended June 30, 2022, the Company incurred \$325,793 expenditures on the KNX properties.

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. In 2020, the cash payment to Zola was recorded as project investigation costs in the condensed consolidated interim statements of loss and comprehensive loss.

Issues with respect to property rights and other legal matters remain unresolved and the Company is not expecting to progress the financing of this project.

ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months Ended June 30, 2022 and 2021
Unaudited - Expressed in Canadian dollars

8. Exploration and Evaluation Assets (cont'd)

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.

To arrange financing for the streaming, the Company incorporated Optegra on April 13, 2021, in British Columbia, Canada as a new subsidiary to which it will assign its rights under the framework financing agreement with Zola.

On September 22, 2021, the Company announced that management continues to negotiate a portfolio of renewable stream investments for Optegra, but that a planned spin out has been impacted by the general pullback globally in international capital markets. As a result, no shares of Optegra have been distributed to the Company's shareholders during the nine months ended June 30, 2022 and year ended September 30, 2021. Optegra Capital Corp. remained inactive during the nine months ended June 30, 2022, since its incorporation.

9. Accounts Payable and Accrued Liabilities

	June 30, 2022	September 30, 2021
	\$	\$
Accounts payable	191,663	256,412
Amounts due to related parties (Note 11)	56,676	8,723
Accrued liabilities	11,152	9,812
Accounts payable and accrued liabilities	259,491	274,947

During the period ended June 30, 2022, the Company wrote off \$1,145 of amounts due to a former officer of the Company (period ended June 30, 2021 - \$3,150).

10. Share Capital

a) Authorized

Unlimited number of common shares with no par value.

b) Issued and outstanding

As at June 30, 2022, 44,178,783 (September 30, 2021 – 39,178,783) common shares with no par value were issued and outstanding.

During the nine months ended June 30, 2022, the Company acquired all of the outstanding shares of KNX through the issuance of 5,000,000 common shares of the Company with a fair value of \$225,000 (Note 4).

ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months Ended June 30, 2022 and 2021
Unaudited - Expressed in Canadian dollars

10. Share Capital (cont'd)

c) Warrants

The changes in warrants during the nine months ended June 30, 2022 and year ended September 30, 2021 are as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, September 30, 2021	6,202,090	0.20
Expired	(252,000)	0.25
Issued	5,000,000	0.20
Balance, June 30, 2022	10,950,090	0.20

In connection with the acquisition of KNX, the Company issued 5,000,000 share purchase warrants as part of the consideration (Note 4). Each warrant entitles the holder to acquire one share of the Company at a price of \$0.20 for a period of 2 years. The share purchase warrants were valued at \$75,575 using the Black-Scholes pricing model with the following assumptions: risk-free rate of 2.35%, volatility of 124.63%, dividends of nil and expected life of 2 years.

Warrants outstanding as at June 30, 2022 are as follows:

Number of Warrants	Exercise Price	Expiry Date
300,000	\$ 0.55	September 21, 2022
5,115,491	\$ 0.18	August 16, 2023
534,599	\$ 0.18	August 16, 2023
5,000,000	\$ 0.20	September 6, 2023
10,950,090	\$ 0.20	

Weighted average remaining life of the warrants is 1.13 years as of June 30, 2022.

d) Stock options

No options were granted during the nine months ended June 30, 2022.

The changes in stock options during the nine months ended June 30, 2022 and year ended September 30, 2021 are as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, June 30, 2022 and September 30, 2021	2,100,000	0.40

Stock options outstanding as at June 30, 2022 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 3.05 years as of June 30, 2022.

ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months Ended June 30, 2022 and 2021
Unaudited - Expressed in Canadian dollars

11. Related Party Balances and Transactions

Balances

As at June 30, 2022, the Company has \$56,676 (September 30, 2021 - \$8,723) 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.

As at June 30, 2022, the Company has a loan payable balance of \$13,338 (September 30, 2021 - \$nil) owing to a director of KNX.

As at June 30, 2022, the Company has \$4,200 (September 30, 2021 - \$16,000) 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, 2022 and 2021, the Company has the following related party transactions:

	June 30, 2022	June 30, 2021
	\$	\$
Management and consulting fees - current directors and officers	234,750	233,500
Prepaid fees	4,200	16,000
Property investigation costs	24,000	49,000
	262,950	298,500

12. 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, 2022, the Company has a cash balance of \$173,392 (September 30, 2021 - \$1,501,880) to settle current liabilities of \$272,829 (September 30, 2021 - \$274,947). 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.

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Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months Ended June 30, 2022 and 2021
Unaudited - Expressed in Canadian dollars

12. 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), accounts payable and accrued liabilities, and related party loans. The carrying values of cash, restricted cash, receivables (excluding GST), accounts payable and accrued liabilities, and related party loans 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.

13. Commitments

The Company's KNX properties have rental commitments in aggregate of AUD\$21,831 during the current financial year (Note 8).

14. 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 the 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 the 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.