



Adex Mining Inc.
Consolidated Financial Statements
December 31, 2022 and 2021
(Expressed in Canadian dollars)

Management's Responsibility for Consolidated Financial Statements

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

The consolidated 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 consolidated 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 consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

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 consolidated 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 consolidated 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. The consolidated financial statements have been audited by MNP LLP. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

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.

DATED 19th day of April 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

Independent Auditor's Report

To the Shareholders of Adex Mining Inc.:

Opinion

We have audited the consolidated financial statements of Adex Mining Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholder's deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and the results of its consolidated operations and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2022 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for Environmental Rehabilitation

We draw attention to Note 3 in the consolidated financial statements, where the Company states that it 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 Mount Pleasant Mine Site (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 December 31, 2022 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.

Management judgment is required to assess when the Company is able to make a reliable estimate and when the provision shall be recognized on the financial statements.

We responded to this matter by performing procedures in relation to address this key audit matter. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained and evaluated management's assessment on the reclamation obligation;
- Obtained and reviewed correspondences between the Company and the New Brunswick Department of Environment to obtain an understanding on the obligations that the Company has in order to comply with the environmental obligations;
- Discussed with external environmental consultant on the progress and status of meeting each of the conditions as required by the Government;
- Directly confirmed with the New Brunswick Department of Environment on whether the Company is compliant with all the environmental conditions as stipulated by the Department.
- Discussed with management and board of directors about the Company's intention and plan for the properties to confirm that there is no clear plan to reopen or close the properties as of December 31, 2022
- Assessed the appropriateness of the related disclosures in Note 3 of the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jiankun Xu.

Vancouver, British Columbia
April 19, 2023

Chartered Professional Accountants

ADEX Mining Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at (In Canadian dollars)	December 31 2022 \$	December 31 2021 \$
Assets		
Current		
Cash	89,608	90,224
HST and other receivables	10,505	34,114
Prepaid expenses	33,595	28,326
	133,708	152,664
Non-current		
Funds held by Province of New Brunswick	1,083,166	1,065,095
Advances	8,758	9,758
Tailings impoundment facility (note 4)	552,046	591,478
Total Assets	1,777,678	1,818,995
Liabilities		
Current		
Accounts payable and accruals (note 9)	232,826	218,142
Accrued Interest (note 9)	1,319,001	-
Loans payable (note 9)	4,610,469	-
	6,162,296	218,142
Non-Current		
Accrued Interest (note 9)	-	910,574
Loans payable (note 9)	-	3,795,389
Total Liabilities	6,162,296	4,924,105
Shareholders' deficit (note 6)		
Share capital	55,889,583	55,889,583
Contributed surplus	2,879,322	2,879,322
Deficit	(63,153,523)	(61,874,015)
	(4,384,618)	(3,105,110)
Total liabilities and shareholders' equity/(deficit)	1,777,678	1,818,995

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

Nature of operations and going concern - note 1

Commitments and contingencies - note 9

Subsequent event - note 14

Approved on behalf of the board:

(signed) "Norm Betts"
Director

(signed) "Linda Lam Kwan"
Director

ADEX Mining Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended
(Expressed in Canadian Dollars)

	December 31	
	2022	2021
	\$	\$
Expenses and other income		
Administrative and general (notes 7)	295,442	318,057
Mineral property expenses (note 13)	302,549	353,738
Finance cost (note 9)	362,319	263,476
Unrealized foreign exchange loss (gain) (note 9)	338,256	12,398
Interest income	(19,058)	(616)
Total expenses and other income	1,279,508	947,053
Net loss and comprehensive loss	1,279,508	947,053
Weighted average number of shares outstanding	677,211,441	677,211,441
Basic and diluted loss per share	0.00	0.00

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

ADEX Mining Inc.
Consolidated Statements of Cash Flows

<i>For the years ended</i> (In Canadian dollars)	December 31	
	2022	2021
	\$	\$
Operating activities		
Net loss for the year	(1,279,508)	(947,053)
Items not affecting cash:		
Depreciation of Tailings impoundment facility (note 4)	39,432	39,432
Depreciation of property, plant and equipment (note 5)	-	5,395
Interest expense	362,319	263,476
Unrealized foreign exchange (gain)/loss (note 9)	338,256	12,398
	(539,501)	(626,352)
Change in non-cash working capital		
HST and other receivables	23,609	(11,156)
Prepaid expenses and advances	(4,269)	(2,876)
Accounts payable and accruals	14,684	(2,263)
Cash used in operating activities	(505,477)	(642,648)
Investing activities		
Increase in funds held by Province of New Brunswick	(18,071)	(302)
Cash used in investing activities	(18,071)	(302)
Financing activities		
Loan proceeds	522,933	694,422
Cash from financing activities	522,933	694,422
Change in cash	(616)	51,472
Cash, beginning of the year	90,224	38,752
Cash, end of the year	89,608	90,224

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

ADEX Mining Inc.

Consolidated Statements of Changes in Shareholders' Deficit For the years ended December 31, 2022 and 2021

(In Canadian dollars except number of shares)

	Number of Common Shares Outstanding	Share capital	Contributed Surplus	Deficit	Total
		\$	\$	\$	\$
Balance, January 1, 2021	677,211,441	55,889,583	2,879,322	(60,926,962)	(2,158,057)
Net loss and comprehensive loss		-	-	(947,053)	(947,053)
Balance, December 31, 2021	677,211,441	55,889,583	2,879,322	(61,874,015)	(3,105,110)
Balance, January 1, 2022	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)
Balance, December 31, 2022	677,211,441	55,889,583	2,879,322	(63,153,523)	(4,384,618)

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

Adex Mining Inc.

*Notes to the consolidated financial statements
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)*

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 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 year ended December 31, 2022, cash used in operations by the Company was \$505,477 (2021 - \$642,648) and the Company carried an accumulated deficit of \$63,153,523 (2021 - \$61,874,015). 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 (see note 8).

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 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in effect as of December 31, 2022.

Adex Mining Inc.

Notes to the consolidated financial statements
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

These consolidated financial statements have been approved by the Board of Directors on April 19, 2023.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the year.

Principles of consolidation

The consolidated financial statements include the accounts of the Company's wholly owned subsidiary Adex Minerals Corp. ("AMC"). All inter-company accounts and transactions have been eliminated on consolidation.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The Company's subsidiary's functional currency is Canadian dollar.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss and comprehensive loss.

Property, plant and equipment

Property, plant & equipment is carried at cost, less accumulated amortization and asset impairment losses. Computer equipment comprises computer hardware and is amortized on a straight-line basis over 24 months. Automobiles are amortized on a straight-line basis over 24 months. Facility refurbishments are amortized over the estimated life span of the refurbished facility. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

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

Exploration and evaluation expenditures

The Company capitalizes exploration and evaluation expenditures. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

The Company expenses mine site care and maintenance costs as incurred. Care and maintenance expenditures include site security, environmental monitoring and general repairs as required to ensure the Property is safeguarded against loss and liability.

Adex Mining Inc.

Notes to the consolidated financial statements
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Environmental expenditures and rehabilitation requirements

Provisions for environmental rehabilitation include decommissioning and restoration costs when the Company has an obligation to dismantle and remove infrastructure and residual materials as well as to restore the disturbed area. Estimated decommissioning and restoration costs are provided for in the accounting period when the obligation arising from the disturbance occurs, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation (based on the net present value of estimated future costs). If these conditions are not met, no provision shall be recognized.

Where such a provision is recognized, the provision for environmental rehabilitation is reviewed and adjusted each period to reflect developments which could include changes in closure dates, legislation, discount rate or estimated future costs.

The amount recognized as a liability for environmental rehabilitation is calculated as the present value of the estimated future costs determined in accordance with local conditions and requirements. An amount corresponding to the provision is capitalized as part of property, plant and equipment and is depreciated over the life of the corresponding asset. The impact of amortization or unwinding of the discount rate applied in establishing the net present value of the provision is recognized in financing expenses. The applicable discount rate is a pre-tax rate that reflects the current market assessment of the time value of money which is determined based on government bond interest rates and inflation rates.

Changes to estimated future costs are recognized in the consolidated statements of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16, "Property, Plant and Equipment". Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying amount is taken immediately to the consolidated statement of loss and comprehensive loss.

If the change in estimate results in an increase in the rehabilitation provision and therefore an addition to the carrying amount of the asset, the entity is required to consider whether the new carrying amount is recoverable, and if this is an indication of impairment of the asset as a whole. If indication of impairment of the asset as a whole exists, the Company tests for impairment in accordance with IAS 36, "Impairment of Assets". If the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to the consolidated statement of loss and comprehensive loss. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of loss and comprehensive loss. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated cost of outstanding rehabilitation work at each statement of financial position date and any increase in overall cost is expensed.

Impairment of non-financial assets

The Company assesses the carrying amount of non-financial assets including property, plant and equipment and exploration and evaluation assets at each reporting date to determine whether there is any indication of impairment or impairment reversal. Internal factors, such as budgets and forecasts, as well as external factors, such as expected

Adex Mining Inc.

Notes to the consolidated financial statements
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future prices, costs and other market factors are also monitored to determine if indications exist.

An impairment loss is the amount equal to the excess of the carrying amount over the recoverable amount. The recoverable amount is the higher of value in use (being the net present value of expected pre-tax future cash flows of the relevant asset) and fair value less costs of disposal of the asset. The best evidence of fair value is a quoted price in an active market or a binding sale agreement for the same or similar asset. Where neither exists, fair value is based on the best information available to estimate the amount the Company could obtain from the sale of the asset in an arm's length transaction. This is often accomplished by using a discounted cash flow technique.

Impairment is assessed at the cash-generating unit (CGU) level. A CGU is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or group of assets. The assets of the corporate head office are allocated on a reasonable and consistent basis to CGUs or groups of CGUs. The carrying amounts of assets of the corporate head office that have not been allocated to a CGU are compared to their recoverable amounts to determine if there is any impairment loss.

If, after the Company has previously recognized an impairment loss, circumstances indicate that the fair value of the impaired assets is greater than the carrying amount, the Company reverses the impairment loss by the amount the revised fair value exceeds its carrying amount, to a maximum of the previous impairment loss. In no case shall the revised carrying amount exceed the original carrying amount, after depreciation or amortization, that would have been determined if no impairment loss had been recognized. An impairment loss or a reversal of an impairment loss is recognized in the consolidated statements of loss and comprehensive loss.

Share based payments

The Company has a stock option plan that is described in Note 6. The granting of stock options represents a benefit given to employees of the Company, which include others providing similar services, and non-employees and constitutes additional compensation to be borne by the Company.

Share based payments issued to employees are valued at the date of the grant using the Black Scholes option pricing model and are included in the consolidated statements of loss and comprehensive loss over each tranche's vesting period and credited to the contributed surplus unless it can be directly attributed to exploration and evaluation activities, in which case it is deferred.

Share based payments issued to non-employees are valued at the fair value of the goods and services received, unless they cannot be reliably measured, then the Black Scholes option pricing model is used. The expense is included in the consolidated statements of loss and comprehensive Loss over each tranche's vesting period which represents the period over which the services have been received and credited to the contributed surplus unless it can be directly attributed to exploration and evaluation activities, in which case it is deferred.

Share based payments issued to other entities for acquisition of properties are valued at the bid price on the date of the agreement and included in equity on that day, where the fair value of the goods and services received could not be reliably measured.

Income taxes

The income tax expense or benefit for the reporting period consists of two components: current and deferred taxes.

The current income tax payable or recoverable is calculated using the tax rates and legislation that have been enacted or substantively enacted at each reporting date in each of the jurisdictions and includes any adjustments for taxes payable or recoverable in respect of prior periods.

Current tax assets and liabilities are offset when they relate to the same jurisdiction, the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Adex Mining Inc.

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(Expressed in Canadian Dollars)

Deferred tax assets and liabilities are determined using the statement of financial position liability method based on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. In calculating the deferred tax assets and liabilities, the tax rates used are those that have been enacted or substantively enacted by each reporting date in each of the jurisdictions and that are expected to apply when the assets are recovered or the liabilities are settled. Deferred income tax assets and liabilities are presented as non-current.

Deferred tax liabilities are recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences with the exception of the following items:

- Temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the Company is able to control the timing of the reversal of temporary differences and such reversals are not probable in the foreseeable future;
- Temporary differences associated with goodwill;
- Temporary differences that arise on the initial recognition of assets and liabilities in a transaction that is not a business combination and has no impact on either accounting profit or taxable profit; and
- Deferred tax assets are only recognized to the extent that it is probable that sufficient taxable profits exist in future periods against which the deductible temporary differences can be utilized.

The probability that sufficient taxable profits exist in future periods against which the deferred tax assets can be utilized is reassessed at each reporting date. The amount of deferred tax assets recognized is adjusted accordingly.

Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and where the Company has the legal right to offset them.

Current and deferred taxes that relate to items recognized directly to equity are also recognized in equity. All other taxes are recognized in income tax expense in the consolidated statements of loss and comprehensive loss.

Basic and Diluted Loss per share

Basic loss per share amounts are calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury method, which assumes that all outstanding stock option grants and warrants are exercised, if dilutive, and the assumed proceeds are used to purchase the Company's common shares at the average market price during the period.

Financial instruments

(a) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (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 (including all equity derivative instruments) 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.

(b) Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive loss.

Adex Mining Inc.

*Notes to the consolidated financial statements
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)*

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized. Interest from these financial assets and liabilities is included in finance cost using the effective interest rate method.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

(c) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The Company applies the simplified method and measures a loss allowance equal to the lifetime expected credit losses for trade receivables.

The Company recognizes in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. The loss allowance was \$nil as at December 31, 2022.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statements of loss and comprehensive loss.

Government assistance

Non-repayable government assistance is recorded as a reduction in the related qualifying expenditure when it is reasonably assured that the conditions of the assistance will be complied with. Repayable government loans are recorded initially at fair value, with the difference between the book value and fair value recorded as a reduction of the related expenditures.

Government loans that are forgivable, when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan, or where a government loan is below market rate, are treated as non-repayable government

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assistance. On-repayable government assistance is recorded as a reduction in the related qualifying expenditure when it is reasonably assured that the conditions of the assistance will be complied with.

IFRS accounting pronouncements

a) Change in IFRS effective for the first time

Certain pronouncements have been issued by the IASB that are effective for annual periods beginning on or after January 1, 2022. The Company has assessed the amendments and determined that there is no material impact on the accounting and presentation of the consolidated financial statements.

b) Future accounting pronouncements

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2022. There are currently no such pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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 year ended December 31, 2022.

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 December 31, 2022 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.

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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

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***Notes to the consolidated financial statements
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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 December 31, 2022, \$1,083,166 was held in a cash-on-deposit account of the Province of New Brunswick (\$1,065,095 - at December 31, 2021)

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.

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4. TAILINGS IMPOUNDMENT FACILITY

Mount Pleasant Property, New Brunswick	Tailings impoundment facility upgrade \$
Balance, January 1, 2021	630,910
Additions	-
Depreciation for the year	(39,432)
Balance, December 31, 2021	591,478
Additions	-
Depreciation for the year	(39,432)
Balance, December 31, 2022	552,046

For the year ended December 31, 2022, the amount of depreciation charged to mineral property expenses for the Tailings Impoundment Facility was \$39,432 (\$39,432 for the year ended December 31, 2021).

5. PROPERTY PLANT AND EQUIPMENT

Cost	Equipment and Facility refurbishments \$
Balance as at December 31, 2022, 2021 and 2020	142,503
<hr/>	
Accumulated depreciation	\$
Balance as at January 1, 2021	137,108
Depreciation for the year	5,395
Balance as at December 31, 2021	142,503
Depreciation for the year	-
Balance as at December 31, 2022	142,503
<hr/>	
Carrying amounts	\$
As at January 1, 2021	5,395
As at December 31, 2021	-
As at December 31, 2022	-

For the year ended December 31, 2022, the amount of depreciation charged to mineral property expenses is \$Nil (\$5,395 for the year ended December 31, 2021).

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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 December 31, 2022, the Company had 677,211,441 common shares, of no par value, issued and outstanding.

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.

As at December 31, 2022, 2021 and 2020, no options were outstanding.

7. ADMINISTRATIVE AND GENERAL EXPENSES

The following table illustrates spending activity related to administrative and general expenses as well as regulatory, filing and meeting fees for the years ended December 31, 2022 and 2021:

	For the year ended	
	December 31	
	2022	2021
	\$	\$
Directors fees	67,104	79,407
Insurance	30,989	28,828
Office rent	3,358	3,576
Office costs	33,408	21,463
Professional fees (legal & audit)	65,780	90,476
Regulatory, filing fees and meeting	39,185	34,207
Shareholder communications & promotion	10,018	9,769
Wages, benefits and consulting	45,600	50,331
	295,442	318,057

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 during the year ended December 31, 2022 (2021: \$nil).

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Notes to the consolidated financial statements For the years ended December 31, 2022 and 2021 (Expressed in Canadian Dollars)

For the year ended December 31, 2022 the Company incurred related party expenses of \$45,600 (\$50,331 during the year ended December 31, 2021). These expenses related to the payment of wages, benefits and consulting fees to the Company's Chief Financial Officer.

During the year ended December 31, 2022, the Company incurred directors' fees of \$63,800 (\$79,407 during the year ended December 31, 2021). 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 year ended December 31, 2022, the Company incurred expenses of \$Nil (2021-\$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, 2019 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. Detailed loans and maturity dates are as following table:

Great Harvest Loans

As at December 31, 2022

Loan Agreement Date	Loan Amount (USD\$)	Total drawdown as of December 31, 2022 (USD\$)	Extended Maturity date
July 8, 2016	1,000,000	1,000,000	August 31, 2023
January 18, 2018	600,000	600,000	August 31, 2023
March 4, 2019	600,000	600,000	August 31, 2023
April 27, 2020	600,000	600,000	August 31, 2023
September 30, 2021	1,000,000	545,000	August 31, 2023

As at December 31, 2022, the Company had accrued \$1,319,001 (\$910,574 - at December 31, 2021) for interest on the outstanding loans. The interest payable was included in accrued interest on the consolidated statements of financial position. For the year ended December 31, 2022, a total interest expense of \$356,715 (2021: \$257,181) has been recognized from the loans from Great Harvest, which has been included in the financing costs in the consolidated statements of loss and comprehensive loss.

9. ACCOUNTS PAYABLE, LOAN, ACCRUALS AND COMMITMENTS

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As at	December 31 2022 \$	December 31 2021 \$
Current:		
Accounts payable	114,891	126,494
Accrued liabilities	117,935	91,648
	232,826	218,142
Accrued Interest:		
Opening balance	910,574	-
Additional interest accrued	356,715	-
Foreign exchange loss	51,712	-
Ending balance	1,319,001	-
Canada Emergency Business Account (CEBA) loan:		
Opening balance	74,396	-
Interest expense	5,604	-
Ending balance	80,000	-
Great Harvest Loan:		
Opening balance	3,720,993	-
Loan proceeds	522,933	-
Foreign exchange loss	286,543	-
Ending balance	4,530,469	-
Non-Current:		
Accrued Interest:		
Opening balance	-	643,122
Additional interest accrued	-	255,054
Foreign exchange loss	-	12,398
Ending balance	-	910,574
Canada Emergency Business Account (CEBA) loan:		
Opening balance	-	68,695
Interest expense	-	5,701
Ending balance	-	74,396
Great Harvest Loan:		
Opening balance	-	3,023,850
Loan proceeds	-	695,145
Foreign exchange loss	-	1,998
Ending balance	-	3,720,993
Total	6,162,296	4,924,105

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As at December 31, 2022, accrued interest in the amount of \$1,319,001 (\$910,574 as at December 31, 2021) relates to the Great Harvest Loans. Foreign exchange loss on the accrued interest in the amount of \$51,712 (2021- loss \$12,398) has been recognized in the consolidated statement of loss and comprehensive loss.

As at December 31, 2022, 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\$545,000 that are required to be repaid together with accrued interest on or before August 31, 2023.

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 subsequently to December 31, 2021). 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 year ended December 31, 2022, the Company recognized interest expense of \$5,604 (\$5,701 for the year ended December 31, 2021) in respect of the CEBA loans. If the CEBA loans cannot be repaid by December 31, 2023, they will be converted into 2-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 lease for virtual office amount to \$3,358 (2021 - \$3,348). Furthermore, there are no capital and/or purchase commitments as of December 31, 2022.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

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

The fair values of the Company's financial instruments are not materially different from their carrying value due to their short-term nature.

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.

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(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 December 31, 2022 assuming that a reasonably possible change in the relevant risk variable has occurred at December 31, 2022 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 December 31, 2022, 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 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 endeavors 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 consolidated 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 December 31, 2022, the Company had a cash balance of \$89,608 (December 31, 2021 – \$90,224).

The Company has forecasted cash flows for its 2022 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.

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(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 December 31, 2022 was \$4,530,469 (\$3,720,993 at December 31, 2021). Accordingly, a 10% increase or decrease in the exchange rate between US and Canadian dollars would impact net loss by approximately \$453,047.

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 December 31, 2022, the Company's capital consists of the shareholders' deficit in the amount of \$4,384,618 (December 31, 2021 - \$3,105,110).

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 as well as loans from its largest shareholder. 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 December 31, 2022, the Company had cash of \$89,608 (at December 31, 2021 the balance of cash was \$90,224).

12. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2022 and December 31, 2021:

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	Year ended December 31, 2022	Year ended December 31, 2021
	\$	\$
Income (loss) before taxes	(1,279,508)	(947,053)
Statutory tax rate	26.50%	26.50%
Expected income tax (recovery)	(339,070)	(250,969)
Penalties & Fines	-	148
Non-taxable portion of capital loss	37,967	2,236
Tax rate difference	(7,623)	(9,335)
Provision to return adjustments	(360)	3,705,450
Tax effect of unpaid amounts	27,993	
Change in deferred tax assets not recognized	281,093	(3,447,530)
Total tax expense (recovery)	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes.

The net deferred tax assets and liabilities recognized on the financial statements at December 31, 2022 and December 31, 2021 are comprised of the following:

	December 31, 2022	December 31, 2021
	\$	\$
Non-capital loss carryforwards	-	27,606
Loan payable	-	(27,606)
Total net deferred tax assets and liabilities recognised	-	-

The unrecognized deductible temporary differences at December 31, 2022 and December 31, 2021 are comprised of the following:

	December 31, 2022	December 31, 2021
	\$	\$
Non-capital loss carryforwards	21,153,041	20,213,018
Mineral property tax value in excess of book value	17,628,530	4,813,997
Loan payable	188,231	
Investment tax credits	144,112	144,112
Total unrecognized deductible temporary differences	39,113,914	25,171,127

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As at December 31, 2022, the Company has non-capital loss carryforwards of approximately \$21,153,041 (2021: \$20,213,018) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

<u>Expiry</u>	<u>\$</u>
2026	961,915
2027	1,878,360
2028	1,272,846
2029	1,723,553
2030	2,552,913
2031	1,763,430
2032	1,720,448
2033	1,865,788
2034	217,464
2035	1,322,094
2036	1,027,590
2037	927,827
2038	590,759
2039	826,608
2040	769,323
2041	889,827
2042	842,296
Total	\$ 21,153,041

The Company also has \$144,112 of investment tax credits which expire in 2029 and 2030.

13. MINERAL PROPERTY EXPENDITURES

Mineral property expenses have not changed in their general nature between the years ended December 31, 2022 and 2021, 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 year 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 2022 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.

Adex Mining Inc.

*Notes to the consolidated financial statements
For the years ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)*

The following table illustrates spending activity related to the capitalized costs and period expenses for the Company's Mt. Pleasant mine site for the years ended December 31, 2022 and 2021:

	For the year ended	
	December 31	
	2022	2021
Wages	124,836	128,895
Utilities	66,588	63,185
Environmental compliance	52,366	47,987
Depreciation- Tailings Impoundment Facility	39,432	39,432
Maintenance	25,955	52,272
Property taxes	21,021	22,150
Travel, meals & entertainment	15,023	2,200
Other	10,928	13,822
Depreciation	-	5,395
Rental income	(53,600)	(21,600)
Mineral property expenses	302,549	353,738

14. SUBSEQUENT EVENT

Subsequent to December 31, 2022, the Company received installments of US\$40,000 on January 19, 2023, US\$60,000 on February 9, 2023 and US\$60,000 on March 3, 2023 as drawdowns from the outstanding Great Harvest loan.