

**ESSEX MINERALS INC.**

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended June 30, 2023 and 2022

(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, 2023 and 2022.

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, 2023 and September 30, 2022  
Unaudited - Expressed in Canadian Dollars

	Notes	June 30, 2023	September 30, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 23,977	\$ 638,864
Restricted cash	4	15,000	15,000
Receivables	5	3,986	11,555
Prepaid expenses and deposit		59,068	44,325
		102,031	709,744
<b>Non-current assets</b>			
Loan receivable	6	185,360	192,844
Equipment	7	3,382	4,364
Exploration and evaluation assets	8	2,969,069	2,831,182
<b>Total assets</b>		<b>\$ 3,259,842</b>	<b>\$ 3,738,134</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9,11	\$ 258,281	\$ 309,750
<b>Total liabilities</b>		258,281	309,750
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	8,099,916	8,006,866
Reserve	10	1,454,750	1,430,511
Deficit		(6,553,105)	(6,008,993)
<b>Total shareholders' equity</b>		3,001,561	3,428,384
<b>Total liabilities and shareholders' equity</b>		<b>\$ 3,259,842</b>	<b>\$ 3,738,134</b>

Nature of Operations and Going Concern - Note 1  
Subsequent Event - Note 16

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on August 21, 2023:

They are signed on the Company's behalf by:

"Paul Loudon"  
Director/CEO

"Meghan Lewis"  
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, 2023 and 2022

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

	Note	Three months ended June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
<b>Operating Expenses</b>					
Depreciation	7	\$ 327	\$ 468	\$ 982	\$ 1,403
General and administration		16,267	20,189	72,274	46,356
Investor relations		-	46,345	22,593	183,859
Management and consulting fees	11	39,500	88,750	174,500	269,750
Professional fees		18,881	42,080	121,188	204,898
Property investigation costs		24,000	40,941	80,331	217,790
Regulatory and transfer agent fees		3,716	15,659	16,336	29,054
Travel and promotion		4,227	11,115	42,310	20,640
Total expenses		(106,918)	(265,547)	(530,514)	(973,750)
<b>Other Items</b>					
Interest income		264	172	1,382	1,509
Write-off of payable		-	-	-	1,145
Foreign exchange		(8,382)	(1,483)	(14,980)	(4,837)
<b>Net and comprehensive loss</b>		<b>\$ (115,036)</b>	<b>\$ (266,858)</b>	<b>\$ (544,112)</b>	<b>\$ (975,933)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>		<b>88,178,783</b>	<b>44,013,948</b>	<b>87,896,915</b>	<b>40,790,505</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, 2023 and 2022  
Unaudited - Expressed in Canadian dollars

	<b>Nine months ended June 30, 2023</b>	<b>Nine months ended June 30, 2022</b>
<b>Operating activities</b>		
Net loss for the period	\$ (544,112)	\$ (975,933)
Adjustment for non-cash item:		
Depreciation	982	1,403
Unrealized foreign exchange loss	7,444	1,641
Write-off of payable	-	(1,145)
Changes in non-cash working capital items:		
Receivables	7,569	(18,900)
Prepaid expenses and deposit	(14,743)	(2,463)
Related party loan	-	13,338
Accounts payable and accrued liabilities	(51,429)	75,192
<b>Net cash flows used in operating activities</b>	<b>(594,289)</b>	<b>(906,867)</b>
<b>Investing activities</b>		
Purchase of equipment	-	(333)
Acquisition of subsidiary	-	2,368
Exploration and evaluation assets	(137,887)	(423,656)
<b>Net cash flows used in investing activities</b>	<b>(137,887)</b>	<b>(421,621)</b>
<b>Financing activities</b>		
Shares issued for cash (net of issuance costs)	117,289	-
<b>Net cash flows provided by financing activities</b>	<b>117,289</b>	<b>-</b>
Net change in cash	(614,887)	(1,328,488)
Cash, beginning	638,864	1,501,880
<b>Cash, ending</b>	<b>\$ 23,977</b>	<b>\$ 173,392</b>

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, 2023 and 2022

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

	Note	Common Shares		Total Reserve				
		Number	Amount	Warrants	Contributed Surplus	Total Reserve	Deficit	Total
<b>Balance, September 30, 2021</b>		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	-	75,575
Net loss for the period		-	-	-	-	-	(975,933)	(974,292)
<b>Balance, June 30, 2022</b>		<b>44,178,783</b>	<b>\$ 7,339,432</b>	<b>\$ 75,575</b>	<b>\$ -</b>	<b>\$ 1,404,252</b>	<b>\$ (5,856,476)</b>	<b>\$2,888,849</b>
<b>Balance, September 30, 2022</b>		<b>81,403,783</b>	<b>\$ 8,006,866</b>	<b>\$ 472,728</b>	<b>\$ 957,783</b>	<b>\$ 1,430,511</b>	<b>\$ (6,008,993)</b>	<b>\$3,428,384</b>
Shares issued, private placements	10	6,775,000	116,750	18,750	-	18,750	-	135,500
Share issuance costs - finders' warrants	10	-	(5,489)	5,489	-	5,489	-	-
Share issuance costs	10	-	(18,211)	-	-	-	-	(18,211)
Net loss for the period		-	-	-	-	-	(544,112)	(544,112)
<b>Balance, June 30, 2023</b>		<b>88,178,783</b>	<b>\$ 8,099,916</b>	<b>\$ 496,967</b>	<b>\$ 957,783</b>	<b>\$ 1,454,750</b>	<b>\$ (6,553,105)</b>	<b>\$3,001,561</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, 2023 and 2022  
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, 2023, 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. Management is investigating a number of routes to raise capital for the Company in what is proving challenging capital markets for junior resources issuers.

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.

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended June 30, 2023 and 2022  
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 21, 2023.

#### 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.

#### Consolidation

The condensed consolidated 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, 2023	September 30, 2022
Optegra Capital Corp. ("Optegra")	Canada	100%	100%
KNX Resources Ltd. ("KNX")	Australia	100%	100%
IsMins Pty Ltd. ("IsMins")	Australia	100%	100%

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

#### Functional Currency Translation

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. These consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

### 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, 2023 and 2022

Unaudited - Expressed in Canadian dollars

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### **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 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 to fund planned and contractual exploration programs, involves judgment based on historical experience and other factors including 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 interpretation, judgements and estimates may materially affect the final amounts.

#### **Future accounting pronouncements**

There are no standards issued by IASB, but not yet effective, that are expected to have a material impact to the Company and its subsidiaries.

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended June 30, 2023 and 2022

Unaudited - Expressed in Canadian dollars

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### 4. Restricted Cash

The Company has pledged \$15,000 (September 30, 2022 - \$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 the maturity date.

During the nine months ended June 30, 2023, the Company recorded \$113 (nine months ended June 30, 2022 - \$Nil) in interest income on restricted cash.

### 5. Receivables

Receivables consist of the following:

	June 30, 2023	September 30, 2022
GST receivable	\$ 2,707	\$ 10,114
Other receivable	1,279	1,441
Receivables	\$ 3,986	\$ 11,555

### 6. Loan Receivable

On September 15, 2022, the Company signed a term sheet with Premier Silver Corp. ("Premier") to provide a loan in the aggregate amount of \$193,000 (USD\$140,000). The loan is secured and convertible for a period of three years. The Company would have an exclusive 90-day option from the date of the term sheet to negotiate and sign a definitive agreement to provide up to a further USD\$1,000,000 ("Royalty Purchase Payment") to Premier in the form a royalty production from the Premier's Mallay Mine. The loan shall accrue interest at 12% per year until any amount of principal and accumulated interest is repaid. If a definitive agreement is entered into, the USD\$140,000 shall form part of the Royalty Purchase Payment.

On December 15, 2022, the Company and Premier agreed to extend the exclusive 90-day option term for 60 days which expired unexercised. As at June 30, 2023, the Company and Premier are in discussion regarding repayment terms.

During the nine months ended June 30, 2022, the Company recorded unrealized foreign exchange loss of \$7,484 (nine months ended June 30, 2022 - \$Nil). As at June 30, 2023, the loan receivable balance is \$185,360 (September 30, 2022 - \$192,844).

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended June 30, 2023 and 2022  
Unaudited - Expressed in Canadian dollars

### 7. Equipment

<b>Cost</b>	
Balance, June 30, 2023 and September 30, 2022	\$ 8,107
<b>Accumulated depreciation</b>	
Balance, September 30, 2022	\$ 3,743
Depreciation	982
Balance, June 30, 2023	\$ 4,725
<b>Net book value</b>	
Balance, September 30, 2022	\$ 4,364
Balance, June 30, 2023	\$ 3,382

### 8. Exploration and Evaluation Assets

The following table summarizes cumulative costs capitalized as exploration and evaluation assets as at June 30, 2023 by project and by their nature:

	<b>Cumberland</b>	<b>Mt. Turner</b>	<b>Compass Creek</b>	<b>Total</b>
<b>Property acquisition costs:</b>				
Balance, June 30, 2023 and September 30, 2022	\$ 1,187,538	\$ 868,612	\$ 782,715	\$ 2,838,865
<b>Exploration and evaluation expenditures:</b>				
Balance, September 30, 2022	\$ (9,670)	\$ (3,474)	\$ 5,462	\$ (7,682)
Field expenses	317	12,502	-	12,819
Consulting	12,334	55,304	4,163	71,801
Geological	-	2,093	-	2,093
Maintenance	27,855	11,332	11,986	51,173
Balance, June 30, 2023	30,836	77,757	21,611	130,204
<b>TOTAL</b>	<b>\$ 1,218,374</b>	<b>\$ 946,369</b>	<b>\$ 804,326</b>	<b>\$ 2,969,069</b>

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended June 30, 2023 and 2022  
Unaudited - Expressed in Canadian dollars

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

The following table summarizes cumulative costs capitalized as exploration and evaluation assets as at September 30, 2022 by project and by their nature:

	Cumberland	Mt. Turner	Compass Creek	Total
<b>Property acquisition costs:</b>				
Balance, September 30, 2021	\$ 1,144,401	\$ 701,212	\$ 361,437	\$ 2,207,050
Additions - acquisition of KNX	(22,947)	(65,224)	421,052	332,881
Additions	66,084	232,624	226	298,934
Balance, September 30, 2022	\$ 1,187,538	\$ 868,612	\$ 782,715	\$ 2,838,865
<b>Exploration and evaluation expenditures:</b>				
Balance, September 30, 2021	\$ -	\$ -	\$ -	\$ -
Field expenses	(51,738)	40,013	610	(11,115)
Consulting	22,553	278,491	4,249	305,293
Geological	17,095	20,128	146	37,369
Maintenance	675	8,341	128	9,144
Travel and accommodation	1,744	21,541	329	23,614
	(9,671)	368,514	5,462	364,305
Other items:				
Option-out - Meryllion	-	(371,988)	-	(371,988)
Balance, September 30, 2022	(9,671)	(3,474)	5,462	(7,683)
<b>TOTAL</b>	<b>1,177,867</b>	<b>865,138</b>	<b>788,177</b>	<b>2,831,182</b>

On May 1, 2020, the Company signed of an earn-in joint venture over three exploration properties in Australia. The properties were assembled by KNX in the Georgetown region of Queensland and the Pine Creek region of the Northern Territory.

During the year ended September 30, 2021, the Company entered into an agreement to acquire 100% of KNX and revised the purchase terms of the KNX acquisition.

On April 5, 2022, the Company acquired all the issued and outstanding shares of KNX and its subsidiary IsMins, which holds an interest in Cumberland, Compass Creek and Mt. Turner Projects in Australia.

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 hectares. The property is currently owned 88% by the Company and 12% by another Australian private company, AMD Resources Ltd. ("AMD").

#### **Compass Creek**

Three granted exploration permits covering 6,400 hectares. The property 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, 2023 and 2022  
Unaudited - Expressed in Canadian dollars

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

#### ***Mt. Turner***

A granted exploration permit covering 6,000 hectares. This property is owned 100% by the Company.

#### *Mt. Turner earn-in agreement with Meryllion Resources Corporation ("Meryllion")*

On April 26, 2022, the Company reached terms with Meryllion for an 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.

The \$250,000 minimum spend was received and completed during the prior fiscal year 2022. Meryllion shall have the right to exercise its option by making a further \$75,000 payment to the Company. During the fiscal year 2022, Meryllion advised the Company that it intends to exercise its option and further advanced an additional \$96,988 for reimbursement of exploration expenditure.

As at June 30, 2023 and September 30, 2022, total amounts received by the Company from Meryllion for reimbursement of exploration expenditure was \$371,988.

The terms of the Mt. Turner earn-in are as follows:

First stage: Upon exercising the option, Meryllion shall have the right to earn a 25% 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% interest in the properties by spending a further \$1,400,000 on exploration within the first 36 months after exercising the first stage option. Meryllion shall earn an additional 6.5% interest in the properties for each \$350,000 of expenditure.

Third stage: Meryllion shall have the right to earn up to a further 19% 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, 2023, Meryllion had not fulfilled the property expenditure required to earn its first stage interest. Consequently, the property remains 100% owned by Essex and alternative methods of funding exploration are being pursued.

#### *Optegra Capital Corporation*

On April 13, 2021, the Company incorporated in British Columbia, Canada as a new subsidiary to arrange financing for the gold stream projects and investments.

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, 2023 and year ended September 30, 2022. Optegra Capital Corp. remained inactive since its incorporation.

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended June 30, 2023 and 2022  
Unaudited - Expressed in Canadian dollars

### 9. Accounts Payable and Accrued Liabilities

		June 30, 2023		September 30, 2022
Accounts payable	\$	93,339	\$	187,654
Amounts due to related parties (Note 11)		162,500		105,723
Accrued liabilities		2,442		16,373
Accounts payable and accrued liabilities	\$	258,281	\$	309,750

### 10. Share Capital

#### a) Authorized

Unlimited number of common shares with no par value.

#### b) Issued and outstanding

As at June 30, 2023, 88,178,783 (September 30, 2022 – 81,403,783) common shares with no par value were issued and outstanding.

On October 2022, the Company closed the second and third tranche of its non-brokered private placements of 6,775,000 units at \$0.02 per unit for aggregate proceeds of \$135,500. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of \$0.05 per share for a period of five years from the date of closing.

In connection with the closing of the October 2022 second and third tranche private placements, the Company paid an aggregate of \$6,820 and issued an aggregate of 423,500 finder's warrants with a fair value of \$5,489 to various finders. Each finder's warrant is exercisable into one common share of the Company at a price of \$0.05 per share for a period of five years from the date of closing. The Company also incurred other share issuance costs of \$11,391.

As at June 30, 2023, the Company recorded a total of \$23,700 of share issuance costs in relation to the October 2022 private placements.

#### c) Warrants

The changes in warrants during the nine months ended June 30, 2023 are as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, September 30, 2022	49,366,090	0.08
Issued	7,198,500	0.05
Balance, June 30, 2023	56,564,590	0.08

In connection with the October 2022 second and third tranche private placements, an aggregate of 6,775,000 warrants were issued. Each warrant gives the holder the right to acquire one share of the Company at a price of \$0.05 for a term of five years. The Company used residual value method and allocated \$18,750 residual value to the warrants.

## ESSEX MINERALS INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended June 30, 2023 and 2022  
Unaudited - Expressed in Canadian dollars

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

#### c) Warrants (cont'd)

In connection with the closing of the October 2022 second and third tranche private placements, the Company issued an aggregate 423,500 finder warrants. Each finder's warrant is exercisable into one common share of the Company at a price of \$0.05 per share for a period of five years. The finder's warrants were valued at \$5,489, using the Black-Scholes pricing model with the following weighted average assumptions: risk-free rate of 3.51%, volatility of 140.35%, dividends of Nil and expected life of 5 years.

Warrants outstanding as at June 30, 2023 are as follows:

Number of Warrants	Exercise Price	Expiry Date
5,115,491	\$ 0.18	August 16, 2023
534,599	\$ 0.18	August 16, 2023
5,000,000	\$ 0.20	September 6, 2023
16,300,000	\$ 0.05	September 28, 2027
1,141,000	\$ 0.05	September 28, 2027
20,925,000	\$ 0.05	September 29, 2027
350,000	\$ 0.05	September 29, 2027
3,750,000	\$ 0.05	October 9, 2027
350,000	\$ 0.05	October 9, 2027
3,025,000	\$ 0.05	October 19, 2027
73,500	\$ 0.05	October 19, 2027
56,564,590		

Weighted average remaining life of the warrants is 3.48 years as of June 30, 2023.

#### d) Stock options

The changes in options during the nine months ended June 30, 2023 are as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, September 30, 2022	2,100,000	0.40
Cancelled	(1,000,000)	0.40
Balance, June 30, 2023	1,100,000	0.40

Stock options outstanding as at June 30, 2023 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price (\$)	Expiry Date
1,100,000	1,100,000	0.40	July 17, 2025

Weighted average remaining life of the options is 2.05 years as of June 30, 2023.

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

#### e) Reserve

The reserve account includes share-based payment reserves which record the fair value of stock options and finder's warrants granted until such time that the stock options and finder's warrants are exercised, at which time the corresponding amount will be transferred to share capital.

### 11. Related Party Balances and Transactions

#### Balances

As at June 30, 2023, the Company had \$162,500 (September 30, 2022 - \$105,723) due to related parties included in accounts payable. These amounts are unsecured, non-interest bearing and have no specified terms of repayment.

#### Transactions

During the nine months ended June 30, 2023 and 2022, the Company has the following related party transactions:

	June 30, 2023	June 30, 2022
Management and consulting fees - former and current directors and officers	122,000	234,750
Prepaid fees	-	4,200
Property investigation costs	-	24,000
	122,000	262,950

### 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, 2023, the Company had a cash balance of \$23,977 (September 30, 2022 - \$638,864) to settle current liabilities of \$258,281 (September 30, 2022 - \$309,750). 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. Liquidity risk is assessed as high.

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### 12. Financial Risk Management (cont'd)

#### 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 by large Canadian financial institutions. The Company's loan receivable is exposed to credit losses. Credit risk is medium.

#### 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 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. Since the Company's reporting currency is Canadian dollars and the Company and its subsidiaries have significant operations in Australia, the Company is exposed to foreign currency fluctuations on its reported amounts of assets and liabilities. This risk is not considered significant as most financial assets and liabilities are maintained in Canadian dollars. The Company's loan receivable is denominated in US dollars. If the Canadian dollar changes by 10% against the US dollar, it will result in a \$18,962 (September 30, 2022 - \$19,284) change in loss and comprehensive loss.

#### Fair value

The Company's financial instruments measured at fair value consist of cash, restricted cash and loan receivable. The carrying values of cash, restricted cash, and accounts payable approximate their fair values due to their short-term in nature. The carrying value of loan receivable approximates its fair value at issuance due to the proximity of issuance date to year end date.

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.

Cash and restricted cash are classified as Level 1.

### 13. Commitments

The Company is committed to pay \$21,833 of annual fees for claims on its properties during the next financial year (Note 8).

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### 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.

### 15. Segmented Information

The Company operates in a single reportable segment – exploration and evaluation business in two geographical area, Canada and Australia. During the nine months ended June 30, 2023 and year ended September 30, 2022, assets and liabilities by geography are presented below:

As at June 30, 2023

	Canada		Australia		Total
Current assets	\$	95,037	\$	6,994	\$ 102,031
Non-current assets	\$	188,742	\$	2,969,069	\$ 3,157,811
Current liabilities	\$	(258,281)	\$	-	\$ (258,281)

As at September 30, 2022

	Canada		Australia		Total
Current assets	\$	702,174	\$	7,570	\$ 709,744
Non-current assets	\$	197,208	\$	2,831,182	\$ 3,028,390
Current liabilities	\$	(291,015)	\$	(18,735)	\$ (309,750)

### 16. Subsequent Event

On August 16, 2023, a total of 5,650,090 warrants of the Company expired unexercised.