

SMOOTH ROCK VENTURES CORP.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS
ENDED SEPTEMBER 30, 2022**

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

November 29, 2022

SMOOTH ROCK VENTURES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

As at	Note	September 30, 2022	December 31, 2021
Assets			
Current Assets:			
Cash		\$ 732,875	\$ 595,542
GST/HST recoverable		5,886	5,555
Deposits	4	31,469	25,588
Prepaid expense		-	639
		770,230	627,324
Non-current Assets:			
Exploration and evaluation assets	4	1,256,319	1,876,659
		\$ 2,026,549	\$ 2,503,983
Liabilities and Shareholders' Equity			
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	6	\$ 159,501	\$ 137,070
Due to related parties	7	388,567	237,153
		548,068	374,223
Shareholders' Equity			
Share capital	4, 5	22,102,042	22,102,042
Reserve	5	4,845,529	4,723,052
Deficit		(25,469,090)	(24,695,334)
		1,478,481	2,129,760
		\$ 2,026,549	\$ 2,503,983

Nature and continuance of operations (Note 1)

Authorized for issuance on behalf of the board on November 29, 2022:

“Christos Doulis”
Director

“Christopher Hobbs”
Director

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

SMOOTH ROCK VENTURES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Expenses:					
Advertising and promotion		\$ 329	\$ -	\$ 637	\$ 26,361
Audit and accounting		-	1,000	3,478	1,171
Consulting		34,500	-	84,000	-
Management fees	7	45,840	28,667	132,950	56,554
Meals and entertainment		239	921	2,128	1,092
Office and administration		10,695	10,939	33,592	25,107
Legal		-	-	-	161
Share-based compensation	5, 7	-	-	122,477	-
Transfer agent and filing fees		468	3,824	19,165	13,855
Travel		-	1,850	3,086	2,982
Loss before other items		(92,071)	(47,201)	(401,513)	(127,283)
Foreign exchange gain (loss)		15,882	(3,148)	19,778	(13,701)
Write-off of E&E asset	4	(248,731)	-	(392,021)	-
Net and comprehensive loss		\$ (324,920)	\$ (50,349)	\$ (773,756)	\$ (140,984)
Loss per share – basic and diluted		\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		24,674,794	24,674,802	24,674,794	25,234,553

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

SMOOTH ROCK VENTURES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2022	September 30, 2021
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss	\$ (773,756)	\$ (140,984)
Non-cash items:		
Foreign exchange adjustments	8,221	-
Share-based compensation	122,477	-
Write-off of E&E asset	392,021	-
Changes in non-cash working capital items:		
Amounts receivable	308	(940)
Deposits	(4,523)	-
Accounts payable and accrued liabilities	11,464	2,993
Due to related parties	152,801	57,395
	(90,987)	(81,536)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Cash received from sale of NSR	444,081	-
Exploration and evaluation asset expenditures	(215,761)	(483,506)
	228,320	(483,506)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Issuance of shares	-	296,714
	-	296,714
Increase (decrease) in cash during the period	137,333	(268,328)
Cash, beginning of the period	595,542	898,521
Cash, end of the period	\$ 732,875	\$ 630,193

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SMOOTH ROCK VENTURES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Number of Common Shares*	Share Capital	Reserve	Deficit	Total equity
Balance at December 31, 2020	23,689,080	\$ 21,805,328	\$ 4,723,052	\$ (24,372,518)	\$ 2,155,862
Shares issued on exercise of warrants	985,714	296,714	-	-	296,714
Net loss for the nine months ended September 30, 2021	-	-	-	(140,984)	(140,984)
Balance at September 30, 2021	24,674,794	\$ 22,102,042	\$ 4,723,052	\$ (24,513,502)	\$ 2,311,592
Balance at December 31, 2021	24,674,794	\$ 22,102,042	\$ 4,723,052	\$ (24,695,334)	\$ 2,129,760
Share-based compensation	-	-	122,477	-	122,477
Net loss for the nine months ended September 30, 2022	-	-	-	(773,756)	(773,756)
Balance at September 30, 2022	24,674,794	\$ 22,102,042	\$ 4,845,529	\$ (25,469,090)	\$ 1,478,481

*The number of common shares outstanding have been restated to reflect the effect of share consolidation on a three (3) for one (1) basis

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

SMOOTH ROCK VENTURES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(Unaudited - Expressed in Canadian Dollars)

1. Nature and Continuance of Operations

Smooth Rock Ventures Corp. (the "Company") was incorporated on May 17, 1966, under the laws of the province of British Columbia. The Company's principal activity is the acquisition and exploration of exploration and evaluation assets. The head office, principal address and the registered and records office of the Company are located at Suite 820 - 1130 West Pender Street, Vancouver, BC V6E 4A4.

The Company's shares are traded on the TSX Venture Exchange ("TSX-V"). On December 15, 2021, the Company effected a consolidation of its common shares on a three (3) for one (1) basis (the "Share Consolidation") and a change to its trading symbol from "SOCK" to "SMRV". All shares and per share amounts have been retroactively restated to account for the Share Consolidation.

For the nine months ended September 30, 2022, the Company incurred a comprehensive loss of \$773,756 and a deficit of \$25,469,090. These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that 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 operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2022, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities on its exploration and evaluation properties and its ability to attain profitable operations and generate funds there from and/or raise equity capital to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with the private placement of common shares.

2. Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2021. The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

SMOOTH ROCK VENTURES CORP.

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3. Significant Accounting Policies

Basis of measurement

The consolidated financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, except for certain financial instruments that are measured at fair value.

Principles of consolidation

The financial statements consolidate the accounts of the Company and its wholly owned subsidiary, Smooth Rock Ventures LLC. All inter-company balances and transactions are eliminated on consolidation.

Loss per share

Basic loss per share is computed by dividing the loss attributable to the common shareholders by the weighted average number of common shares outstanding during the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to the owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Because the Company incurred net losses, the effect of dilutive instruments would be anti-dilutive and therefore diluted loss per share equals basic loss per share.

Foreign currency

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its wholly owned subsidiary. Transactions in currencies other than the functional currency are translated into Canadian dollars on the following basis:

- Monetary assets and liabilities at the rate of exchange in effect at the statement of financial position date;
- Non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and,
- Revenues and expenses (excluding depreciation, which is translated at the same rate as the related asset), at the exchange rates in effect on the date of the transaction.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held-for-trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification of financial assets and financial liabilities under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Deposits	Amortized cost
Accounts payable	Amortized cost

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Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) FVTOCI; or (iii) FVTPL. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVTOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and due to related parties are classified under other financial liabilities and carried on the consolidated statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss. The Company does not have any derivative financial assets and liabilities.

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Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the reserves. The fair value of options is determined using a Black–Scholes Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to reserves of the issued.

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible development assets according to the nature of the asset.

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Impairment of assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to the statement of loss and comprehensive loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the consolidated statement of loss and comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

SMOOTH ROCK VENTURES CORP.

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Current income tax relating to items recognized directly in other comprehensive income (loss) or equity is recognized in other comprehensive income (loss) or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Use of estimates and judgment:

The preparation of 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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the following:

- i) The measurement of income taxes payable and deferred tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets.

The most significant judgements applicable to the Company's consolidated financial statements include:

- i) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- ii) the classification of financial instruments; and
- iii) the determination of the functional currency of the parent company and its subsidiary.

SMOOTH ROCK VENTURES CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

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4. Exploration and Evaluation Assets

	Garfield Flats	Palmetto Property	Loman Property	Giroux Property	Total
Acquisition costs, December 31, 2021	\$ -	\$ 669,350	\$ 225,000	\$ 277,860	\$ 1,172,210
Cash paid /(received)	-	(444,080)	-	25,628	(418,452)
Write off property	-	-	(225,000)	-	(225,000)
Acquisition costs, September 30, 2022	-	225,270	-	303,488	528,758
Deferred exploration costs, December 31, 2021	143,290	505,636	23,731	31,792	704,449
Additions during the period:					
Geologist fees, expenses and assays	-	190,133	-	-	190,133
Write off property	(143,290)	-	(23,731)	-	(167,021)
Deferred exploration costs, September 30, 2022	-	695,769	-	31,792	727,561
Total exploration and evaluation assets, September 30, 2022	\$ -	\$ 921,039	\$ -	\$ 335,280	\$ 1,256,319

	Garfield Flats	Palmetto Property	Loman Property	Giroux Property	Total
Acquisition costs, December 31, 2020	\$ -	\$ 669,350	\$ 225,000	\$ 252,956	\$ 1,147,306
Cash paid	-	-	-	24,904	24,904
Acquisition costs, December 31, 2021	-	669,350	225,000	277,860	1,172,210
Deferred exploration costs, December 31, 2020	143,290	51,132	11,671	23,514	229,607
Additions during the period:					
Geologist fees, expenses and assays	-	428,870	-	-	428,870
BLM fees	-	25,634	12,060	8,278	45,972
Deferred exploration costs, December 31, 2021	143,290	505,636	23,731	31,792	704,449
Total exploration and evaluation assets, December 31, 2021	\$ 143,290	\$ 1,174,986	\$ 248,731	\$ 309,652	\$ 1,876,659

Garfield Flats Property

On June 3, 2019, the Company signed an agreement with an option to form a joint venture on the Garfield Flats Property with Walker River Resources Corp. ("Walker"). The Company had a right to earn an undivided 50% interest in the Garfield Flats Property by funding \$600,000 in exploration expenditures as follows:

- (i) for an initial 25% interest of the Garfield Flats project, complete \$300,000 in exploration expenditures within a one-year period, extended on June 2, 2021 to June 3, 2022; and
- (ii) for an additional 25% interest, incur an additional \$300,000 in exploration expenditures within a two-year period, extended on June 2, 2021 to June 3, 2023.

On June 7, 2022, Walker decided not to renew its annual lease on the Garfield Flats Property and the Garfield Flats Project was dropped. As a result, the Company lost its right to the 50% interest in Garfield Flats Property and wrote off the balance of the Garfield Flats Property being \$143,290.

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Palmetto Property

On July 26, 2019, the Company signed an agreement to acquire a 100% undivided interest in 79 unpatented mining claims in the Palmetto Project, Nevada (the "Palmetto Property"). The Palmetto Property is located in Esmeralda County, Nevada, within the southern portion of the Walker Lane gold trend.

The total purchase price to acquire a 100% undivided interest in the Palmetto Property was USD\$500,000 (the "Purchase Price"), and was broken down into the following payments:

- (i) \$66,000 (USD\$50,000) was paid upon signing of a Letter of Intent for a 30-day option to purchase a 100% of the Palmetto Property, which was credited towards the Purchase Price;
- (ii) \$265,000 (USD\$200,000) was paid upon completion of due diligence; and
- (iii) the final payment of \$338,350 (USD\$250,000) was made on July 15, 2020.

On July 28, 2020, the Company acquired the 100% undivided interest in the Palmetto Project free and clear of any outstanding royalties.

On January 27, 2022, the Company's subsidiary, Smooth Rock Ventures, LLC, entered into a binding Purchase Agreement (the "Royalty Agreement") with Nevada Canyon, LLC, a wholly owned subsidiary of Nevada Canyon Gold Corp. ("Nevada Canyon"), a company with a common director, to sell a 2% net smelter returns royalty ("NSR") on the Palmetto Project, for total cash proceeds of \$444,080 (USD\$350,000) (full payment received on February 7, 2022). The Vice President and director of the Company is a director and a major shareholder of Nevada Canyon.

The US federal Bureau of Land Management (BLM) required the company to post a bond of \$13,489 (US\$10,356) on the Palmetto Project to cover future decommissioning costs.

Giroux Project

On April 20, 2020, the Company entered into an exploration lease with option to purchase Agreement (the "Agreement") with MSM Resources, LLC ("MSM") on the Giroux Project, located in Mineral County, Nevada, within the Walker Lane shear zone.

Full consideration of the Agreement consisted of the following:

- (i) 1,000,000 common shares which were issued on April 22, 2020 and were valued at \$225,000;
- (ii) \$27,956 (USD\$20,000) paid at the time of execution of the Agreement; and
- (iii) annual fee equivalent to USD\$20,000 payable on every subsequent anniversary date until the option is exercised.

To exercise its option to purchase the Giroux Project, the Company will be required to pay USD\$200,000 (the "Purchase Price"). The Giroux Property is subject to a 1.5% Gross Production Royalty payable to the property vendor, of which one-half of a percent (0.5%) may be purchased from the vendor at any time prior to commencement of commercial production for a cash payment of USD\$200,000. The term of the Agreement is for 10 years, subject to the right to extend for two additional terms of 10 years each, and subject to the option to purchase 100% of the Giroux property.

Subsequent to entering into the Agreement, the individual controlling MSM was appointed Vice President and director of the Company.

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Loman Property

On December 27, 2019, the Company signed a purchase agreement to acquire a 100% undivided interest in the Loman Property, located in Mineral County, Nevada, within the Walker Lane gold trend. The Loman Property consists of 50 unpatented mining claims. The Company closed the acquisition on January 6, 2020, by issuing 1,000,000 common shares which were valued at \$225,000.

The Loman property is adjacent and continuous to the Garfield Flats Property. After the Company's JV partner, Walker River Resources, dropped the Garfield Flats project, the management didn't see it feasible to renew the claims included in the Loman Property, and on September 1, 2022, the Loman Property was dropped. As a result, the Company wrote off the balance of the Loman property being \$248,731.

5. Share Capital

Authorized: An unlimited number of common shares without par value; and
An unlimited number of non-voting preferred shares without par value.

Issued and Outstanding:

As at September 30, 2022, the Company had 24,674,794 issued and outstanding common shares (2021-24,674,794).

No shares were issued during the nine months ended September 30, 2022.

Shares issued during the year ended December 31, 2021

On April 28, 2021, the Company issued 952,381 shares on exercise of 952,381 warrants at \$0.30 per warrant share for total proceeds of \$285,714.

On May 14, 2021, the Company issued 33,333 shares on exercise of 33,333 warrants at \$0.33 per warrant share for total proceeds of \$11,000.

Stock Options

The Company has a rolling stock option plan whereby it can issue stock options up to 10% of the issued and outstanding common shares.

On April 4, 2022, the Company granted 1,000,000 incentive stock options to certain officers, directors and consultants of the company to purchase up to a total of 1,000,000 common shares of the Company at a price of \$0.13 per common share for a period of five years. The fair value of the options was estimated to be \$122,477. The fair value of the options was determined using the Black-Scholes pricing model and the following assumptions: estimated volatility of 167%, expected life of 5 years and risk-free interest rate of 2.44%.

As at September 30, 2022, total outstanding options:

	Options	Weighted average exercise price
Balance, December 31, 2020 and 2021	1,500,003	\$ 0.23
Issued	1,000,000	\$ 0.13
Cancelled	(1,166,669)	\$ 0.23
Balance, September 30, 2022	1,333,334	\$ 0.15

SMOOTH ROCK VENTURES CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

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A summary of stock options outstanding and exercisable as of September 30, 2022, is as follows:

Outstanding and exercisable	Exercise Price	Expiry Date
166,667	\$ 0.22	March 1, 2024
166,667	\$ 0.21	May 7, 2025
1,000,000	\$ 0.13	April 4, 2027
1,333,334	\$ 0.15	

On September 30, 2022, the average remaining contractual life of the outstanding stock options was 3.89 years.

Share Purchase Warrants

Details of common share purchase warrants outstanding on September 30, 2022, are as follows:

	Warrants	Weighted average exercise price
Balance, December 31, 2020	13,221,858	\$ 0.33
Exercised	(33,333)	\$ 0.33
Exercised	(952,381)	\$ 0.30
Expired	(4,917,834)	\$ 0.33
Balance, December 31, 2021	7,318,310	\$ 0.33
Expired	(6,842,120)	\$ 0.33
Balance, September 30, 2022	476,190	\$ 0.30

A summary of warrants outstanding and exercisable as of September 30, 2022, is as follows:

Outstanding and exercisable	Exercise Price	Expiry Date
476,190	\$ 0.30	December 27, 2022

At September 30, 2022, the average remaining contractual life of the outstanding share-purchase warrants was 0.24 years.

In July 2022 a total of 6,842,120 warrants expired unexercised.

Reserve

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

6. Accounts payable and accrued liabilities

	September 30, 2022	December 31, 2021
Trade payables	\$ 47,051	\$ 60,320
Accrued liabilities	112,450	76,750
	\$ 159,501	\$ 137,070

SMOOTH ROCK VENTURES CORP.

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FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

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7. Related Party Transactions

The following amounts were due to related parties as at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Company controlled by a director of the Company	\$ 277,567	\$ 171,153
Officer and director of the Company	111,000	66,000
	<u>\$ 388,567</u>	<u>\$ 237,153</u>

On April 4, 2022, the Company granted 1,000,000 incentive stock options to certain officers, directors of the Company to purchase up to a total of 1,000,000 common shares of the Company at a price of \$0.13 per common share for a period of five years. The fair value of the options issued was estimated to be \$122,477. The fair value of the options was determined using the Black-Scholes pricing model and the following assumptions: estimated volatility of 167%, expected life of 5 years and risk-free interest rate of 2.44%.

During the nine months ended September 30, 2022, the Company incurred \$89,871 (September 30, 2021-\$70,761) for deferred exploration expenses on the Palmetto Project to a company controlled by a director and officer of the Company.

During the nine months ended September 30, 2022, the Company paid or accrued \$87,950 (September 30, 2021-\$56,554) in management fees to a company controlled by a director and officer of the Company.

During the nine months ended September 30, 2022, the Company paid or accrued \$45,000 (September 30, 2021-\$Nil) in management fees to a director and officer of the Company.

8. Financial Instruments and Financial Risk

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and the United States. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are rated high credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash. 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.

SMOOTH ROCK VENTURES CORP.

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Currency risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency risk on fluctuations related to cash, prepaid expenses, deposits, accounts payable and related party payables that are denominated in US dollars.

	September 30, 2022	December 31, 2021
Cash denominated in USD	\$ 475,043	\$ 229,517
Prepays and other current assets denominated in USD	31,469	26,227
Accounts payable and accrued liabilities denominated in USD	-	(87,605)
Related party payables denominated in USD	(277,567)	(85,577)
Total	228,945	82,562
Effect of a 10% change in exchange rates	\$ 22,895	\$ 8,256

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Fair value

The fair value of the Company's financial assets and liabilities approximates their carrying amount due to their short terms of maturity. 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 the fair value hierarchy are:

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

The Company's financial instruments classified as level 1 include cash.

9. Capital Management

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the Board of Directors. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern and to support the exploration and development of its exploration and evaluation assets and to sustain future development of its business. The Company is meeting its objective of managing capital through preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions. There were no changes in the Company's approach to capital management during the year.