

INTER-ROCK MINERALS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended December 31, 2022

April 26, 2023

INTER-ROCK MINERALS INC.
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FOR THE YEAR ENDED DECEMBER 31, 2022

NOTES TO READER

References to "Inter-Rock" and the "Company" in this discussion refer to Inter-Rock Minerals Inc. and its subsidiaries taken as a whole.

The following management discussion and analysis ("MD&A") provides an analysis of the financial condition of Inter-Rock at December 31, 2022 and compares it to the financial condition of the Company on December 31, 2021. The MD&A also analyzes the Company's results of operations for the year ended December 31, 2022 and compares those results to the results for the year ended December 31, 2021.

This MD&A has been prepared in compliance with the requirements of National Instrument ("NI") 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with Inter-Rock's annual audited consolidated financial statements and corresponding notes for the years ended December 31, 2022 and December 31, 2021. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

All monetary amounts are expressed in United States dollars unless otherwise indicated.

This MD&A is prepared as of April 26, 2023.

Inter-Rock uses earnings before interest, taxes and depreciation and amortization ("EBITDA"), a non-IFRS performance measure in this MD&A as it believes this generally accepted industry performance measure provides a useful indication of the Company's financial performance. This non-IFRS performance measure does not have a standardized meaning defined by IFRS and may not be comparable to information in the reports and filings of comparable companies. Accordingly, it should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS.

For further information and a detailed reconciliation, refer to the section entitled "Non-IFRS Performance Measures" in this MD&A.

DESCRIPTION OF THE BUSINESS

Inter-Rock 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 US 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 dolomite and clay products primarily for the animal feed industry.

In February of 2022, Inter-Rock sold its Mill Creek dolomite operation as part of its strategy to focus on its animal feed nutritional supplement businesses. Mill Creek was sold to United States Lime & Minerals Inc. (“USLM”) for U.S.\$6.4 million in cash, excluding all Mill Creek debt and accrued interest of U.S.\$2.2 million that was repaid at closing with a portion of the sale proceeds. After the repayment of debt and adjustments to the sale price for working capital, the Company received net cash of U.S.\$3.3 million.

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, all assets and liabilities related to Mill Creek were classified as held for sale at December 31, 2021 and were presented as current assets and current liabilities on the consolidated balance sheet. Additionally, results of operations for Mill Creek were separated from the results of continuing operations and were presented as discontinued operations on the Company’s consolidated statement of net and comprehensive income for the years ended December 31, 2022 and 2021.

2022 HIGHLIGHTS

- Record consolidated revenue of \$87.2 million.
- Gross profit of \$10.7 million, 29% higher than the prior year. Generated EBITDA of \$3.9 million as compared with \$2.9 million in 2021.
- Working capital at year end increased to \$7.7 million, including \$3.1 million of cash.
- Total debt reduced to \$280,000.
- Papillon executed agreements with two new toll manufacturing facilities in 2022.
- MIN-AD commenced sales of its new clay product and the dolomite business added a large industrial customer.

OPERATIONS REVIEW

Papillon

Papillon develops and produces premium specialty nutritional products for dairy consultants, feed suppliers and dairy producers in the United States. Papillon has its own line of high quality proteins and rumen probiotic products that are produced under toll manufacturing agreements. In addition, Papillon distributes MIN-AD products and a clostridia control product.

Papillon concluded agreements that added two new protein toll manufacturing facilities in 2022, bringing the total to five manufacturing sites. The new facilities will support increasing sales in the Midwest and western United States.

Papillon recorded revenue of \$82.8 million in 2022, an increase of 37% from \$60.6 million in 2021. Total tons sold of all products combined in 2022 were approximately 9% higher than the prior year. Sales volumes increased for all major product lines, including proteins, Dairyman’s Edge probiotic and prebiotic products and MIN-AD. The improved sales performance in 2022 reflects high domestic milk prices and a very strong export market for dairy products. In addition, higher volumes are also due to expanding sales to existing customers in new geographic locations and

promoting Papillon's dairy research results to existing and new customers. Papillon's revenue is also materially impacted by changes in ingredient costs for its protein products. As Papillon targets a set gross profit per ton, revenue fluctuates commensurately with changes in ingredient costs, as sales prices are adjusted regularly to maintain gross margins. Accordingly, gross profit can better reflect financial performance than revenue.

Gross profit (revenue less costs of goods sold) was \$9.1 million in 2022, up from \$7.0 million in 2021, a record level for the third consecutive year. The increase in gross profits was due to higher sales, which more than offset slightly lower profit margins. Papillon's overall gross profit margin was 11.0% in 2022, as compared with 11.6% in 2021. The decline in profit margins in 2022 was due largely to increased competition in protein products.

Cash flow from operating activities (net of management fees paid to Inter-Rock and before working capital changes) was \$3.8 million in 2022, as compared with \$2.4 million in 2021. The increase in cash flow is attributable to higher sales, which offset higher SG&A expenses and a minor decline in overall gross profit margins. SG&A expenses increased 17% in 2022 to \$5.4 million, primarily due to increases in compensation, benefits and travel expenses.

MIN-AD

MIN-AD quarries, processes, and markets dolomite and clay products for dairy and beef cattle feed. The specialty dolomite is used as a source of magnesium and calcium and as a rumen acid buffer and is available in three product lines: (i) Standard – a broad particle size distribution for dry supplements; (ii) Fines – a finely ground product sold to liquid feed manufacturers and (iii) Granular – a dust free coarse product for cattle on pasture. Approximately 96% of dolomite sales are in the United States, while the other 4% are in Alberta and British Columbia. MIN-AD's newly developed clay business produces products for use in anti-caking and toxin control applications. MIN-AD's operations are located in northern Nevada near the town of Winnemucca.

MIN-AD's sales and marketing activities are managed by Papillon. In the northeast, central Atlantic and upper mid-west regions of the U.S., Papillon acts as the exclusive distributor of MIN-AD's products. Under a distribution agreement, MIN-AD products are purchased by Papillon and then sold by Papillon to dairy feed manufacturers. This arrangement takes advantage of Papillon's marketing and sales expertise and geographic reach in the eastern United States. In 2022, 30% of MIN-AD's tons sold and 46% of sales revenue were attributed to inter-company sales to Papillon.

Papillon also acts as a sales agent for MIN-AD's products in regions of the U.S. not covered by the exclusive distribution agreement, primarily the mid-west and western states. Papillon is paid a commission by MIN-AD for tons sold under a sales agent agreement.

MIN-AD's sales volumes increased 21% in 2022 as compared with the prior year. The increase is largely attributable to initiating sales to a new, industrial (non-agricultural) customer. Gross revenue (including freight and fuel costs passed on to customers) was \$8.7 million in 2022, up 27% from \$6.9 million in 2021 (the 2021 figure excludes \$150,000 of dividend income).

Operating cash flow (net of management fees paid to Inter-Rock and before working capital changes) was \$420,000 in 2022, up from \$376,000 in 2021. Cash flow did not increase commensurately with revenue as a result of higher SG&A charges, which increased after the sale of Mill Creek (prior to the sale of Mill Creek, some SG&A expenses were shared between MIN-

AD and Mill Creek), higher management fees paid to Inter-Rock and additional research and development expenditures related to MIN-AD's new clay product.

Payments for rail car leases (recorded as financing payments, consequently not netted against cash flow from operations) totalled approximately \$174,000 in 2022, largely unchanged from the prior year period.

MIN-AD incurred \$588,000 of capital expenditures in 2022 (2021: \$328,000). Approximately twenty percent of the capital expenditures in 2022 were related to the new clay business, including purchases of bagging equipment, storage facilities and mobile equipment. The clay deposit is located near MIN-AD's existing dolomite operation. The clay is mined and processed by MIN-AD and is sold as an anti-caking and toxin control agent for use in beef and dairy cow feed.

CONSOLIDATED FINANCIAL REVIEW

Financial Performance US\$,000	Three months ended		Year ended	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Revenue	\$19,073	\$14,837	\$87,225	\$64,177
Operating costs	\$16,651	\$12,922	\$76,548	\$55,888
Gross Profit	\$2,422	\$1,915	\$10,677	\$8,289
SG&A	\$1,969	\$1,349	\$6,823	\$5,392
Net income (loss) ¹	(\$1,907)	(\$38)	\$519	\$1,573
Income per share, basic ¹	(\$0.09)	(\$0.00)	\$0.02	\$0.07
Cash provided by operations ²	(\$589)	\$22	\$376	\$1,902
EBITDA ³	\$453	\$504	\$3,854	\$2,897

¹ From continuing operations

² Cash flow from continuing operations after working capital changes.

³ See Non-IFRS Performance Measures

Review of Fourth Quarter Financial Results

The Company recorded revenue of \$19.1 million in the fourth quarter of 2022, as compared with \$14.8 million in the prior year period. The increase in revenue was principally due to higher tons sold by Papillon as a result of favourable domestic and export markets for dairy products. Gross profit of \$2.4 million in the fourth quarter of 2022 was 26% higher than the prior year quarter (2021 Q4: \$1.9 million) due primarily to higher volumes and improved gross profits margins at Papillon. SG&A expense increased to \$2.0 million in the fourth quarter of 2022, up from \$1.4 million in the prior year period. The increase in SG&A expense in the current year fourth quarter is primarily attributable to higher compensation related costs, particularly sales performance related bonuses at Papillon and management bonuses related to the sale of Mill Creek, together with higher research and development expenditures. Higher SG&A reduced EBITDA to \$453,000 in the fourth quarter of 2022, as compared with \$504,000 in the prior year quarter. The net loss from continuing operations in the fourth quarter of 2022 is primarily attributable to a significant increase in the provision for current and deferred tax expense.

Review of 2022 Financial Results

Consolidated revenue in 2022 was \$87.3 million, an increase of 36% from 2021 revenue of \$64.2 million. This was the Company's third consecutive year of record annual revenue. Papillon accounted for 95% of the Company's consolidated revenue in 2022 (2021:94%). (Approximately

46% of MIN-AD's \$8.7 million of revenue was derived from inter-company sales to Papillon; this revenue is eliminated upon consolidation).

Higher sales more than offset a slight decrease in gross profit margins to generate a 29% increase in gross profits to \$10.7 million in 2022 (2021: of \$8.3 million). Although annual gross profit margins declined, they increased in the third and fourth quarters of 2022. Operating costs at Papillon primarily comprise raw material costs and toll manufacturing fees, while MIN-AD's operating costs include quarrying, processing plant and maintenance costs.

Selling, general and administrative ("SG&A") expenses were \$6.8 million in 2022, as compared with \$5.4 million in 2021. The increase in SG&A is primarily related to Papillon (Papillon's SG&A increased by almost \$800,000, approximately 60% of which was attributable to higher payroll and benefits expenses) and higher administrative costs at MIN-AD, in part due to absorbing expenses that were previously allocated to Mill Creek. Executive compensation also increased as a result of bonus payments related to the sale of Mill Creek. SG&A costs include all administrative, sales and marketing costs for the Company's two operating subsidiaries, as well as Toronto office general and administrative costs and foreign exchange impacts on Toronto based expenses.

Interest expense comprises interest on debt and interest recognized on lease liabilities. In 2022, interest expense was \$81,000, as compared with \$166,000 in 2021. Lower interest expense was largely attributable to a reduction in the Company's consolidated debt and lease obligations.

During 2022, the Company incurred interest expense related to its preferred shares of \$189,000 as compared with \$111,000 in 2021. Dividends are recorded as interest on Series A preferred shares on the consolidated statement of income. The dividends are calculated using the preferred share value of \$0.20/share and a rate equivalent to the U.S. prime interest rate. The increase in the dividend expense 2022 is attributable to a higher prime rate of interest.

A \$318,000 non-cash gain on debt forgiveness was recorded in 2021 (2020: \$216,000) to reflect the forgiveness of debt related to loans provided to the Company's subsidiaries under a U.S. government COVID-19 financial assistance program. The gain is recorded in the same amount as the principal forgiven. The original loan proceeds were recorded as proceeds from long term debt on the consolidated statement of cash flows.

During the year ended December 31, 2022, the Company recognized a current tax expense of \$1.7 million and a deferred tax expense of \$464,000, as compared with a current tax expense of \$473,000 and deferred tax expense of \$32,000 for the year ended December 31, 2021. The current tax expense in 2022 includes capital gains tax on the sale of Mill Creek.

Inter-Rock reported net and comprehensive income from continuing operations of \$519,000 in 2022, or \$0.02 per share, as compared with net income of \$1.6 million, or \$0.07 per share in 2021. Net income was lower in 2022 as a result of the higher tax expense, which was attributable to greater taxable income and tax related to the gain on the sale of Mill Creek.

FINANCIAL CONDITION

	2022	2021
Working capital ¹	\$7,694	\$4,170
Total assets	\$21,411	\$22,548
Total liabilities	\$12,267	\$13,973
Lease obligations ²	\$978	\$752
Total debt ²	\$280	\$1,596
Shareholders' equity	\$9,144	\$8,575

¹ Working capital, total assets and total liabilities exclude assets and liabilities classified as held for sale at Dec. 31 2021.

² Lease obligations and total debt are included in total liabilities. Total debt at December 31, 2021 excludes \$2.3 million of Mill Creek debt transferred to liabilities held for sale. This debt was repaid when the sale of Mill Creek closed.

The Company continues to maintain a sound financial position, with working capital of \$7.7 million at the end of 2022, including \$3.1 million of cash. Reflecting the increase in sales, accounts receivable, inventories and accounts payable have all increased significantly since year end 2021. Collection of accounts receivable continues in the normal course. Scheduled debt repayments reduced consolidated debt to \$280,000 at December 31, 2022, down from \$1.6 million a year earlier. (The December 31, 2021 debt figure excludes Mill Creek debt of \$2.3 million that was recorded in liabilities held for sale. Accordingly, prior to closing the Mill Creek sale, total debt at year end 2021 was \$3.9 million. The Mill Creek debt was repaid at the closing of the sale.) The Company's current remaining debt will be repaid in 2023.

Debt Facilities

At December 31, 2022, the Company's debt comprised the following:

U.S.\$,000	December 31, 2022	December 31, 2021
MIN-AD revolving credit facility	\$0	\$498
Papillon term loan	\$266	\$1,067
Vehicle financings	\$14	\$31
Mill Creek term loan	---	\$922
Mill Creek equipment loans	---	\$1,367
Total		\$3,885
Less debt transferred to liabilities held for sale ¹	---	(\$2,289)
Total debt	\$280	\$1,596

¹In accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, Mill Creek debt of \$2.3 million at December 31, 2021 is included in the classification of liabilities held for sale.

Debt facilities at December 31, 2022:

- (i) \$500,000 revolving credit facility: a one-year, revolving credit facility in the amount of the lesser of \$500,000 or 50% of MIN-AD's accounts receivable plus 75% of inventory, bearing interest at the U.S. bank prime rate plus 1.00% per annum. The facility matures on May 25, 2023. There was no debt outstanding at December 31, 2022. The line is secured by MIN-AD's assets and is guaranteed by both the Company and its subsidiary, Secret Pass Gold Inc.
- (ii) Papillon \$4.0 million term loan: a five-year secured term loan bearing interest at a fixed interest rate of 4.75% and amortizing over sixty months with equal principal repayments of \$66,667 plus interest. The loan matures in April 2023. The borrower is

Papillon Agricultural LLC, the parent company of Papillon. The loan is secured by the assets of Papillon and Papillon Agricultural LLC, and is guaranteed by the Company and its subsidiaries, Secret Pass Gold Inc. and Papillon. The loan covenants are customary for a facility of this nature, including a minimum DSCR of 1.15x and a requirement that the loan balance outstanding cannot exceed 80% of accounts receivable plus cash. At December 31, 2022, the outstanding balance was \$266,000.

- (iii) Vehicle loan: MIN-AD had \$14,000 of debt outstanding at December 31, 2022 under a light vehicle financing facility. The loan is secured by the vehicle and has an interest rate of 5.50%.

In accordance with the terms of the Mill Creek sale agreement, all Mill Creek related debt (Mill Creek term loan and equipment loans in the table above) was repaid when the transaction closed on February 9, 2022.

In connection with the sale of Mill Creek, the \$500,000 revolving credit facility was amended to remove Mill Creek as a borrower, leaving MIN-AD as the sole borrower. The amendment required a repayment of at least \$100,000 be made within 30 days of closing the sale of Mill Creek. The total outstanding under the revolving credit facility of \$498,000 was repaid in March 2022. The loan amendment also adjusted the borrowing base calculation so that advances under the line are capped at 75% of MIN-AD's account receivables plus 50% of inventory to a maximum inventory value of \$250,000.

The Company is in full compliance with the terms of its loans as of the date of this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity refers to a company's ability to access cash. Sources of liquidity generally include operating cash flow, proceeds from the issuance of debt and equity, availability under credit facilities and proceeds from asset sales. The Company's strategy is to generate positive operating cash flow to fund its operating, financing and capital requirements.

At December 31, 2022, the Company had consolidated cash of \$3.1 million. The Company's most significant liquidity requirements over the next twelve months are scheduled principal and interest repayments of bank debt and lease payments, which total \$624,000 million at December 31, 2022 and comprise \$280,000 of principal debt repayments and \$344,000 in rail car and office lease payments. In addition, the Company has a discretionary capital expenditure budget of \$1.4 million for 2023. In the opinion of management, the Company's liquidity comprising cash, cash flow from operations and availability under the revolving credit facility is sufficient to meet normal capital and operating requirements and financing commitments.

Cash Flows

The change in the Company's cash balance during 2022 is reconciled as follows (\$000):

Cash at January 1, 2022	\$2,266
Cash provided by operations before working capital changes	\$2,188
Cash used in working capital changes	(\$2,166)
Proceeds from sale of Mill Creek	\$3,310
Repayments of debt and interest	(\$1,382)
Repayments of lease obligations	(\$345)
Capital expenditures	(\$588)
Interest (dividends) on preferred shares	(\$152)
Cash used by discontinued financing activities	(\$83)
Cash at December 31, 2022	\$3,048

Cash Flow Provided by Operating Activities

Consolidated cash flow used in continuing operations after working capital changes in the fourth quarter of 2022 was \$589,000, as compared with cash generated of \$22,000 for the same period in 2021. For 2022, cash flow from continuing operations was \$376,000, as compared with \$1.9 million in 2021. The decrease in operating cash flow in 2022 is attributable largely to working capital changes, particularly the significant increase in accounts receivable that accompanied the increase in Papillon's sales. EBITDA in the fourth quarter of 2022 was \$453,000, down from \$504,000 in the prior year period. For the year, EBITDA increased 34% to \$3.9 million (2021: \$2.9 million). The increase in EBITDA in 2022 is attributable to higher gross profits, (up by \$2.4 million) partially offset by higher SG&A expense (up by \$1.4 million).

Cash Flow Used in Financing Activities

Net cash provided by financing activities at continuing operations in 2022 was \$1.4 million, as compared to a use of cash of \$1.4 million in 2021. In 2022, proceeds from the sale of Mill Creek of \$3.3 million were partially offset by uses of cash, including scheduled debt and lease repayments, including interest, of \$1.7 million (2021: \$1.3 million) and \$152,000 of preferred share dividends (2021: \$111,000).

Cash Flow Used in Investing Activities

In the fourth quarter of 2022, cash used in investing activities was \$183,000, as compared with \$58,000 in the year earlier period. For the full year 2022, the Company incurred capital expenditures of \$588,000 (2021: \$328,000). Approximately one fifth of the 2022 expenditures were related to the development of the clay deposit near MIN-AD's existing operation. The balance of capital expenditures in 2022 were related to mill upgrades and spare parts at MIN-AD.

The Company has budgeted approximately \$1.4 million for capital expenditures at MIN-AD in 2023. The majority of the budgeted amount is for a new, automated bagging facility at MIN-AD.

Selected Annual Information (continuing operations)

US\$,000	2022	2021	2020
Financial Performance			
Revenue	\$87,225	\$64,177	\$51,621
Operating costs	\$76,548	\$55,888	\$43,408
Gross profit	\$10,677	\$8,289	\$8,213
SG&A	\$6,823	\$5,392	\$4,837
Net income from continuing operations	\$519	\$1,573	\$2,018
Income per share from continuing operations, basic	\$0.02	\$0.07	\$0.09
Cash flow from continuing operations ¹	\$376	\$1,902	\$1,366
EBITDA	\$3,854	\$2,897	\$3,376
Capital expenditures	\$588	\$328	\$224

¹ After working capital changes.

Summary of Quarterly Results (continuing operations)

US\$,000	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21
Revenue	\$19,073	\$26,426	\$24,173	\$17,553	\$14,840	\$15,590	\$16,878	\$16,870
Gross profit	\$2,422	\$3,293	\$2,751	\$2,211	\$1,915	\$2,151	\$2,213	\$2,010
Net Income (Loss)	(\$1,907)	\$1,217	\$369	\$840	(\$38)	\$392	\$713	\$506
EPS – Basic	(\$0.09)	\$0.06	\$0.02	\$0.04	\$0.00	\$0.02	\$0.03	\$0.02

¹ Net income and income per share are from continuing operations.

Revenue and gross profit in every quarter of 2022 exceeded the highest quarter of revenue and gross profit in 2021. The improved performance reflects robust domestic and export markets for dairy products and higher sales volumes at Papillon as a result of generating sales in new locations and increasing sales through promotion of Papillon's research and development initiatives. The net loss in the fourth quarter of 2022 is attributable to a large provision for income tax expense, including tax associated with the gain on the sale of Mill Creek.

FINANCIAL COMMITMENTS

The Company incurs financial commitments in the normal course of operations and financing activities. Financial commitments include payments due under bank loans, equipment leases and equipment loans.

At December 31, 2022, the Company had the following undiscounted financial commitments:

(US\$,000)	Total	2023	2024	2025	2026	Thereafter
Bank debt repayments	\$266	\$266	\$0	\$0	\$0	\$0
Vehicle financing	\$14	\$14	\$0	\$0	\$0	\$0
Lease obligations	\$1,224	\$344	\$309	\$210	\$81	\$280
Total	\$1,504	\$624	\$309	\$210	\$81	\$280

Debt repayments represent the principal only. As the lease obligations in the table represent the contractual undiscounted amount of the commitments, these balances may not agree with the amounts disclosed in the balance sheet.

In accordance with the terms of a protein manufacturing agreement, Papillon has committed to purchasing a minimum annual value of protein products over a five-year period, with an aggregate value over the five years of \$1.0 million. If the value of the protein purchased is less than \$1.0 million, Papillon must pay the difference between the minimum required and the value of the actual amount purchased. The manufacturer can choose to reconcile the account annually or carry forward any differences.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements, except for the protein purchase commitment noted above under Financial Commitments.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 22,303,311 common shares and 17,136,980 preferred shares issued and outstanding.

The Company does not have any equity-based compensation plans.

RELATED PARTY TRANSACTIONS

There were no related party transactions in 2022.

SUBSEQUENT EVENT

Normal Course Issuer Bid

On January 10, 2023, the Company received approval to commence a Normal Course Issuer Bid (the "NCIB") to purchase for cancellation up to 1,000,000 common shares, representing approximately 4.5% of the issued and outstanding common shares of the Company. Inter-Rock may purchase common shares under the NCIB over the next twelve-month period beginning on or about January 16, 2023. 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. As of the date of this MD&A, the Company had not purchased any shares for cancellation.

A copy of the Form 5G – Notice of Intention to Make a Normal Course Issuer Bid, filed by the Company with the TSXV, can be obtained from the Company upon request without charge.

The Company undertook two prior NCIBs. Under a NCIB from February 25, 2021 to February 25, 2022, the Company purchased 3,500 common shares at an average price of C\$0.40/share and under a NCIB that ran from February 18, 2020 to February 18, 2021, a total of 311,000 shares were purchased at an average cost of C\$0.30/share. All common shares purchased by the Company were cancelled.

NON-IFRS PERFORMANCE MEASURE

Earnings before interest, taxes and depreciation and amortization (“EBITDA”) is a non-IFRS performance measure. EBITDA deducts from net income (loss) items including interest expense, income taxes and depreciation and amortization. The Company uses EBITDA as one indicator of Inter-Rock’s ability to generate cash flow to fund working capital, debt service, lease obligations and capital expenditures. EBITDA should not be considered as a substitute for performance measures calculated in accordance with IFRS. EBITDA excludes cash tax payments and the effects of working capital changes and therefore is not necessarily indicative of cash from operations as determined by IFRS. The following table provides a reconciliation of net income in the Company’s consolidated statement of income to EBITDA:

US\$,000	Q4 2022	Q4 2021	2022	2021
Net income (loss) from continuing operations	(\$1,907)	(\$38)	\$519	\$1,573
Adjustments:				
Tax expense	\$1,047	\$243	\$2,130	\$505
Interest expense	\$133	\$92	\$270	\$277
Amortization and depletion	\$274	\$207	\$935	\$860
Nonrecurring items	---	---	---	(\$318) ¹
EBITDA	\$453	\$504	\$3,854	\$2,897

¹ Gain on debt forgiveness

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company’s activities expose it to a number of financial risks including, (i) credit risk; (ii) market risk (including interest rate risk and foreign exchange risk) and (iii) liquidity risk. The objective of the Company’s risk management policy is to properly identify financial risks and minimize adverse effects by ensuring that the Company maintains adequate capital in relation to the risks. The Company does not use derivative financial instruments as part of its strategy to manage market risks. Management designs and implements strategies for managing financial risks, as summarized below.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss to the Company. The Company is exposed to credit risk primarily from trade receivables and from its financing activities, including deposits with banks.

For cash and accounts receivables, credit risk exposure equals the carrying amount on the balance sheet. The Company’s historical accounts receivable defaults have been negligible, resulting in a low level of credit risk. The Company mitigates accounts receivable credit risk by dealing with creditworthy counterparties and limiting concentration risk. The Company has adopted a credit policy under which each new customer is analyzed individually for creditworthiness before the Company’s standard payment terms and conditions are offered. The Company’s exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. All the Company’s customers are located in either Canada or the United States. When available, the Company reviews credit bureau ratings, bank accounts and financial information for each new customer.

Credit risk from deposits with banks is managed by maintaining cash balances at three banks in

the United States and Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its financial obligations as they come due. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows, cash balances and liabilities to ensure adequate cash is available to meet its liabilities. The Company is growing and in order to meet its longer-term working capital requirements, the Company will attempt, if necessary, to secure further financing.

Market rate risk

Market risk is the risk that changes in market factors, such as interest rates or foreign exchange rates, will affect the value of the Company's financial instruments. The Company can either accept market risk or mitigate it using derivatives or other hedging strategies. The Company is exposed to interest rate risk related to its Preferred Shares, if dividends are declared and, to the extent that it uses it, the revolving credit facility since the interest rate and dividend payment on these instruments fluctuates with the general level of interest rates. At year end, all of the Company's debt was fixed rate, accordingly, changes in interest rates would not affect the profitability of the Company.

The substantial majority of the Company's revenues, expenses, cash holdings and debt instruments are denominated in U.S. dollars, accordingly, foreign exchange risk is minimal. The Company has relatively small amounts of cash, executive compensation, accounts payable and accrued liabilities denominated in Canadian dollars. Changes in the exchange rate between the United States and Canadian dollars does not have a material impact on the Company's earnings.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions in applying accounting policies that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and revenues and expenses during the reporting period. We review these estimates and underlying assumptions on an ongoing basis based on our experience and other factors, including expectations of future events that we believe to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Certain accounting estimates and judgements have been identified as being "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgments about matters that are inherently uncertain; or there is a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates.

The Company's critical accounting judgements and estimates are described in Note 4 to the Consolidated Financial Statements.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have 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 the operations and cash flows of the Company, as of the date of, and for the periods presented by, the consolidated financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- I. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- II. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a Venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Inter-Rock has identified a potential control weakness regarding a lack of segregation of duties because of limited staff resources. Inter-Rock believes that this control weakness has not caused any material information to be withheld in its financial disclosure and has not impacted reported financial results.

RISK FACTORS

The following list details material risks to the business of the Company. The risks described below are not exhaustive. Additional risks and uncertainties, or those that the Company currently deems to be immaterial, may become material and adversely affect the Company's business. The realization of any of these risks may materially and adversely affect the Company's business, financial condition, results of operations and/or the market price of the Company's securities.

Competition

The Company competes with other businesses that produce, market and sell similar products. Many of these companies have greater financial resources, closer proximity to markets and technical capabilities than Inter-Rock. As a consequence of this competition, the Company may be unable to compete on the basis of price with other producers and lose market share. Moreover, the Company may be unable to acquire or maintain attractive businesses or skilled personnel on acceptable terms. As a result, the Company's financial and operational condition could be

materially adversely affected. The Company makes efforts to counter competition risks through marketing, distribution agreements, customer service and pricing strategy.

Commodity Prices

Inter-Rock's businesses, particularly MIN-AD and Papillon, are exposed to fluctuations in the price of milk and the price of feed ingredients for dairy and beef cattle (including the price of certain grains and forage). Dairy farmers may spend less on specialty feed additives, like those produced by Papillon, if milk prices drop, while both dairy and beef producers may spend less on specialty products produced by MIN-AD and Papillon if the cost of feed ingredients, or other operating and capital costs increase. Fluctuations in the price of milk and feed ingredients are caused by numerous factors beyond the control of Inter-Rock, including milk production levels, herd sizes, crop yields, energy and fertilizer prices, demand in export markets and unusual weather patterns, among others.

Government Regulation

The quarrying, processing and development activities of the Company's dolomite subsidiary is subject to various laws governing development, production, taxes, royalties, labour and occupational health and safety standards, toxic substances, land use, water use and other matters. Papillon's and MIN-AD's products are also subject to feed safety regulations. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could have an adverse effect on the Company's financial position and results of operations.

In addition, some of Papillon's dairy feed protein additives include products made from animal proteins, such as blood meal and feather meal sourced from the pork and poultry industries. There can be no assurance that new regulations will not be enacted that ban or restrict the use of animal proteins in the food supply chain.

Environmental Regulation

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. Environmental legislation is evolving in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's financial position and results of operations. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its operations or from proceeding with planned exploration or development of mineral properties.

Cost Risk

The Company is exposed to industry wide cost pressures on capital and operating expenditures. The increasing costs seen in the Company's operations increases the risk relating to the profitability of its operations and the economic returns on its investments. The Company continues to implement cost management and pricing strategies to mitigate this risk.

Indebtedness and Lease Obligations

Although the Company has been successful in making its scheduled principal and interest repayments under its various note and loan facilities and in servicing its lease obligations, there can be no assurance that it will continue to do so. The Company's level of indebtedness could have material consequences for its operations including: (a) limiting its ability to borrow additional amounts for working capital, capital expenditures or debt service requirements; (b) limiting the Company's ability to use operating cash flow in other areas, such as capitalizing on business opportunities or reacting to competitive pressures because of its obligations to service debt; (c) increasing the Company's vulnerability to general adverse economic and industry conditions; and (d) limiting its ability, or increasing the costs, to refinance indebtedness.

The Company expects to utilize its cash flow from operations to pay its operating costs, interest and principal on its debt and obligations under equipment and office leases. The Company's ability to meet these payment obligations will depend on its future operating and financial performance, which will be affected by financial, business, economic and other factors. The Company will not be able to control many of these factors, such as economic conditions in the markets in which it operates. The Company cannot be certain that its future cash flow from operations will be sufficient to allow it to make principal and interest payments on its debt and lease obligations. If cash flow from operations is insufficient or if there is a contravention of the debt facility covenants, the Company may be required to refinance all or part of its existing debt, sell assets, borrow additional money or issue equity. There can be no assurance that the Company will be able to refinance all or part of its existing debt on terms that are commercially reasonable.

Dependence on Management and Key Personnel

Inter-Rock is dependent on the services of key executives and a small number of highly skilled and experienced operating personnel. Loss of any of these people could have a material adverse effect on the Company's business. The marketplace for skilled personnel may become more competitive, which means the cost of hiring, training and retaining such personnel may increase. Factors outside the Company's control, including competition for human capital and the high-level of expertise and experience required to manage the Company's businesses will affect the Company's ability to employ the specific personnel required. The failure to retain or attract a sufficient number of skilled personnel could have a material adverse effect on the Company's business, results of operations and financial condition. The Company has not taken out and does not intend to take out key man insurance.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements may include, but are not limited to, statements with respect to the future financial or operating performance of Inter-Rock and its subsidiaries. All statements other than statements of historical fact are forward-looking statements. Generally, forward-looking statements can be identified by the use of words such as "plans", "expects", "anticipates", "believes", "estimates", "expects" and similar expressions, or the negatives of such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might", or "will" be taken, occur or be achieved. Forward-looking statements are based on reasonable assumptions, estimates, analysis and opinions of management made in light of its experience

and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including, but not limited to, risks related to price volatility for the Company's dairy feed ingredients and dolomite products, changes in economic conditions in the markets for the Company's products, particularly the dairy market in the United States, market competition, the ability to attract and retain skilled staff, timing and availability of external financing on acceptable terms, increases in costs, environmental compliance, changes in environmental and other local legislation and regulation, interest rate fluctuations, as well as those risk factors listed in the "Risk Factors" section in the Company's most recent annual MD&A. There may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The Board of Directors of Inter-Rock Minerals Inc. has approved the disclosure contained in this MD&A.