



**Condensed Consolidated Interim Financial Statements
Unaudited**

Expressed in United States dollars
For the nine months ended September 30, 2022

**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 16, 2022

Inter-Rock Minerals Inc.

Condensed Consolidated Interim Balance Sheets
(Expressed in thousands of United States Dollars)

UNAUDITED	Note	September 30, 2022	December 31, 2021
		\$	\$
ASSETS			
Current assets			
Cash		3,796	2,266
Accounts receivable		7,885	5,161
Inventories	7	3,015	1,624
Prepaid expenses and other assets		672	1,110
Assets held for sale		-	6,595
Total Current Assets		15,368	16,756
Non-current assets			
Deferred tax asset		-	262
Properties, plant and equipment	8	2,420	2,354
Intangible assets	9	1,126	1,368
Goodwill	9	1,808	1,808
Total Assets		20,722	22,548
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		6,169	4,345
Current portion of long term debt	10	481	1,316
Current portion of lease obligations	11	225	330
Liabilities held for sale		-	3,837
Total Current Liabilities		6,875	9,828
Non-current liabilities			
Long term debt	10	3	280
Lease obligations	11	279	422
Deferred tax liability		672	-
Asset retirement obligation	12	26	26
Series A preferred shares	13	3,417	3,417
Total Liabilities		11,272	13,973
Equity			
Share capital	14	5,791	5,791
Contributed surplus		315	315
Retained earnings		3,344	2,469
Total Equity		9,450	8,575
Total Liabilities and Equity		20,722	22,548

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, 2022	September 30, 2021 (restated)	September 30, 2022	September 30, 2021 (restated)
		\$	\$	\$	\$
REVENUE	6, 18	26,426	15,591	68,152	49,340
COST OF SALES					
Operating costs	6	23,133	13,440	59,897	42,966
GROSS PROFIT		3,293	2,151	8,255	6,374
OPERATING EXPENSES					
Gain on sale of asset	5	-	-	(393)	-
Selling, general and administrative	6	1,632	1,373	4,854	4,043
Amortization and depletion	8	124	138	419	407
Amortization of intangible assets	9	81	82	242	246
INCOME BEFORE FINANCING COSTS		1,456	558	3,133	1,678
FINANCING COSTS					
Gain on debt forgiveness		-	-	-	(318)
Interest on Series A preferred shares	13	36	28	70	56
Interest on debt and lease obligations	10, 11	15	41	67	129
INCOME FROM CONTINUING OPERATIONS					
BEFORE INCOME TAXES		1,405	489	2,996	1,811
INCOME TAXES					
Current		188	97	570	200
		188	97	570	200
NET INCOME AND COMPREHENSIVE INCOME					
FROM CONTINUING OPERATIONS		1,217	392	2,426	1,611
NET (LOSS) AND COMPREHENSIVE (LOSS)					
FROM DISCONTINUED OPERATIONS	5	-	(25)	-	(170)
NET INCOME AND COMPREHENSIVE INCOME		1,217	367	2,426	1,441
Basic income per share	15	0.05	0.02	0.11	0.06
Diluted income per share	15	0.03	0.01	0.06	0.04
Weighted average number of shares outstanding					
Basic		22,303,311	22,312,811	22,303,311	22,312,811
Diluted		39,440,291	39,449,811	39,440,291	39,449,811

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

Inter-Rock Minerals Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in thousands of United States Dollars)

	Share Capital (Note 14)	Contributed Surplus	Retained Earnings	Total
	\$	\$	\$	\$
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
Balance, December 31, 2021	5,791	315	2,469	8,575
Prior year cumulative subsidiary losses	-	-	(1,551)	(1,551)
Net income and comprehensive income	-	-	2,426	2,426
Balance, September 30, 2022	5,791	315	3,344	9,450

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, 2022	September 30, 2021 (restated)	September 30, 2022	September 30, 2021 (restated)
		\$	\$	\$	\$
CASH PROVIDED BY (USED IN) OPERATIONS					
Net income		1,217	367	2,426	1,441
Items not affecting cash		-	-	-	-
Amortization and depletion		124	138	419	407
Amortization of intangible assets		81	82	242	246
Interest expense		51	69	137	185
Gain on sale of asset		-	-	(393)	-
Gain on debt forgiveness		-	-	-	(318)
Loss from discontinued operations		-	25	-	170
		1,473	681	2,831	2,131
Net changes in non-cash working capital					
Accounts receivable		2,244	(409)	(2,724)	1,188
Inventories		(633)	(504)	(1,391)	(930)
Prepaid expenses		20	(14)	438	(284)
Accounts payable and accrued liabilities		(3,766)	(348)	1,811	(225)
Cash generated by continuing operating activities		(662)	(594)	965	1,880
Cash used in discontinued operating activities		-	598	-	543
Net cash from investing activities		(662)	4	965	2,423
INVESTING					
Purchase of properties, plant and equipment	8	(128)	(113)	(405)	(270)
Cash used in continuing investing activities		(128)	(113)	(405)	(270)
Cash used in discontinued investing activities		-	(1,105)	-	(1,651)
Net cash used in investing activities		(128)	(1,218)	(405)	(1,921)
FINANCING					
Interest paid		(15)	(28)	(67)	(116)
Interest on Series A preferred shares	13	(40)	(28)	(98)	(84)
Net proceeds from sale of asset		-	-	3,310	-
Proceeds from long term debt	10	-	-	-	40
Repayment of long term debt	10	(205)	(209)	(1,113)	(669)
Repayment of lease obligations	11	(83)	(72)	(245)	(216)
Shares purchased for cancellation	14	-	(1)	-	(3)
Cash provided by (used in) continuing financing activities		(343)	(338)	1,787	(1,048)
Cash used in discontinued financing activities		-	813	(817)	875
Net cash provided by financing activities		(343)	475	970	(173)
Net change in cash		(1,133)	(739)	1,530	329
Cash, beginning of the period		4,929	3,140	2,266	2,072
Cash, end of the period		3,796	2,401	3,796	2,401

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, 2022 and 2021

(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 two operating businesses: Papillon Agricultural Company Inc. (“Papillon”) and MIN-AD, Inc. (“MIN-AD”). Papillon is a U.S. based marketer and distributor of toll manufactured premium dairy feed nutritional supplements, including MIN-AD’s products. MIN-AD is engaged in the production and marketing of high purity dolomite and clay, primarily to the animal feed industry 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, 2021 prepared in accordance with IAS as issued by the international Accounting Standards Board (“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 of the Company’s audited financial statements for the year ended December 31, 2021.

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%
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 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, 2022 and 2021

(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, 2021. The Company's significant accounting policies are presented in Note 3 in the audited consolidated financial statements for the year ended December 31, 2021.

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, 2021.

5. MILL CREEK SALE

On February 9 2022, Inter-Rock closed the sale of its Oklahoma based dolomite business, Mill Creek Dolomite LLC ("Mill Creek"). The business was sold to United States Lime & Minerals Inc. for \$6,400 in cash, excluding Mill Creek debt and accrued interest of \$2,240 that was repaid at closing with a portion of the proceeds of the sale in accordance with the terms of the sale agreement. After the repayment of debt and working capital adjustments, the Company received net cash of \$3,310.

6. SUBSIDIARIES AND BUSINESS SEGMENTS

Inter-Rock has two operating businesses. Each business 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:

Name of subsidiary	Country of incorporation	
MIN-AD Inc.	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").

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2022 and 2021

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

6. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

Segment operating results are as follows:

For the nine month period ended September 30, 2022	MIN-AD	Papillon	Other	Eliminations	Total
REVENUE					
Internal sales	3,085	136	450	(3,671)	-
External sales	3,505	64,647	-	-	68,152
COST OF SALES					
Operating costs	5,138	57,843	-	(3,084)	59,897
GROSS PROFIT	1,452	6,940	450	(587)	8,255
OPERATING EXPENSES					
Gain on sale of asset	(393)	-	-	-	(393)
Selling, general & administration	1,024	3,897	512	(579)	4,854
Amortization and depletion	269	54	96	-	419
Amortization of intangible assets	-	242	-	-	242
INCOME (LOSS) BEFORE FINANCING	552	2,747	(158)	8	3,133
FINANCING COSTS					
Interest on Series A preferred shares	-	-	70	-	70
Interest on debt and lease obligations	32	39	4	(8)	67
INCOME (LOSS) BEFORE INCOME TAXES	520	2,708	(232)	-	2,996
INCOME TAXES					
Current	-	-	570	-	570
NET COMPREHENSIVE INCOME (LOSS)	520	2,708	(802)	-	2,426
As at September 30, 2022					
	MIN-AD	Papillon	Other	Eliminations	Total
ASSETS					
Current assets	2,186	13,073	330	(221)	15,368
Non-current assets	2,145	3,167	42	-	5,354
	4,331	16,240	372	(221)	20,722
LIABILITIES					
Current liabilities	764	6,266	66	(221)	6,875
Non-current liabilities	117	190	4,090	-	4,397
	881	6,456	4,156	(221)	11,272

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2022 and 2021

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

6. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

For the three month period ended September 30, 2022	MIN-AD	Papillon	Other	Eliminations	Total
REVENUE					
Internal sales	1,151	54	150	(1,355)	-
External sales	1,053	25,373	-	-	26,426
COST OF SALES					
Operating costs	1,746	22,537	-	(1,150)	23,133
GROSS PROFIT	458	2,890	150	(205)	3,293
OPERATING EXPENSES					
Gain on sale of asset	-	-	-	-	-
Selling, general & administration	344	1,322	173	(207)	1,632
Amortization and depletion	90	18	16	-	124
Amortization of intangible assets	-	81	-	-	81
INCOME (LOSS) BEFORE FINANCING	24	1,469	(39)	(2)	1,456
FINANCING COSTS					
Interest on Series A preferred shares	-	-	36	-	36
Interest on debt and lease obligations	6	11	-	(2)	15
INCOME (LOSS) BEFORE INCOME TAXES	18	1,458	(75)	-	1,405
INCOME TAXES					
Current	-	-	188	-	188
NET COMPREHENSIVE INCOME (LOSS)	18	1,458	(263)	-	1,217

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, 2022 and 2021

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

6. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

Segment balances for the prior period are as follows:

For the nine month period ended September 30, 2021	MIN-AD	Papillon	Other	Elimi- nations	Total	
REVENUE						
Internal sales	2,415	143	486	(3,044)	-	
External sales	2,917	46,423	-	-	49,340	
COST OF SALES						
Operating costs	4,046	41,186	-	(2,266)	42,966	
GROSS PROFIT	1,286	5,380	486	(778)	6,374	
OPERATING EXPENSES						
Selling, general & administration	836	3,423	407	(623)	4,043	
Amortization and depletion	249	35	123	-	407	
Amortization of intangible assets	-	246	-	-	246	
INCOME (LOSS) BEFORE FINANCING	201	1,676	(44)	(155)	1,678	
FINANCING COSTS						
Gain on debt forgiveness	-	(318)	-	-	(318)	
Interest on Series A preferred shares	-	-	56	-	56	
Interest on debt and lease obligations	56	69	9	(5)	129	
INCOME (LOSS) BEFORE INCOME TAXES	145	1,925	(109)	(150)	1,811	
INCOME TAXES						
Current	-	200	-	-	200	
NET COMPREHENSIVE INCOME (LOSS)	145	1,725	(109)	(150)	1,611	
As at September 30, 2021						
	Mill Creek	MIN-AD	Papillon	Other	Elimi- nations	Total
ASSETS						
Current assets	2,145	1,391	8,575	154	(308)	11,956
Non-current assets	5,024	1,974	3,525	167	-	10,691
	7,169	3,365	12,100	321	(308)	22,647
LIABILITIES						
Current liabilities	1,133	1,700	4,409	174	(254)	7,162
Non-current liabilities	2,055	483	692	3,759	(219)	6,770
	3,188	2,183	5,101	3,933	(473)	13,932

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2022 and 2021

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

6. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

For the three month period ended September 30, 2021	MIN-AD	Papillon	Other	Elimi- nations	Total
REVENUE					
Internal sales	742	40	162	(944)	-
External sales	887	14,704	-	-	15,591
COST OF SALES					
Operating costs	1210	12,974	-	(744)	13,440
GROSS PROFIT	419	1,770	162	(200)	2,151
OPERATING EXPENSES					
Selling, general & administration	270	1,179	119	(195)	1,373
Amortization and depletion	85	6	47	-	138
Amortization of intangible assets	0	82	-	-	82
INCOME (LOSS) BEFORE FINANCING	64	503	(4)	(5)	558
FINANCING COSTS					
Gain on debt forgiveness	0	-	-	-	-
Interest on Series A preferred shares	0	-	28	-	28
Interest on debt and lease obligations	23	21	2	(5)	41
INCOME (LOSS) BEFORE INCOME TAXES	41	482	(34)	-	489
INCOME TAXES					
Current	0	97	-	-	97
NET COMPREHENSIVE INCOME (LOSS)	41	385	(34)	-	392

7. INVENTORIES

	September 30, 2022	December 31, 2021
	\$	\$
Raw materials and consumables	470	424
Finished goods	2,545	1,200
Total inventories	3,015	1,624

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2022 and 2021

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

8. PROPERTIES, PLANT AND EQUIPMENT

Cost	Land	Dolomite Properties	Plant and Equipment	Right of Use Assets	Vehicles	Spare Parts	Total
Balance, December 31, 2020	515	2,051	14,111	2,838	490	328	20,333
Transferred to assets classified as held for sale	(515)	(297)	(5,024)	(1,413)	(207)	(73)	(7,529)
Additions in the year	-	-	328	110	-	19	457
Disposals in the year	-	-	-	-	-	-	-
Balance, December 31, 2021	-	1,754	9,415	1,535	283	274	13,261
Additions in the year	-	-	388	-	17	80	485
Disposals in the year	-	-	-	-	-	-	-
Balance, September 30, 2022	-	1,754	9,803	1,535	300	354	13,746

Accumulated Amortization and Depletion	Land	Dolomite Properties	Plant and Equipment	Right of Use Assets	Vehicles	Spare Parts	Total
Balance, December 31, 2020	-	(1,352)	(10,768)	(1,411)	(405)	-	(13,936)
Transferred to assets classified as held for sale	-	117	2,418	875	156	-	3,566
Additions in the year	-	(37)	(166)	(309)	(25)	-	(537)
Disposals in the year	-	-	-	-	-	-	-
Balance, December 31, 2021	-	(1,272)	(8,516)	(845)	(274)	-	(10,907)
Additions in the year	-	(25)	(144)	(237)	(13)	-	(419)
Disposals in the year	-	-	-	-	-	-	-
Balance, September 30, 2022	-	(1,297)	(8,660)	(1,082)	(287)	-	(11,326)

Net Book Value	Land	Dolomite Properties	Plant and Equipment	Right of Use Assets	Vehicles	Spare Parts	Total
As at December 31, 2021	-	482	899	690	9	274	2,354
As at September 30, 2022	-	457	1,143	453	13	354	2,420

For the period ending September 30, 2022 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, 2022 and 2021

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

9. 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, 2020	969	676	-	46	1,691	1,808
Less: amortization	(185)	(127)	(3)	(11)	(326)	-
Balance December 31, 2021	784	549	-	35	1,368	1,808
Less: amortization	(139)	(95)	-	(8)	(242)	-
Balance, September 30, 2022	645	454	-	27	1,126	1,808

Amortization of intangible assets is presented within amortization of intangibles on the condensed 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, 2022 and 2021

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

10. DEBT

Bank debt and equipment purchase financings comprise the following:

	September 30, 2022	December 31, 2021
	\$	\$
<u>Aggregate debt facilities</u>		
(i) Revolving credit facility	-	498
(ii) Mill Creek term loan	-	922
(iii) Papillon term loan	467	1,067
(iv) Equipment financings	17	1,398
Transferred to liabilities held for sale	-	(2,289)
	484	1,596
<u>Less: current portions of</u>	-	
Long term debt	(467)	(1,298)
Equipment financing	(14)	(18)
Total long term debt	3	280

Debt facilities

The Company's debt facilities at September 30, 2022 are described below.

- (i) \$500 Revolving Credit Facility – a one-year, secured revolving credit facility (“RC”) in the amount of \$500 bearing interest at the U.S. bank prime rate plus 1.00% per annum. The \$500 RC was amended to remove Mill Creek as a borrower, leaving MIN-AD as the sole borrower. The amendment required a repayment of at least \$100 be made within 30 days of closing the sale of Mill Creek. A repayment of \$498 was made on March 9, 2022 with a portion of Mill Creek sales proceeds. At September 30, 2022, \$Nil (September 30, 2021 - \$498) was outstanding under the RC facility. In addition, the borrowing base calculation for the revolving credit facility was amended so that advances under the line are capped at 75% of MIN-AD’s account receivables plus 50% of inventory.

The facility is secured by the assets of MIN-AD and is guaranteed by both the Company and its subsidiary Secret Pass Gold Inc. The facility contains certain covenants that limit, among other things, the ability of MIN-AD to incur new indebtedness, sell material assets and make acquisitions. There is also a requirement to maintain a minimum debt service cover ratio (“DSCR”). The DSCR is calculated at period end based on the consolidated results of the Company.

- (ii) In accordance with the terms of the Mill Creek sale agreement, the Mill Creek term loan and Mill Creek Volvo equipment term loans were repaid in full on February 9, 2022 with a portion of the Mill Creek sale proceeds.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended September 30, 2022 and 2021

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

10. 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 and a requirement that 80% of accounts receivable plus cash must be equal to or greater than the outstanding loan balance. At September 30, 2022, the entire balance of \$467 (September 30, 2021 - \$800) was recorded as the current portion of long term debt.

At September 30, 2022, the Company was in compliance with all bank debt covenant requirements.

- (iv) MIN-AD Vehicle loans – the company periodically finances the purchase of company vehicles for use by a number of employees. At September 30, 2022, \$17 (September 30, 2021 - \$31) was outstanding under a vehicle loan of which \$14 (September 30, 2021 - \$28) was current. The loan is secured by the vehicle and the interest rate is 5.5% per annum.

11. LEASE OBLIGATIONS

The Company leases rail cars and office space. At September 30, 2022, the Company's lease obligations consist of the following:

	September 30, 2022	December 31, 2021
Movement in lease obligations:		
Lease obligations, beginning	\$ 752	\$ 1,560
Additions during the period	-	110
Payments during the period	(248)	(589)
Transferred to liabilities held for sale	-	(329)
Lease obligations, ending	504	752
Less: current portion	(225)	(330)
Total long term lease obligations	\$ 279	\$ 422

During the period, the Company recognized interest expense of \$27 (September 30, 2021 - \$59) on lease liabilities.

12. 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 dolomite quarrying operations. The Company's liability for reclamation of the property has been discounted to its present value based on an estimate of the Company's pricing in the market to obtain debt.

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13. 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 its right to retract the Preferred Shares for the year ending December 31, 2022, so the liability has been presented in these condensed consolidated interim financial statements as long term. During the period, the Board of Directors declared quarterly preferred share dividends of \$70 (September 30, 2021 - \$56). The dividend is recorded as interest expense.

14. 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, September 30, 2022 and December 31, 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. The renewal allowed for the purchase of common shares under the NCIB over the twelve-month period beginning on or about February 25, 2021. The NCIB terminated on February 25, 2022 and has not been renewed. The NCIB terminated 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.

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15. INCOME PER SHARE

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

	For the three month period		For the nine month period	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Basic income per share				
Income available to common shares	1,217	367	2,426	1,441
Weighted average common shares (in thousands)	22,303	22,384	22,303	22,384
	0.05	0.02	0.11	0.06
Diluted income per share				
Income available to common shares	1,217	367	2,426	1,441
Income available to common shares, assuming dilution	1,217	367	2,426	1,441
Weighted average common shares outstanding	22,303	22,313	22,303	22,313
Preferred shares converted to common shares	17,137	17,137	17,137	17,137
Adjusted weighted average common shares outstanding	39,440	39,450	39,440	39,450
	0.03	0.01	0.06	0.04

Each Preferred Share (Note 13) 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.

16. INCOME TAXES

At September 30, 2022, 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	464
2008	2028	377
2009	2029	262
2010	2030	319
2011	2031	328
2012	2032	303
2013	2033	-
2014	2034	169
2015	2035	166
2016	2036	199
2017	2037	262
2018	2038	116
2019	2039	137
2020	2040	0
2021	2041	82
		3,433

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17. 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,
	2022	2021	2022	2021
	\$	\$	\$	\$
Short term benefits including salaries, consulting and director fees	339	224	1,322	678

18. 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,	September 30,	September 30,	September 30,
	2022	2021	30, 2022	2021
	\$	(restated) \$	\$	(restated) \$
<u>MIN-AD</u>				
Dolomite sales	732	679	2,502	2,081
Freight charges	233	154	687	676
Fuel charges	87	54	316	160
	1,052	887	3,505	2,917
<u>Papillon</u>				
Animal feed sales	24,415	14,135	61,922	44,885
Freight charges	959	569	2,725	1,538
	26,426	15,591	68,152	49,340

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19. FINANCIAL RISK MANAGEMENT

Coronavirus (COVID-19)

COVID-19 negatively impacted the Company's results particularly in the second quarter of 2020 and could have further negative impacts on the operations of the Company, its suppliers and its customers. Labour quarantines, railroad disruptions and other disturbances to the Company's operations have occasionally impacted the Company's ability to provide products to customers and, as a consequence, negatively impacted revenues and cash flow. Prolonged closures of meat processing facilities may also reduce the availability of key ingredients in the Company's protein supplements. 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 financial results of the Company.

Despite the uncertainty of the length and magnitude of the economic impact of COVID-19, the Company expects that its available cash and cash flow from operations will be sufficient to meet its operating requirements and financial commitments for the next twelve months.

20. FINANCIAL COMMITMENTS

The Company is committed to \$1,059 (September 30, 2021- \$5,516) for obligations and financial commitments in the normal course of operations and financing activities. At September 30, 2022 the Company had the following financial commitments related to its continuing operations:

	Total	2022	2023	2024	2025	Thereafter
	\$	\$	\$	\$	\$	\$
Bank principal repayments	467	201	266	-	-	-
Equipment financing	17	3	14	-	-	-
Lease obligations	575	91	200	129	49	106
Total	1,059	295	480	129	49	106

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.