



**Condensed Consolidated Interim
Financial Statements
Unaudited**

Expressed in United States dollars
For the nine months ended September 30, 2021

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM
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 consolidated interim 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 consolidated interim financial statements of the Company 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.

INTER-ROCK MINERALS INC.
November 24, 2021

Inter-Rock Minerals Inc.

Condensed Consolidated Interim Balance Sheets

As at

(Expressed in thousands of United States Dollars)

UNAUDITED	Note	September 30, 2021	December 31, 2020
		\$	\$
ASSETS			
Current assets			
Cash		2,401	2,072
Accounts receivable		5,183	6,353
Inventories	6	3,506	2,535
Prepaid expenses and other assets		866	584
TOTAL CURRENT ASSETS		11,956	11,544
Non-current assets			
Properties, plant and equipment	7	7,437	6,397
Intangible assets	8	1,445	1,691
Goodwill	8	1,809	1,809
TOTAL ASSETS		22,647	21,441
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		4,669	4,786
Current portion of long term debt	9	2,030	2,598
Current portion of lease obligations	10	463	561
TOTAL CURRENT LIABILITIES		7,162	7,945
Non-current liabilities			
Long term debt	9	2,256	1,434
Lease obligations	10	728	999
Deferred income tax liability		294	294
Asset retirement obligation	11	75	75
Series A preferred shares	12	3,417	3,417
TOTAL LIABILITIES		13,932	14,164
Equity			
Share capital	13	5,791	5,794
Contributed surplus		315	315
Retained earnings		2,609	1,168
TOTAL EQUITY		8,715	7,277
TOTAL LIABILITIES AND EQUITY		22,647	21,441

Financial Commitments (Note 19)

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

Inter-Rock Minerals Inc.

Condensed Consolidated Interim Statements of Net and Comprehensive Income

(Expressed in thousands of United States Dollars except for outstanding shares and per share amounts)

UNAUDITED	Note	For the three months ended		For the nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		\$	\$	\$	\$
REVENUE	5,17	16,609	12,067	52,318	40,931
COST OF SALES					
Operating costs	5	13,983	9,474	44,654	33,824
GROSS PROFIT		2,626	2,593	7,664	7,107
OPERATING EXPENSES					
Selling, general and administrative	5	1,639	1,319	4,832	4,163
Amortization and depletion	7	348	341	1,011	1,023
Amortization of intangible assets	8	82	82	246	246
INCOME BEFORE FINANCING COSTS		557	851	1,575	1,675
FINANCING COSTS					
Gain on debt forgiveness	9	-	-	(318)	-
Interest on Series A preferred shares	12	28	28	56	28
Interest on debt and lease obligations	9,10	65	77	196	242
INCOME BEFORE INCOME TAXES		464	746	1,641	1,405
INCOME TAXES					
Current		97	77	200	127
NET INCOME AND COMPREHENSIVE INCOME		367	669	1,441	1,278
Basic income per share	14	0.02	0.03	0.06	0.06
Diluted income per share	14	0.01	0.02	0.04	0.03
Weighted average number of shares outstanding					
Basic		22,312,811	22,438,811	22,312,811	22,438,811
Diluted		39,449,811	39,575,791	39,449,811	39,575,791

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

Inter-Rock Minerals Inc.

Condensed Consolidated Interim Statements of Changes in Equity

As at and for the periods ended September 30th

(Expressed in thousands of United States Dollars)

	Share Capital (Note 13)	Contributed Surplus	Retained Earnings	Total
	\$	\$	\$	\$
Balance, December 31, 2019	5,864	315	(610)	5,569
Shares purchased for cancellation	(60)	-	-	(60)
Net income and comprehensive income	-	-	1,278	1,278
BALANCE, SEPTEMBER 30, 2020	5,804	315	668	6,787
Balance, December 31, 2020	5,794	315	1,168	7,277
Shares purchased for cancellation	(3)	-	-	(3)
Net income and comprehensive income	-	-	1,441	1,441
BALANCE, SEPTEMBER 30, 2021	5,791	315	2,609	8,715

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

Inter-Rock Minerals Inc.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in thousands of United States Dollars)

UNAUDITED	Note	For the three months ended		For the nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		\$	\$	\$	\$
CASH PROVIDED BY (USED IN) OPERATIONS					
Net income		367	669	1,441	1,278
Items not affecting cash					
Amortization and depletion		348	341	1,011	1,023
Amortization of intangible assets		82	82	246	246
Interest expense		93	77	252	242
Gain on debt forgiveness	9	-	-	(318)	-
		890	1,169	2,632	2,789
Net changes in non-cash working capital					
Accounts receivable		(259)	6	1,170	621
Inventories		(368)	(165)	(971)	(452)
Prepaid expenses		5	(160)	(282)	(328)
Accounts payable and accrued liabilities		(264)	(562)	(126)	(712)
CASH GENERATED BY OPERATING ACTIVITIES		4	288	2,423	1,918
INVESTING					
Purchase of properties, plant and equipment	7	(1,218)	(120)	(1,921)	(393)
CASH USED IN INVESTING ACTIVITIES		(1,218)	(120)	(1,921)	(393)
FINANCING					
Interest paid		(65)	(78)	(196)	(245)
Interest on Series A preferred shares	12	(28)	(28)	(84)	(28)
Proceeds from long term debt	9	1,048	-	1,581	1,017
Repayment of long term debt	9	(359)	(291)	(1,008)	(864)
Repayment of lease obligations	10	(120)	(162)	(463)	(555)
Shares purchased for cancellation	13	(1)	(15)	(3)	(60)
CASH USED IN FINANCING ACTIVITIES		475	(574)	(173)	(735)
NET CHANGE IN CASH		(739)	(406)	329	790
CASH, BEGINNING OF THE PERIOD		3,140	2,876	2,072	1,680
CASH, END OF THE PERIOD		2,401	2,470	2,401	2,470

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

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

1. CORPORATE INFORMATION

Inter-Rock Minerals Inc. (“Inter-Rock” or the “Company”) is domiciled in Canada and is continued under the Business Corporations Act (Ontario). The Company’s office is located at 2 Toronto Street, Suite 500 Toronto, Ontario, M5C 2B6, Canada. The Company’s shares are traded on the TSX Venture Exchange under the symbol “IRO”. Inter-Rock owns three operating businesses: Papillon Agricultural Company Inc. (“Papillon”), MIN-AD, Inc. (“MIN-AD”) and Mill Creek Dolomite LLC (“Mill Creek”). Papillon is a US based marketer and distributor of toll manufactured premium dairy feed nutritional supplements, including MIN-AD’s products. MIN-AD and Mill Creek are engaged in the production and marketing of high purity dolomite, primarily to the animal feed, glass, roofing and aglime industries in the United States.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2020 prepared in accordance with IAS as issued by the IASB.

2.2 Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.9 of the Company’s audited financial statements for the year ended December 31, 2020.

2.3 Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and the following wholly-owned subsidiaries:

Entity	Place of Incorporation	Ownership
Secret Pass Gold Inc.	United States	100%
MIN-AD Inc.	United States	100%
Mill Creek Dolomite LLC	United States	100%
Papillon Agricultural LLC	United States	100%
Papillon Agricultural Company Inc.	United States	100%

2.4 Functional currency and currency of presentation

These condensed consolidated interim financial statements are presented in United States dollars, which is the functional currency of the Company and all its subsidiaries. Transactions denominated in currencies other than the functional currency are recorded in the functional currency using the spot rate on the transaction date, and revalued using the exchange rate in effect at the end of each reporting date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the reporting date. Non-monetary assets and liabilities are translated at the historical rate. Exchange gains and losses are included in the condensed consolidated interim financial statements of income and comprehensive income for the period.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements reflect the accounting policies applied by the Company in its audited financial statements for the year ended December 31, 2020. The Company's significant accounting policies are presented as Note 3 in the audited consolidated financial statements for the year ended December 31, 2020.

4. JUDGMENTS AND ESTIMATES

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from these estimates.

These condensed consolidated interim financial statements reflect the judgements and estimates outlined by the Company in Note 4 of its audited consolidated financial statements for the year ended December 31, 2020.

5. SUBSIDIARIES AND BUSINESS SEGMENTS

Inter-Rock has three operating businesses. Each operation is an operating segment for financial reporting purposes. Certain costs are managed on a consolidated basis and are therefore not reflected in segment income. Operating segments of the Company are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Equity ownership</u>
MIN-AD, Inc.	United States	100%
Mill Creek Dolomite LLC	United States	100%
Papillon Agricultural Company, Inc.	United States	100%

The Company's management evaluates the performance of these segments and allocates resources to them based on certain performance measures.

Segment earnings correspond to each business' earnings from operations. The Company's management reporting system evaluates performance based on a number of factors; however, the primary profitability measure is the earnings from operations before depreciation, amortization, net financing income or expense and income taxes ("EBITDA"). Segment operating results are as follows:

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

5. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

For the nine month period ended September 30, 2021	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
REVENUE						
Internal sales	2,415	-	143	486	(3,044)	-
External sales	2,917	2,978	46,423	-	-	52,318
COST OF SALES						
Operating costs	4,046	1,688	41,186	-	(2,266)	44,654
GROSS PROFIT	1,286	1,290	5,380	486	(778)	7,664
OPERATING EXPENSES						
Selling, general & administration	836	789	3,423	407	(623)	4,832
Amortization and depletion	249	604	35	123	-	1,011
Amortization of intangible assets	-	-	246	-	-	246
INCOME (LOSS) BEFORE FINANCING	201	(103)	1,676	(44)	(155)	1,575
FINANCING COSTS						
Gain on debt forgiveness	-	-	(318)	-	-	(318)
Interest on Series A preferred shares	-	-	-	56	-	56
Interest on debt and lease obligations	56	67	69	9	(5)	196
INCOME (LOSS) BEFORE INCOME TAXES	145	(170)	1,925	(109)	(150)	1,641
INCOME TAXES						
Current	-	-	200	-	-	200
NET COMPREHENSIVE INCOME (LOSS)	145	(170)	1,725	(109)	(150)	1,441
As at September 30, 2021						
	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
ASSETS						
Current assets	1,391	2,145	8,575	154	(308)	11,956
Non-current assets	1,974	5,024	3,525	167	-	10,691
	3,365	7,169	12,100	321	(308)	22,647
LIABILITIES						
Current liabilities	1,700	1,133	4,409	174	(254)	7,162
Non-current liabilities	483	2,055	692	3,759	(219)	6,770
	2,183	3,188	5,101	3,933	(473)	13,932

Adjustments and eliminations include: (i) inter-segment revenues are eliminated on consolidation (ii) unallocated assets related to deferred tax assets (iii) unallocated liabilities related to deferred taxes and current taxes payable.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

5. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

For the three month period ended September 30, 2021	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
REVENUE						
Internal sales	742	-	40	162	(944)	-
External sales	887	1,018	14,704	-	-	16,609
COST OF SALES						
Operating costs	1,210	543	12,974	-	(744)	13,983
GROSS PROFIT	419	475	1,770	162	(200)	2,626
OPERATING EXPENSES						
Selling, general & administration	270	266	1,179	119	(195)	1,639
Amortization and depletion	85	210	6	47	-	348
Amortization of intangible assets	-	-	82	-	-	82
INCOME (LOSS) BEFORE FINANCING	64	(1)	503	(4)	(5)	557
FINANCING COSTS						
Gain on debt forgiveness	-	-	-	-	-	-
Interest on Series A preferred shares	-	-	-	28	-	28
Interest on debt and lease obligations	23	24	21	2	(5)	65
INCOME (LOSS) BEFORE INCOME TAXES	41	(25)	482	(34)	-	464
INCOME TAXES						
Current	-	-	97	-	-	97
NET COMPREHENSIVE INCOME (LOSS)	41	(25)	385	(34)	-	367

Segment balances for the prior period are as follows:

For the nine month period ended September 30, 2020	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
REVENUE						
Internal sales	2,159	-	154	486	(2,799)	-
External sales	3,578	3,019	34,334	-	-	40,931
COST OF SALES						
Operating costs	4,143	2,017	29,823	-	(2,159)	33,824
GROSS PROFIT	1,594	1,002	4,665	486	(640)	7,107
OPERATING EXPENSES						
Selling, general & administration	806	785	2,982	350	(760)	4,163
Amortization & depletion	275	600	26	122	-	1,023
Amortization of intangible assets	-	-	246	-	-	246
INCOME (LOSS) BEFORE FINANCING	513	(383)	1,411	14	(120)	1,675
FINANCING COSTS						
Interest on Series A preferred shares	-	-	-	28	-	28
Interest on debt and lease obligations	53	76	100	13	-	242
INCOME (LOSS) BEFORE INCOME TAXES	460	(459)	1,311	(27)	-	1,405
INCOME TAXES						
Current	5	-	22	100	-	127
NET AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	455	(459)	1,289	(127)	120	1,278

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

5. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

As at September 30, 2020	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
ASSETS					-	
Current assets	1,397	1,874	6,125	232	(285)	9,343
Non-current assets	1,950	4,015	3,839	292	-	10,096
	3,347	5,889	9,964	524	-	19,439
LIABILITIES						
Current liabilities	1,350	872	2,764	189	(405)	4,770
Non-current liabilities	566	1,592	1,844	3,880	-	7,882
	1,916	2,464	4,608	4,069	(405)	12,652
For the three month period ended September 30, 2020	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
REVENUE						
Internal sales	717	-	51	162	(930)	-
External sales	1,068	1,057	9,942	-	-	12,067
COST OF SALES						
Operating costs	1,316	527	8,348	-	(717)	9,474
GROSS PROFIT	469	530	1,645	162	(213)	2,593
OPERATING EXPENSES						
Selling, general & administration	246	245	1,012	122	(306)	1,319
Amortization & depletion	86	200	8	47	-	341
Amortization of intangible assets	-	-	82	-	-	82
INCOME (LOSS) BEFORE FINANCING	137	85	543	(7)	93	851
FINANCING COSTS						
Interest on Series A preferred shares	-	-	-	28	-	28
Interest on debt and lease obligations	18	23	31	5	-	77
INCOME (LOSS) BEFORE INCOME TAXES	119	62	512	(40)	93	746
INCOME TAXES						
Current	5	-	22	50	-	77
NET AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	114	62	490	(90)	93	669

6. INVENTORIES

	September 30, 2021	December 31, 2020
	\$	\$
Raw materials and consumables	970	886
Finished goods	2,536	1,649
Total inventories	3,506	2,535

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

7. PROPERTIES, PLANT AND EQUIPMENT

Cost	Land	Dolomite Properties	Plant and Equipment	Right of Use Assets	Vehicles	Spare Parts	Total
Balance, December 31, 2019	515	2,051	13,617	2,146	490	317	19,136
Additions in the year	-	-	494	692	-	11	1,197
Disposals in the year	-	-	-	-	-	-	-
Balance, December 31, 2020	515	2,051	14,111	2,838	490	328	20,333
Additions in the period	-	-	1,921	111	-	19	2,051
Disposals in the period	-	-	-	-	-	-	-
Balance, September 30, 2021	515	2,051	16,032	2,949	490	347	22,384

Accumulated Amortization and Depletion	Land	Dolomite Properties	Plant and Equipment	Right of Use Assets	Vehicles	Spare Parts	Total
Balance, December 31, 2019	-	(1,306)	(10,234)	(618)	(353)	-	(12,511)
Additions in the year	-	(46)	(481)	(793)	(52)	-	(1,372)
Disposals in the year	-	-	(53)	-	-	-	(53)
Balance, December 31, 2020	-	(1,352)	(10,768)	(1,411)	(405)	-	(13,936)
Additions in the period	-	(33)	(491)	(453)	(34)	-	(1,011)
Disposals in the period	-	-	-	-	-	-	-
Balance, September 30, 2021	-	(1,385)	(11,259)	(1,864)	(439)	-	(14,947)

Net Book Value

As at December 31, 2020	515	699	3,343	1,427	85	328	6,397
As at September 30, 2021	515	666	4,773	1,085	51	347	7,437

For the period ending September 30, 2021, there were no indicators of impairment in the carrying value of the Company's dolomite properties, plant and equipment and right-of-use assets.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

8. INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill comprise the following:

	Customer relationships (a)	Distribution rights (b)	Non-compete (c)	Brand (d)	Total Intangibles	Goodwill
	\$	\$	\$	\$	\$	\$
Balance December 31, 2019	1,158	800	3	58	2,019	1,809
Less: amortization	(189)	(124)	(3)	(12)	(328)	-
Balance December 31, 2020	969	676	-	46	1,691	1,809
Less: amortization	(144)	(93)	-	(9)	(246)	-
Balance, September 30, 2021	825	583	-	37	1,445	1,809

Amortization of intangible assets is presented within amortization of intangibles on the consolidated interim statement of income and comprehensive income. As at period-end there were no impairment losses recognized in income.

- Customer relationships, which are long-standing relationships with many specialty feed ingredient suppliers, toll manufacturers and customers in the dairy industry.
- Distribution rights, which are exclusive rights of the Company to produce and distribute specialty feed ingredients to the dairy industry.
- Non-compete arrangements, which serve to protect the Company's sensitive and confidential information. These agreements may apply to employees as well as any person or company that interacts with the business and encounters confidential information. The agreements have to be reasonable in scope and duration in order to be upheld in court.
- Brand, where the value of a brand is determined by the consumers' perception of the brand. Positive brand equity is achieved when consumers are willing to pay more for a product with a recognizable brand name than they would pay for a generic version of the product.

Goodwill is measured as the fair value of consideration paid less the fair value of the net assets acquired and liabilities assumed on the acquisition date. Goodwill is tested at least annually for impairment or more frequently when impairment indicators are identified. In accordance with IAS 36, if some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

9. DEBT

Bank debt and equipment purchase financings comprise the following:

	September 30, 2021	December 31, 2020
	\$	\$
<u>Aggregate debt facilities</u>		
(i) Revolving credit facility	498	500
(ii) Mill Creek term loan	1,009	1,260
(iii) Papillon term loan	1,267	1,866
(iv) Equipment financings	1,512	88
(v) Paycheck Protection Program	-	318
	4,286	4,032
<u>Less: current portions of</u>		
Long term debt	(1,650)	(2,561)
Equipment financing	(380)	(37)
Total long term debt	2,256	1,434

Debt facilities

The Company's debt facilities at September 30, 2021 are described below. The borrowers under the facilities in (i) and (ii) are MIN-AD and Mill Creek.

- (i) \$500 Revolving Credit Facility – a one-year, secured revolving credit facility (“FC”) in the amount of the lesser of \$500 or 75% of accounts receivable at MIN-AD and Mill Creek, bearing interest at the U.S. bank prime rate plus 1.00% per annum. Any amounts drawn under the RC facility can be repaid any time and are due in full at maturity on May 25, 2022. At September 30, 2021, \$498 (September 30, 2020 - \$500) was outstanding under the RC facility and was recorded as current portion of long term debt.
- (ii) \$1,734 Mill Creek Term Loan – a five year secured term loan bearing interest of 5.50% per annum. The loan amortizes over sixty months in equal principal and interest payments of \$33 and matures on June 21, 2024. At September 30, 2021, \$352 (September 30, 2020 - \$333) was recorded as current portion of long term debt and the balance of \$657 (September 30, 2020 - \$1,008) was recorded as long term debt.

The MIN-AD and Mill Creek bank facilities are secured by the accounts receivables, inventory, equipment and other assets of MIN-AD and Mill Creek. The facilities are guaranteed by both the Company and its subsidiary, Secret Pass Gold Inc. and contain certain covenants that limit, among other things, the ability of MIN-AD and Mill Creek to incur new indebtedness, sell material assets and make acquisitions and investments. There is also a requirement to maintain a minimum debt service cover ratio (“DSCR”) of 1.30.

MIN-AD and Mill Creek, as co-borrowers, are required to maintain a minimum DSCR of 1.30 times under the terms of the revolving credit and term loan facilities described above in points (i) and (ii). Prior to the second quarter, the DSCR was calculated on the results of the co-borrowers on a rolling four quarter basis. During the second quarter of 2021, Meadows Bank amended the DSCR covenant so that it is calculated annually at year end and is based on the consolidated audited results of Inter-Rock.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

9. DEBT (CONT'D)

- (iii) \$4,000 Papillon Term Loan - five year secured term loan bearing interest at a fixed rate of 4.75% per annum. The loan is secured against all the present and future assets of Papillon and Papillon Agricultural LLC, and is guaranteed by the Company and its subsidiaries, Secret Pass Gold Inc. and Papillon. The loan contains various covenants customary for a facility of this nature, including restrictions on new indebtedness, asset dispositions and acquisitions. The loan also contains financial covenants including a minimum DSCR of 1.15 times and a requirement that 80% of accounts receivable plus cash must be equal to or greater than the outstanding loan balance. At September 30, 2021, \$800 (September 30, 2020 - \$800) was recorded as current portion of long term debt and the balance of \$467 (September 30, 2020- \$1,266) was recorded as long term debt. Papillon is in full compliance with the terms and conditions of its bank loan.
- (iv) \$1,540 Mill Creek Volvo Equipment Term Loans – four year secured term loans bearing interest at fixed annual rates between 2.36% and 2.89%. The loans amortize monthly, are secured by the equipment and are guaranteed by MIN-AD. At September 30, 2021, \$349 (September 30, 2020 - \$0) was recorded as current portion of long term debt and the balance of \$1,104 (September 30, 2020 - \$0) was recorded as long term debt.
- (v) Vehicle Financing - MIN-AD and Mill Creek, in the normal course of operations, finance the purchase of company vehicles for use by a number of employees. At September 30, 2021, \$31 (September 30, 2020 - \$39) was recorded as current portion of long term debt and the balance of \$28 (September 30, 2020 – \$59) was recorded as long term debt. The loans are secured by the vehicles and the interest rate on the facilities ranges from 1.99% to 5.00% per annum.
- (vi) In March 2020, the U.S. government passed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES ACT") to provide financial assistance to individuals and businesses. A major component of the CARES ACT is the Paycheck Protection Program (the "PPP"), a forgivable loan program for small businesses administered by the U.S. Small Business Administration (the "SBA"). The loans are obtained by applying through an SBA approved lender.

The Company's three operating subsidiaries received PPP loans aggregating \$817, funded as follows: Papillon: \$318, MIN-AD: \$215 and Mill Creek: \$284. The PPP loans for MIN-AD and Mill Creek were forgiven in December 2020 and the Papillon PPP loan was forgiven in June 2021.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

10. LEASE OBLIGATIONS

The Company adopted IFRS 16, Leases ("IFRS 16") on January 1, 2019. Upon adoption of IFRS 16, the Company recognized right-of-use assets and the corresponding lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17, Leases. The Company leases mining equipment, rail cars, a rail siding and office space.

The Company's lease obligations consist of the following as at September 30, 2021:

	September 30, 2021	December 31, 2020
Movement in lease obligations:		
Lease obligations, beginning	\$ 999	\$ 1,644
Additions during the period	658	682
Payments during the period	(466)	(766)
Lease obligations, ending	1,191	1,560
Less: current portion	(463)	(561)
Total long term lease obligations	\$ 728	\$ 999

During the period, the Company recognized interest expense of \$59 (September 30, 2020 - \$73) on lease liabilities.

11. ASSET RETIREMENT OBLIGATION

The Company is required to satisfy certain asset retirement obligations including the removal of any equipment and the restoration of the land and premises. This liability is management's estimate of the requirements for restoration and rehabilitation of the Company's MIN-AD and Mill Creek dolomite quarrying operations. The Company's liability for reclamation of the properties has been discounted to its present value based on an estimate of the Company's pricing in the market to obtain debt.

12. SERIES A PREFERRED SHARES

On December 5, 2008, the Company issued 17,136,980 Series A preferred shares ("Preferred Shares") to settle debt and unpaid interest owing to a shareholder in the amount of \$3,417.

Each Preferred Share is entitled to one vote, is redeemable and retractable on demand at a value of \$0.20, pays a non-cumulative quarterly dividend at a rate equivalent to the US prime interest rate, and is convertible into one common share.

There is no certainty of retraction of the Preferred Shares as there is no fixed or determinable date for their retraction nor are any future events defined that would trigger retraction. The shareholder has agreed to waive their right to retract the Preferred Shares for the year ending December 31, 2021, so the liability has been presented in these condensed consolidated interim financial statements as long term. During the period, the Board of Directors of the Company declared a quarterly preferred share dividend of \$28 (September 30, 2020 -\$28.) The dividend is recorded as interest expense.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

13. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. The number of common shares issued and outstanding is as follows:

	Number	Amount
Balance, December 31, 2020	22,312,811	\$5,794
Purchased for cancellation	(9,500)	(3)
Balance, September 30, 2021	22,303,311	\$5,791

Normal Course Issuer Bid

On February 19, 2021, the Company received approval from the TSXV to renew its NCIB to purchase for cancellation up to 1,000,000 common shares, representing 4.4% of the outstanding common shares of the Company. Inter-Rock may purchase common shares under the NCIB over the twelve-month period beginning on or about February 25, 2021. The NCIB will terminate upon the earliest of (i) the Company purchasing 1,000,000 common shares, (ii) the Company providing notice of termination of the NCIB and (iii) the date that is 12 months following the commencement of the NCIB.

Any purchases under the NCIB will be conducted on the open market through the facilities of the TSXV or alternative Canadian trading systems. The price paid for any common shares repurchased under the NCIB will be the prevailing market price at the time of purchase. All common shares purchased by the Company will be cancelled. The Company has purchased 3,500 shares under the renewed NCIB for cancellation.

14. INCOME PER SHARE

Basic and diluted income per share have been calculated as follows:

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Basic income per share				
Income available to common shares	367	669	1,441	1,278
Weighted average common shares (in thousands)	22,384	22,439	22,384	22,439
	0.02	0.03	0.06	0.06
Diluted income per share				
Income available to common shares	367	669	1,441	1,278
Income available to common shares, assuming dilution	367	669	1,441	1,278
Weighted average common shares outstanding	22,313	22,439	22,313	22,439
Preferred shares converted to common shares	17,137	17,137	17,137	17,137
Adjusted weighted average common shares outstanding	39,450	39,576	39,450	39,576
	0.01	0.02	0.04	0.03

Each Preferred Share (Note 12) is convertible into one common share of the Company, the dilutive effect of the conversion of Preferred Shares is 17,136,980 additional common shares.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

15. INCOME TAXES

At September 30, 2021, the Company had Canadian tax losses which are not recognized as deferred tax assets. The Company recognizes the tax benefit of the tax losses only to the extent of anticipated future Canadian taxable income that can be reduced by tax losses. The gross amount of the tax losses for which a tax benefit has not been recorded expire as follows:

Incurred	Expires	Amount
		C\$
2007	2027	458
2008	2028	377
2009	2029	262
2010	2030	319
2011	2031	328
2012	2032	303
2013	2033	249
2014	2034	169
2015	2035	166
2016	2036	199
2017	2037	262
2018	2038	116
2019	2039	145
		3,353

16. RELATED PARTY TRANSACTIONS

Key management remuneration

The Company's related parties as defined by IAS 24, Related Party Disclosures, include the key management of the Company and its subsidiaries. Key management includes directors, the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Vice-President of Operations and the President of Papillon.

The compensation paid to key management for services is shown below:

	For the three months ended		For the nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2021	2020	2021	2020
	\$	\$	\$	\$
Short term benefits including salaries, consulting and director fees	224	212	678	675

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

17. REVENUE SUPPLEMENTAL INFORMATION

The Company's revenue by type is broken down as follows in the condensed consolidated interim statements of income and comprehensive income.

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
MIN-AD and Mill Creek				
Dolomite sales	1,655	1,768	4,887	5,386
Freight charges	196	316	848	1,041
Fuel charges	54	40	160	170
	1,905	2,124	5,895	6,597
Papillon				
Animal feed sales	14,135	8,890	44,885	31,576
Freight charges	569	1,053	1,538	2,758
	16,609	12,067	52,318	40,931

18. FINANCIAL RISK MANAGEMENT

Coronavirus (COVID-19)

Coronavirus disease is an infectious respiratory disease caused by a new virus. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. As a consequence, governments worldwide have enacted emergency measures to reduce the spread of the disease. The measures include travel bans, physical distancing, quarantine periods for people that have the disease and those that have travelled, closing of social, cultural and educational facilities, and in some jurisdictions, the closing of all non-essential businesses. Governments are providing substantial monetary and fiscal measures in an effort to stabilize economic conditions; however, it is not clear to what extent these measures will mitigate and stabilize the serious negative economic consequences resulting from the emergency measures imposed to combat COVID-19.

COVID-19 could have a substantial negative impact on the operations of the Company, its suppliers and its customers. Any labour quarantines or other disruptions to the Company's operations may impact its ability to provide products to its customers and, as a consequence, negatively impact the Company's revenues and cash flow. Similarly, the closure of one of the Company's quarrying and processing operations or its toll manufacturing facilities could severely limit the Company's production and its ability to supply its customers. Moreover, a widespread health crisis in the United States could have a material impact on the economy and lead to a prolonged recession that could seriously depress the demand for the Company's products. It is not possible to reliably estimate the length and severity of the economic consequences of the COVID-19 pandemic and the impact on the operations and financial results of the Company.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2021 and 2020

(Expressed in thousands of United States Dollars except for per share information)

19. FINANCIAL COMMITMENTS

The Company is committed to \$5,516 (September 30, 2020 - \$5,783) for obligations and financial commitments in the normal course of operations and financing activities. At September 30, 2021 the Company had the following financial commitments:

	Total	2021	2022	2023	2024	Thereafter
	\$	\$	\$	\$	\$	\$
Debt principal repayments	4,231	372	2,007	1,002	563	287
Equipment financing	59	8	29	22	-	-
Lease obligations	1,226	128	508	218	138	234
Total	5,516	508	2,544	1,242	701	521

Debt repayments represent the principal only. Lease obligations represent the undiscounted amount of the lease commitments. Leases commenced subsequent to period end are not included in the lease liability recorded at period end.