



Adex Mining Inc.  
Unaudited Condensed Interim Consolidated Financial Statements  
For the nine months ended September 30, 2023 and 2022

## Management's Responsibility for Consolidated Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Adex Mining Inc. (the "Company" or "Adex") are the responsibility of management and the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### 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 condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

**DATED this 31st day of October, 2023**

ADEX MINING INC.

Per: (signed) "Linda Lam Kwan"

Name: Linda Lam Kwan

Title: Chief Executive Officer

Per: (signed) "Xiaolong Li"

Name: Xiaolong Li

Title: Chief Financial Officer

# ADEX Mining Inc.

## Unaudited Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at	September 30	December 31
	2023	2022
	\$	\$
<b>Assets</b>		
Current		
Cash	167,665	89,608
HST and other receivables	9,869	10,505
Prepaid expenses	54,955	33,595
	232,489	133,708
Non-current		
Funds held by Province of New Brunswick	1,083,166	1,083,166
Advances	8,758	8,758
Tailings impoundment facility (note 4)	522,472	552,046
<b>Total Assets</b>	<b>1,846,885</b>	<b>1,777,678</b>
<b>Liabilities</b>		
Current		
Accounts payable and accruals (note 9)	199,027	232,826
Bank loan (note 9)	80,000	80,000
	279,027	312,826
Non-Current		
Accrued Interest (note 9)	1,608,956	1,319,001
Loans payable (note 9)	5,102,448	4,530,469
<b>Total Liabilities</b>	<b>6,990,431</b>	<b>6,162,296</b>
<b>Shareholders' deficit</b>		
Share capital	55,889,583	55,889,583
Contributed surplus	2,879,322	2,879,322
Deficit	(63,912,451)	(63,153,523)
	<b>(5,143,546)</b>	<b>(4,384,618)</b>
<b>Total liabilities and shareholders' equity/(deficit)</b>	<b>1,846,885</b>	<b>1,777,678</b>

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

Nature of operations and going concern - note 1

Commitments and contingencies - note 9

Subsequent event - note 13

Approved on behalf of the board:

(signed) "Norm Betts"  
Director

(signed) "Linda Lam Kwan"  
Director

**ADEX Mining Inc.****Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)**

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Expenses and other income</b>				
Administrative and general (notes 7)	57,084	71,185	190,469	206,077
Mineral property expenses (note 12)	95,108	75,469	274,690	230,752
Finance cost (note 9)	126,725	95,357	309,484	256,526
Unrealized foreign exchange loss (gain) (note 9)	113,241	268,215	(13,539)	337,566
Interest income	(775)	(256)	(2,175)	(411)
<b>Total expenses and other income</b>	<b>391,383</b>	<b>509,970</b>	<b>758,928</b>	<b>1,030,510</b>
<b>Net loss and comprehensive loss</b>	<b>391,383</b>	<b>509,970</b>	<b>758,928</b>	<b>1,030,510</b>
Weighted average number of shares outstanding	<b>677,211,441</b>	677,211,441	<b>677,211,441</b>	677,211,441
Basic and diluted loss per share	<b>0.00</b>	0.00	<b>0.00</b>	0.00

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

## ADEX Mining Inc.

### Unaudited Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars)

For the nine months ended

	September 30	
	2023	2022
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(758,928)	(1,030,510)
Items not affecting cash:		
Depreciation of Tailings impoundment facility (note 4)	29,574	29,574
Interest expense	308,137	256,526
Unrealized foreign exchange (gain)/loss (note 9)	(13,539)	337,567
	(434,757)	(406,843)
Change in non-cash working capital		
HST and other receivables	636	26,009
Prepaid expenses and advances	(21,360)	(23,837)
Accounts payable and accruals	(33,799)	2,445
<b>Cash used in operating activities</b>	<b>(489,280)</b>	<b>(402,226)</b>
<b>Financing activities</b>		
Loan proceeds	567,337	389,362
<b>Cash from financing activities</b>	<b>567,337</b>	<b>389,362</b>
Change in cash	78,057	(12,863)
Cash, beginning of the period	89,608	90,224
<b>Cash, end of the period</b>	<b>167,665</b>	<b>77,361</b>

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

## ADEX Mining Inc.

### *Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit For the nine months ended September 30, 2023*

(In Canadian dollars except number of shares)

	<b>Number of Common Shares Outstanding</b>	<b>Share capital</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, January 1, 2022</b>	677,211,441	55,889,583	2,879,322	(61,874,015)	(3,105,110)
Net loss and comprehensive loss		-	-	(1,279,508)	(1,279,508)
<b>Balance, December 31, 2022</b>	677,211,441	55,889,583	2,879,322	(63,153,523)	(4,384,618)
Net loss and comprehensive loss		-	-	(758,928)	(758,928)
<b>Balance, September 30, 2023</b>	677,211,441	55,889,583	2,879,322	(63,912,451)	(5,143,546)

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

# **Adex Mining Inc.**

## ***Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the nine months ended September 30, 2023 and 2022***

### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Adex Mining Inc. (the “Company”) holds 100% of the subsurface mineral rights encompassing the Mount Pleasant mine area of New Brunswick, Canada (the “Property” or “Mount Pleasant”) where the Company is developing a potential polymetallic mine focusing on tin, indium, zinc, molybdenum and tungsten. Within the mineral rights area the Company owns the land, plus the buildings, machinery and equipment on site which comprise the dormant Mount Pleasant mine. The Company is incorporated and domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX-Venture Exchange under the stock symbol “ADE”. On October 18, 2019, the Company was transferred from the Tier 1 category to the Tier 2 category as it does not meet the TSX-V’s Tier 1 Continued Listing Requirements. The classification of the Company to a Tier 2 issuer does not result in any change to the Company’s CUSIP or trading symbol.

The principal head office of the Company is located at Suite 850, 36 Toronto Street, Toronto, Ontario, Canada M5C 2C5. The Company’s controlling shareholder is Great Harvest Canadian Investment Company Limited (“Great Harvest”), who holds 81.88% of the Company’s common shares. The ultimate controlling shareholder is Yorkrich Corporation Limited.

The Company has interests in resource properties which it is in the process of exploring and developing and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of expenditures on resource properties is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the resource properties, and upon future profitable production or proceeds from the disposition thereof.

These interim consolidated financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. For the nine months ended September 30, 2023, cash used in operations by the Company was \$489,280 (2022 - \$402,226) and the Company carried an accumulated deficit of \$63,912,451 (2022 - \$62,904,525). Furthermore, the Company has not generated revenue from operations.

These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. In view of these circumstances, the Company requires financing to complete its planned exploration and evaluation program on the Mount Pleasant Property and will continue to explore financing alternatives to raise capital.

The Company will continue to obtain financing from its majority shareholder

The Company will continue to pursue opportunities to raise additional capital through equity markets and/or related party loans to fund its exploration and operating activities; however, there is no assurance of the success or sufficiency of these initiatives. The Company’s ability to continue as a going concern is dependent upon it securing the necessary working capital and exploration requirements and eventually to generate positive cash flows either from operations or additional financing.

These interim consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the

International Financial Reporting Interpretations Committee (“IFRIC”), including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. These interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS and IFRIC as issued by the IASB in effect as of December 31, 2022.

The accounting policies and methods of computation remain the same as presented in the audited annual consolidated financial statements for the year ended December 31, 2022.

There are no new IFRS and/or IFRIC pronouncements issued that are effective for the first time for this interim period that would be expected to have a material impact on the Company.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

#### ***Impairment of long-lived assets***

Judgement is required to determine whether there are any indicators that the Company’s long-lived assets may be impaired and whether there are any indicators that previously recognized impairments may require reversal or partial reversal. When there are indications that an asset may be impaired or that a reversal of a previously taken impairment may be required, the Company is required to estimate the asset’s recoverable amount. The recoverable amount is the greater of value in use and fair value less costs of disposal. The Company has determined that there are no indicators of impairment or indicators of the reversal of a previously recognized impairment for the Company’s long-lived assets during the nine months ended September 30, 2023.

#### ***Provision for environmental rehabilitation***

Part of the land on which the Mount Pleasant property is located includes a dormant mine. The Company is obliged to comply with an environmental reclamation plan and will be required to incur costs associated with certain required decommissioning and restoration activities when the Property enters closure. Management has determined that it is not currently able to reliably estimate the amount of these obligations and hence has not recognized a provision as at September 30, 2023 due to the uncertainties related to the amounts and expected timing of any future cash flows associated with these obligations because the company is still in the exploration and evaluation phase of the project. When management determines that a reliable estimate can be made, the Company will be required to estimate and recognize a provision for its closure obligations and such a provision is expected to be material. The Company’s closure obligation is currently secured by a form of lien titled “collateral mortgage” to the Province of New Brunswick for \$2 million on the land on which the mine site and primary buildings are located. The collateral mortgage was originally entered into by the previous owner of the Property in 1993.

The Company’s Mount Pleasant property is governed by an Approval to Operate, which was originally granted by the New Brunswick Ministry of Environment (“the Department”) in November 2007 and was valid until September 2012. The approval to operate was renewed as of October 1, 2012, updated on July 16, 2014 and was valid until September 30, 2017. The approval to operate was renewed as of October 1, 2017 and is valid until September 30, 2022, renewed on September 30, 2022 and is valid until September 30, 2027. Under the terms of the Approval to Operate, the Company has been granted permission by the Ministry of Environment to operate the Property, Tailings Impoundment Facility and Mine Water Treatment Plant on a “Care and Maintenance” basis. Under the Approval to Operate, the Company is also permitted to carry out exploration activities and metallurgical test work on its Mount

Pleasant property.

The Company is required under the Approval to Operate to monitor the water quality at its Tailings Impoundment Facility on a monthly basis, and to provide the Ministry of Environment with monthly water quality monitoring reports and the results of water sampling and testing, and in perpetuity, to treat the water run-off. As the Company's activities currently do not affect the nature and amount of this run-off, and as the Property remains in care and maintenance rather than closure, the Company treats these costs as period expenses and has made no provision for this on-going activity. In addition to these monthly, and certain annual monitoring and reporting requirements, the Company is required by the prior Approve to Operate valid until September 30, 2022 to:

- Construct a new sludge disposal cell any time before the Company resumes operation at the Mine site.
- Submit a preliminary results report for an Environmental Effect Monitoring (EEM) study for the watershed to the relevant authorities by December 31, 2021 and submit the final EEM study report by April 30, 2022.

During the year ended December 31, 2020, the Company submitted an EEM study design plan, which was approved by the relevant authorities. During the year ended December 31, 2019, the Company submitted to the relevant authorities a report detailing the potential impacts to the environment of the exposed tailings contained in the tailings impoundment area. The impact study was carried out and the work was completed for both air and water studies and was submitted to the Government of New Brunswick for approval.

The EEM study was conducted in 2021 and the final EEM report was submitted to the Government of New Brunswick on April 28, 2022.

Under the renewed Approve to Operate valid until September 30, 2027, The Company is required to monitor the water quality at its Tailings Impoundment Facility on a monthly basis, and to provide the Ministry of Environment with monthly water quality monitoring reports and the results of water sampling and testing, and in perpetuity, to treat the water run-off. In addition, the Company shall:

--- Inspect the Hatch Brook Diversion Channel and shall inspect Hatch Brook 100 meters below the Channel once per week for blockage, or more frequently if blockages are regularly observed, and shall remove the blockage and restore normal flow in the channel as soon as possible after discovering the blockage. If the diversion channel blockage is due to beaver dams, the Company shall follow the procedures provided by the Department;

--- On a biennial basis, the Company shall ensure that an engineering safety inspection of the dam is carried out by an individual who is a member of the Association of Professional Engineers and Geoscientists of New Brunswick or who is licensed to practice as a professional engineer in New Brunswick pursuant to the Engineering and Geoscience Professions Act. The Company shall also ensure that basic monitoring and inspections of the dams are performed on a regular basis. If any abnormal changes are noticed during basic monitoring and inspections, a geotechnical engineer shall be consulted to ensure the integrity of the dam is not compromised. A final report on the dam safety inspection shall be submitted to the Department for review no later than March 31, 2025.

--- Prior to December 1, 2026, the Company shall ensure that a Dam Safety Review is carried out on all barriers that were constructed to retain water at the Facility. The Dam Safety Review shall be prepared and approved by an engineer who is a member of the Association of Professional Engineers and Geoscientists of New Brunswick or who is licensed to practice engineering under the Engineering and Geoscience Professions Act. The Dam Safety Review shall follow the format of the 2013 Canadian Dam Association - Dam Safety Guidelines. A final report must be submitted to the Department by March 31, 2027 and it shall include a proposal, including a timeline, for review and approval by the Department, for addressing any action items that are identified during the Dam Safety Review.

--- Prior to Dec. 31, 2023, the Company shall prepare and submit a Mining Reclamation Plan, including costs for reclamation, mine water treatment and monitoring to the Department for review and approval.

--- By December 1, 2025, the Company shall submit to the Department for review and approval a proposal for

an Environmental Effects Monitoring study in the Hatch Brook Watershed.

The Company is working on the above projects and will meet the Department's requirements

When the Company's Mount Pleasant property is no longer in the exploration and evaluation phase, a provision for water quality monitoring costs will be calculated and recognized. Failure to meet or to agree with the relevant authorities on extensions to the deadlines for these activities could result in consequences to the Company's Approval to Operate.

The Company previously held reclamation bonds, which consisted of Province of New Brunswick bonds. The bonds were pledged as security under environmental regulations with the Province of New Brunswick to ensure adequate funding is available for perpetuity to treat the acid water run-off from the abandoned Mount Pleasant mine workings. The bonds were held for the benefit of the Company, and interest was paid bi-annually into a cash-on-deposit account, and was disbursed at the discretion of the Ministry of Finance of the Province of New Brunswick. Since the maturity date of the bonds (June 28, 2013), the funds have been held on account with the Province of New Brunswick and will be redeployed as per the requirements of the Department of Environment. As at September 30, 2023, \$1,083,166 was held in a cash-on-deposit account of the Province of New Brunswick (\$1,083,166 - at December 31, 2022).

The Company may face a review of its posted security by the Ministry of Environment when the Company advances to feasibility studies on its mineral deposits or commences the dewatering of the past-producing underground tungsten mine located on the Mount Pleasant property. Dewatering activities may also trigger a provincial Environmental Impact Assessment ("EIA") and may require the Company to upgrade its current Mine Water Treatment Plant. Under the previous Approval to Operate, the Company was required to register a project under the EIA Regulation for the dewatering/reopening of the mine or for the construction of a new or upgraded mine water treatment plant by July 31, 2015, later extended to March 31, 2016. On April 4, 2016, the Company was able to obtain a further extension of 60 days subject to continuing consultations with the provincial Ministry of Environment relating to the submission of the EIA. The current EIA has expired; however, as the Company has put the Property on a care and maintenance basis, the Company is not pursuing the EIA registration. The Company continues providing monthly water quality monitoring reports and continues to monitor the developments in order to ascertain any changes that may be required with respect to the existing security, or any obligations that may arise under an EIA.

#### 4. TAILINGS IMPOUNDMENT FACILITY

<b>Mount Pleasant Property, New Brunswick</b>	Tailings impoundment facility upgrade \$
Balance, January 1, 2022	591,478
Additions	-
Depreciation for the year	(39,432)
Balance, December 31, 2022	552,046
Additions	-
Depreciation for the period	(29,574)
<b>Balance, September 30, 2023</b>	<b>522,472</b>

For the nine months ended September 30, 2023, the amount of amortization charged to mineral property expenses for the Tailings Impoundment Facility was \$29,574 (\$39,432 for the year ended December 31, 2022).

## 5. PROPERTY PLANT AND EQUIPMENT

	Equipment and Facility refurbishments
<b>Cost</b>	<b>\$</b>
Balance as at January 1, 2022	142,503
Additions	-
Balance as at December 31, 2022	142,503
Additions	-
Balance as at September 30, 2023	142,503

	Equipment and Facility refurbishments
<b>Accumulated depreciation</b>	<b>\$</b>
Balance as at January 1, 2022	142,503
Depreciation for the year	-
Balance as at December 31, 2022	142,503
Depreciation for the period	-
Balance as at September 30, 2023	142,503

	Equipment and Facility refurbishments
<b>Carrying amounts</b>	<b>\$</b>
As at January 1, 2022	0
As at December 31, 2022	0
As at September 30, 2023	0

For the nine months ended September 30, 2023, the amount of amortization charged to mineral property expenses is \$Nil (\$Nil for the year ended December 31, 2022).

## 6. SHAREHOLDERS' DEFICIT

### Share Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at September 30, 2023, the Company had 677,211,441 common shares, of no par value, issued and outstanding.

	Number of shares	Amount \$
<b>December 31, 2022 and September 30, 2023</b>	<b>677,211,441</b>	<b>55,889,583</b>

### Contributed Surplus

	Amount \$
<b>December 31, 2022 and September 30, 2023</b>	<b>2,879,322</b>

### Stock options

On April 26, 2007, the shareholders approved a rolling stock option plan (the “Stock Option Plan”) for the Company. The Stock Option Plan has been re-approved annually.

The Stock Option Plan allows the Company to issue options to a maximum of 10% of the issued and outstanding common shares of the Company. Options will be exercisable over periods of up to ten years as determined by the Board. Options are required to have an exercise price of no less than the closing market price of the common shares of the Company on the last trading day immediately preceding the date of the grant of the stock option less any discounts from the market price allowed by the TSXV.

There were no movements during the nine months ended September 30, 2023 and the year ended December 31, 2022. As at September 30, 2023 and December 31, 2022, no options were outstanding.

## 7. ADMINISTRATIVE AND GENERAL EXPENSES

The following table illustrates spending activity related to administrative and general expenses for the nine months ended September 30, 2023:

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	2022
	\$	\$
Directors fees	<b>63,612</b>	61,747
Insurance	<b>24,431</b>	22,922
Office rent	<b>2,790</b>	2,521
Office costs	<b>10,909</b>	27,551
Professional fees (legal & audit)	<b>49,927</b>	44,808
Regulatory, filing fees and meeting	<b>3,816</b>	11,928
Shareholder communications & promotion	<b>784</b>	400
Wages, benefits and consulting	<b>34,200</b>	34,200
	<b>190,469</b>	<b>206,077</b>

## 8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel remuneration comprises the Company's President and Chief Executive Officer and Chief Financial Officer.

From September 30, 2017, the Company has not been charged by its certain Directors and the Chief Executive Officer (representatives of Great Harvest) for certain director's fees and for the Chief Executive Officer's compensation. Accordingly, the Company has not recognized expenses for these costs.

For the nine months ended September 30, 2023 the Company incurred related party expenses of \$34,200 (2022 - \$34,200). These expenses related to the payment of consulting fees to the Company's Chief Financial Officer.

During the nine months ended September 30, 2023, the Company incurred directors' fees of \$63,612 (2022 - \$61,747). These amounts were expensed in the period incurred as administrative and general expenses.

Great Harvest, the Company's largest shareholder with 81.88% of the Company's common shares, is controlled by two of the Company's directors, one of whom also acts as the President and Chief Executive Officer. During the nine months ended September 30, 2023, the Company incurred expenses of \$Nil (2022 - \$Nil) from Great Harvest for travel, administrative and project expenses.

All trade balances due to related parties, except for loans from Great Harvest, bear no interest and have no fixed terms of repayment.

From July 8, 2016 to September 30, 2021, Great Harvest and the Company entered five loan agreements whereby Great Harvest agreed to provide the Company loans to support operations (the "Great Harvest Loans"). These loans are unsecured and bear interest at the rate of 8% per annum. On August 28, 2023, the Company's board of directors approved to extend the maturity of all loans to January 1, 2025. Detailed loans and maturity dates are as following table:

### Great Harvest Loans

As at September 30, 2023

Loan Agreement Date	Loan Amount (USD\$)	Total drawdown as of September 30, 2023 (USD\$)	Extended Maturity date
July 14, 2016	1,000,000	1,000,000	January 1, 2025
January 18, 2018	600,000	600,000	January 1, 2025
March 4, 2019	600,000	600,000	January 1, 2025
April 27, 2020	600,000	600,000	January 1, 2025
September 30, 2021	1,000,000	974,000	January 1, 2025

As at September 30, 2023, the Company had accrued \$1,608,956 (\$1,319,001 - at December 31, 2022) for interest on the outstanding loans. The interest payable was included in accrued interest.

## 9. ACCOUNTS PAYABLE, LOAN, ACCRUALS AND COMMITMENTS

As at	September 30 2023	December 31 2022
<b>Current:</b>	\$	\$
Accounts payable	92,800	114,891
Accrued liabilities	106,227	117,935
	<b>199,027</b>	<b>232,826</b>
<b>Canada Emergency Business Account (CEBA) loan:</b>		
Opening balance	80,000	74,396
Interest expense	-	5,604
<b>Ending balance</b>	<b>80,000</b>	<b>80,000</b>
<b>Non-Current:</b>		
<b>Accrued Interest:</b>		
Opening balance	1,319,001	910,574
Additional interest accrued	308,137	356,715
Foreign exchange loss (gain)	-18,182	51,712
<b>Ending balance</b>	<b>1,608,956</b>	<b>1,319,001</b>
<b>Great Harvest Loan:</b>		
Opening balance	4,530,469	3,720,993
Loan proceeds	567,337	522,933
Foreign exchange loss (gain)	4,642	286,543
<b>Ending balance</b>	<b>5,102,448</b>	<b>4,530,469</b>
<b>Total</b>	<b>6,990,431</b>	<b>6,162,296</b>

Accrued interest in the amount of \$1,608,956 (\$1,319,001 as at December 31, 2022) relates to the Great Harvest Loan. Foreign exchange gain on the accrued interest in the amount of \$18,182 has been recognized in the Statement of Loss and Comprehensive Loss.

As at September 30, 2023, the Company has five loans payable to Great Harvest in the amounts of US\$1,000,000, US\$600,000, US\$600,000, US\$600,000 and US\$974,000 that are required to be repaid together with accrued interest on or before January 1, 2025.

On April 24, 2020, the Company received an aggregate of \$80,000 in the form of CEBA loans. The loans are interest free if fully repaid on or before December 31, 2023 (original maturity date is December 31, 2022 but has been extended by Canadian government to December 31, 2023). The CEBA loans were initially recognized at fair value, applying a market rate of interest, and are subsequently measured at amortized cost. The difference between the initial fair value (\$65,052) and the aggregate amount received has been recognized as government assistance. During the nine months ended September 30, 2023, the Company recognized interest expense of \$Nil (2022 - \$4,585) in respect of the CEBA loans. If the CEBA loans cannot be repaid by December 31, 2023, they will be converted into 3-year term loans, with an interest rate of 5% per annum. If 75% of the loans are repaid on or before December 31, 2023, then the remaining 25% of the loans will be forgiven.

## Commitments

Contractual obligations related to short term leases as at September 30, 2023 amount to \$3,348 (2022 - \$3,348). Furthermore, there are no capital and/or purchase commitments as of September 30, 2023.

## 10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Categories of financial assets and liabilities

The Company's financial instruments included funds held by the Province of New Brunswick, accounts payable and accruals and loan payable.

The fair values of the Company's financial instruments are not materially different from their carrying value.

### Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

#### **(a) Market risk**

##### *(i) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is minimal. A change in interest rates would have minimal effect on the value of, and/or the proceeds from, the Company's funds held by the Province of New Brunswick.

##### *(ii) Sensitivity analysis*

IFRS requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Company's financial position, performance and fair value of cash flows associated with the Company's financial instruments to changes in market variables. The sensitivity analysis discloses the possibility of an effect on the reported loss at September 30, 2023 assuming that a reasonably possible change in the relevant risk variable has occurred at September 30, 2023 and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes. The reasonably possible changes in market variables used in the sensitivity analysis were determined based on implied volatilities (where available) or historical data.

The Company holds investments in cash and funds held by the Province of New Brunswick which are subject to variable interest rates. Any changes in interest rates will not give rise to significant changes to the net loss.

At September 30, 2023, a change in the value of tungsten, molybdenum, tin, indium or zinc would not change the recognized value of any of the Company's financial instruments.

#### **(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables. The Company endeavours to mitigate credit risk by holding its cash and cash equivalents with major commercial banks with strong credit ratings. The carrying amounts of financial assets recorded in the unaudited condensed consolidated interim financial statements represent the Company's maximum exposure to credit risk.

The Company maintains a cash balance on deposit with the Province of New Brunswick and does not consider this as a significant credit risk.

### **(c) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities as they come due and to execute on its business plan. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. At September 30, 2023, the Company had a cash balance of \$167,665 (December 31, 2022 – \$89,608).

The Company has forecasted cash flows for its 2023 fiscal year. The forecast is based on management's best estimates of operating conditions in the context of current economic conditions and today's capital market climate.

The Company is currently focused on exploring and developing its Mount Pleasant Property and has not generated revenue or cash flow from this project. The Company's sole source of funding to this point has been the issuance of equity and related party debt securities. The Company has limited financial resources and no current source of recurring revenue and continues to rely on the issuance of shares or other sources of financing to generate the funds required to complete the re-development, commissioning and commencement of production of the Mount Pleasant property and corporate expenditures.

Additional funding would be required to complete the construction, commissioning or operations of the Mount Pleasant property and there is no assurance that such additional funding will be available to the Company. Should such funding be required, failure to obtain funding could result in delay or indefinite postponement of the development of the Mount Pleasant property.

### **(d) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

### **(e) Commodity price risk**

The feasibility of mineral exploration is significantly affected by changes in the market price of the minerals expected to be produced. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of minerals and stability of exchange rates can all cause significant fluctuations in mineral prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

### **(f) Exchange rate risk**

The Company is exposed to foreign currency risk as it has loans payable denominated in US dollars. As a result, fluctuations in the rate of exchange between US and Canadian dollars can have an effect on the Company's reported results. The Company has not utilized any financial instruments or cash management policies to mitigate the risks arising from changes in foreign currency rates. The Canadian dollar equivalent of the Company's net liability value denominated in US dollars as at September 30, 2023 was \$5,102,448 (\$4,530,469 at December 31, 2022). Accordingly, a 10% increase or decrease in the exchange rate between US and Canadian dollars would impact net loss by approximately \$510,245.

## **11. MANAGEMENT OF CAPITAL**

The Company's objective when managing capital is to maintain adequate levels of funding to support evaluation and development projects, to expand regional exploration activities within the Property and to maintain corporate and administrative functions.

At September 30, 2023, the Company's capital consists of the shareholders' deficit in the amount of \$5,143,546 (December 31, 2022 - \$4,384,618).

The Company manages its capital structure in a manner that provides sufficient funding for project evaluation and development and operational activities. Funds are primarily secured through the issue and sale of common shares. There can be no assurances that the Company will be able to continue to provide adequate funds in this manner.

The Company maintains minimal surplus capital and therefore does not have significant non-cash investments. All working capital for immediate needs is invested in liquid and highly rated financial instruments, such as money market funds with major Canadian financial institutions. At September 30, 2023, the Company had a cash balance of \$167,665 (December 31, 2022 – \$89,608).

## 12. MINERAL PROPERTY EXPENDITURES

Mineral property expenses have not changed in their general nature between the nine months ended September 30, 2023 and 2022, however, the total expenses incurred are subject to variance due to the timing and seasonal effects of required repair and maintenance events.

Expenses incurred during this period are primarily related to care and maintenance activities required ensuring environmental compliance, safety and security at the Property.

As at December 31, 2016, the Company reviewed the impairment indicators as outlined in IFRS 6 and determined that there were indicators of impairment of the Mount Pleasant Mine project. The Company, therefore, made the decision to record a provision for an impairment loss in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2016. There were no factors that arose in 2023 to indicate a reversal of impairment loss that has been previously recognized.

The Company will continue to monitor the situation and should circumstances indicate that the fair value of the project is greater than its carrying value the Company will reverse the impairment loss, in whole or in part, and will recognize the reversal in the consolidated statement of loss and comprehensive loss.

The Company determined that Tailings Impoundment Facility upgrade as a separate asset should be amortized over the estimated useful life of 20 years.

The following table illustrates spending activity related to the capitalized costs and period expenses for the Company's Mt. Pleasant mine site for the nine ended September 30, 2023 and 2022:

	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Wages	<b>94,132</b>	93,168
Utilities	<b>44,480</b>	48,330
Environmental compliance	<b>42,034</b>	38,943
Depreciation- Tailings Impoundment Facility	<b>29,574</b>	29,574
Maintenance	<b>75,484</b>	24,890
Property taxes	<b>14,552</b>	16,349
Travel, meals & entertainment	<b>9,830</b>	8,604
Other general	<b>9,604</b>	9,494
Rental income	<b>(45,000)</b>	(38,600)
<b>Mineral property expenses</b>	<b>274,690</b>	230,752

### **13. SUBSEQUENT EVENTS**

Subsequent to September 30, 2023, the Company received an installment of US\$30,000 on October 27, 2023 as drawdown from the Great Harvest loan.