



**Condensed Consolidated Interim
Financial Statements
Unaudited**

Expressed in United States dollars
For the three months ended March 31, 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.
May 25, 2021

Inter-Rock Minerals Inc.

Condensed Consolidated Interim Balance Sheets

As at

(Expressed in thousands of United States Dollars)

UNAUDITED	Note	March 31, 2021	December 31, 2020
		\$	\$
ASSETS			
Current assets			
Cash		2,249	2,072
Accounts receivable		6,512	6,353
Inventories	6	2,722	2,535
Prepaid expenses and other assets		568	584
TOTAL CURRENT ASSETS		12,051	11,544
Non-current assets			
Properties, plant and equipment	7	6,682	6,397
Intangible assets	8	1,609	1,691
Goodwill	8	1,809	1,809
TOTAL ASSETS		22,151	21,441
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		5,084	4,786
Current portion of long term debt	9	2,566	2,598
Current portion of lease obligations	10	493	561
TOTAL CURRENT LIABILITIES		8,143	7,945
Non-current liabilities			
Long term debt	9	1,627	1,434
Lease obligations	10	914	999
Deferred income tax liability		294	294
Asset retirement obligation	11	75	75
Series A preferred shares	12	3,417	3,417
TOTAL LIABILITIES		14,470	14,164
Equity			
Share capital	13	5,792	5,794
Contributed surplus		315	315
Retained earnings (deficit)		1,574	1,168
TOTAL EQUITY		7,681	7,277
TOTAL LIABILITIES AND EQUITY		22,151	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	March 31, 2021	March 31, 2020
		\$	\$
REVENUE	5,17	17,849	14,446
COST OF SALES			
Operating costs	5	15,438	11,834
GROSS PROFIT		2,411	2,612
OPERATING EXPENSES			
Selling, general and administrative	5	1,480	1,382
Amortization and depletion	7	348	338
Amortization of intangible assets	8	82	82
INCOME BEFORE FINANCING COSTS		501	810
FINANCING COSTS			
Interest on debt and lease obligations	9,10	65	82
INCOME BEFORE INCOME TAXES		436	728
INCOME TAXES			
Current		30	50
NET INCOME AND COMPREHENSIVE INCOME		406	678
Basic income per share	14	0.02	0.03
Diluted income per share	14	0.01	0.02
Weighted average number of shares outstanding			
Basic		22,384,186	22,438,811
Diluted		39,521,166	39,754,791

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 March 31st

(Expressed in thousands of United States Dollars)

	Share Capital (Note 13)	Contributed Surplus	Deficit	Total
	\$	\$	\$	\$
Balance, December 31, 2019	5,864	315	(610)	5,569
Shares purchased for cancellation	(45)	-	-	(45)
Net income and comprehensive income	-	-	678	(86)
BALANCE, MARCH 31, 2020	5,819	315	68	6,202
Balance, December 31, 2020	5,794	315	1,168	7,277
Shares purchased for cancellation	(2)	-	-	(2)
Net income and comprehensive income	-	-	406	406
BALANCE, MARCH 31, 2021	5,792	315	1,574	7,681

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	March 31, 2021	March 31, 2020
		\$	\$
CASH PROVIDED BY (USED IN) OPERATIONS			
Net income		406	678
Items not affecting cash			
Amortization and depletion		348	338
Amortization of intangible assets		82	82
Interest expense		65	82
		901	1,180
Net changes in non-cash working capital			
Accounts receivable		(159)	(377)
Inventories		(187)	(203)
Prepaid expenses		16	(75)
Accounts payable and accrued liabilities		284	290
CASH GENERATED BY OPERATING ACTIVITIES		855	815
INVESTING			
Purchase of properties, plant and equipment	7	(571)	(186)
CASH USED IN INVESTING ACTIVITIES		(571)	(186)
FINANCING			
Interest paid		(65)	(82)
Proceeds from long term debt	9	493	200
Repayment of long term debt	9	(332)	(286)
Repayment of lease obligations	10	(201)	(193)
Shares purchased for cancellation	13	(2)	(45)
CASH USED IN FINANCING ACTIVITIES		(107)	(406)
NET CHANGE IN CASH		177	223
CASH, BEGINNING OF THE PERIOD		2,072	1,680
CASH, END OF THE PERIOD		2,249	1,903

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 March 31, 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 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 3.9 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 March 31, 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 March 31, 2021 and 2020

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

5. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

Period ended		Mill			Elimi-	
March 31, 2021	MIN-AD	Creek	Papillon	Other	nations	Total
REVENUE						
Internal sales	854	-	44	162	(1,060)	-
External sales	1,116	978	15,755	-	-	17,849
COST OF SALES						
Operating costs	1,457	577	14,108	-	(704)	15,438
GROSS PROFIT	513	401	1,691	162	(356)	2,411
OPERATING EXPENSES						
Selling, general & administration	277	265	1,073	71	(206)	1,480
Amortization and depletion	81	215	11	41	-	348
Amortization of intangible assets	-	-	82	-	-	82
INCOME (LOSS) BEFORE FINANCING	155	(79)	525	50	(150)	501
FINANCING COSTS						
Interest on debt and lease obligations	15	21	25	4	-	65
INCOME (LOSS) BEFORE INCOME TAXES	140	(100)	500	46	(150)	436
INCOME TAXES						
Current	-	-	30	-	-	30
NET COMPREHENSIVE INCOME (LOSS)	140	(100)	470	46	(150)	406
ASSETS						
As at March 31, 2021	MIN-AD	Mill			Elimi-	Total
		Creek	Papillon	Other	nations	
Current assets	1,622	1,963	8,843	114	(491)	12,051
Non-current assets	1,876	4,284	3,710	230	-	10,100
	3,498	6,247	12,553	344	(491)	22,151
LIABILITIES						
Current liabilities	1,501	1,760	5,171	202	(491)	8,143
Non-current liabilities	325	747	1,426	3,829	-	6,327
	1,826	2,507	6,597	4,031	(491)	14,470

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 March 31, 2021 and 2020

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

5. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

Segment balances for the prior period are as follows:

Period ended		Mill			Elimi-	
March 31, 2020	MIN-AD	Creek	Papillon	Other	nations	Total
REVENUE						
Internal sales	742	-	50	162	(954)	-
External sales	1,422	1,210	11,814	-	-	14,446
COST OF SALES						
Operating costs	1,443	832	10,301	-	(742)	11,834
GROSS PROFIT	721	378	1,563	162	(212)	2,612
OPERATING EXPENSES						
Selling, general & administration	284	283	1,042	106	(333)	1,382
Amortization & depletion	96	201	9	32	-	338
Amortization of intangible assets	-	-	82	-	-	82
INCOME (LOSS) BEFORE FINANCING	341	(106)	430	24	121	810
FINANCING COSTS						
Interest on debt and lease obligations	16	28	35	3	-	82
INCOME (LOSS) BEFORE INCOME TAXES	325	(134)	395	21	121	728
INCOME TAXES						
Current	-	-	-	50	-	50
NET COMPREHENSIVE INCOME (LOSS)	325	(134)	395	21	121	678

As at March 31, 2020	MIN-AD	Mill			Elimi-	Total
		Creek	Papillon	Other	nations	
ASSETS						
Current assets	1,772	1,823	5,769	100	(192)	9,272
Non-current assets	1,922	4,330	4,021	355	-	10,628
	3,694	6,153	9,790	455	(192)	19,900
LIABILITIES						
Current liabilities	1,472	1,190	3,387	210	(412)	5,847
Non-current liabilities	365	1,594	1,941	3,951	-	7,851
	1,837	2,784	5,328	4,161	(412)	13,698

6. INVENTORIES

	March 31,	December 31,
	2021	2020
	\$	\$
Raw materials and consumables	900	886
Finished goods	1,822	1,649
Total inventories	2,722	2,535

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended March 31, 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	-	-	571	55	-	7	633
Disposals in the period	-	-	-	-	-	-	-
Balance, March 31, 2021	515	2,051	14,682	2,893	490	335	20,966

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	-	(10)	(140)	(187)	(11)	-	(348)
Disposals in the period	-	-	-	-	-	-	-
Balance, March 31, 2021	-	(1,362)	(10,908)	(1,598)	(416)	-	(14,284)

Net Book Value

As at December 31, 2020	515	699	3,343	1,427	85	328	6,397
As at March 31, 2021	515	689	3,774	1,295	74	335	6,682

For the period ending March 31, 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 March 31, 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	(48)	(31)	-	(3)	(82)	-
Balance, March 31, 2021	921	645	-	43	1,609	1,809

Amortization of intangible assets is presented within amortization of intangibles on the consolidated 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 March 31, 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:

	March 31, 2021	December 31, 2020
	\$	\$
<u>Aggregate debt facilities</u>		
(i) Revolving credit facility	460	500
(ii) Mill Creek term loan	1,177	1,260
(iii) Papillon term loan	1,667	1,866
(iv) Equipment financings	571	88
(v) Paycheck Protection Program	318	318
	4,193	4,032
<u>Less: current portions of</u>		
Long term debt	(2,437)	(2,561)
Equipment financing	(129)	(37)
Total long term debt	1,627	1,434

Debt facilities

The Company's debt facilities at March 31, 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, 2021. At March 31, 2021, \$460 (March 31, 2020 - \$500) was outstanding under the RC facility and was recorded as current portion of long term debt.
- (ii) Mill Creek Term Loan – a \$1,734, 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 March 31, 2021, \$1,177 (March 31, 2020 - \$324) was recorded as current portion of long term debt and the balance of \$0 (March 31, 2020 - \$1,177) 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 of 1.30.

MIN-AD and Mill Creek, as co-borrowers, are required to maintain a minimum debt service coverage ratio of 1.3 times under the terms of the revolving credit and term loan facilities described above in points (i) and (ii). The debt service coverage ratio is calculated quarterly on a rolling four quarter basis. The co-borrowers were not in compliance with the debt service coverage ratio at the end of the second quarter of 2020 and the ratio remained below the required minimum when calculated at September 30, 2020, December 31, 2020 and March 31, 2021. The non-compliance is attributed to significantly lower cash flow from Mill Creek in the second quarter of 2020.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended March 31, 2021 and 2020

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

9. DEBT (CONT'D)

The Company discussed the second quarter results with the lender and, in part due to the impact of COVID-19, the lender has not issued a notice of default, nor taken any other action. In the event of a covenant breach prior to the end of the reporting period and in the absence of the right to defer settlement of the loan for at least 12 months after the reporting date, IFRS 7 requires the loan to be classified as current. Accordingly, in accordance with IFRS 7, the entire outstanding loan balance of \$1.1 million at March 31, 2021 has been recorded as current portion of long term debt. Notwithstanding the debt classification, the Company continues to service the debt in conformity with the five-year amortization schedule.

(iii) Papillon Term Loan - a \$4.0 million, 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 debt service coverage ratio 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 March 31, 2021, \$800 (March 31, 2020 - \$800) was recorded as current portion of long term debt and the balance of \$867 (March 31, 2020- \$1,667) was recorded as long term debt. Papillon is in full compliance with the terms and conditions of its bank loan.

(iv) Equipment 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 March 31, 2021, \$35 (March 31, 2020 - \$38) was recorded as current portion of long term debt and the balance of \$43 (March 31, 2020 - \$78) 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.

Mill Creek Volvo Equipment Term Loan - a four-year secured term loan bearing interest at a fixed annual rate of 2.89%. The loan amortizes over 49 months with 48 payments of \$9 and a bullet repayment in the 49th month of \$100. The loan is secured by the haul truck and is guaranteed by MIN-AD. At March 31, 2021, \$94 (March 31, 2020 - \$0) was recorded as current portion of long term debt and the balance of \$399 (March 31, 2020 - \$0) was recorded as long term debt.

(v) 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 PPP was modified in June 2020 when the US Congress passed the Paycheck Protection Program Flexibility Act.

The Company's three operating subsidiaries received PPP loans aggregating \$817, disbursed as follows: Papillon: \$318, MIN-AD: \$215 and Mill Creek: \$284. For loans received prior to June 5, 2020 (as is the case of the PPP loans received by the Company's subsidiaries), the loan term is for two years, unless the borrower and lender agree to a five-year term, (under the PPP Flexibility Act, loans granted after June 5 have a minimum five-year maturity). The loan interest rate is fixed at 1% per annum. Principal and interest payments are deferred until the date on which the SBA informs the lender of the borrower's loan forgiveness amount (or if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's covered period). These loans are unsecured.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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

9. DEBT (CONT'D)

For loan forgiveness, certain employee retention criteria must be met and the loan proceeds are only to be used for payroll and other allowable expenses, including mortgage interest, rent and utilities. Borrowers can commence the loan forgiveness process once the lenders of record have established an online portal for accepting loan forgiveness applications. Applications for loan forgiveness are reviewed by the lender of record and then submitted by the lender to the SBA. Once the lender is repaid by the SBA, a formal forgiveness notice is provided to the Borrower.

The PPP loans for MIN-AD and Mill Creek were forgiven in December 2020. Papillon was informed by their lender of record that they were ready to start accepting applications for loan forgiveness. Papillon expects to have their loan forgiveness application processed in the second quarter of 2021.

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 March 31, 2021:

	March 31, 2021	December 31,2020
Movement in lease obligations:		
Lease obligations, beginning	\$ 999	\$ 1,644
Additions during the period	609	682
Payments during the period	(201)	(766)
Lease obligations, ending	1,407	1,560
Less: current portion	(493)	(561)
Total long term lease obligations	\$ 914	\$ 999

During the period, the Company recognized interest expense of \$22 (March 31, 2020 - \$25) 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.

Inter-Rock Minerals Inc.

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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 its 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.

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	(6,000)	(2)
Balance, March 31, 2021	22,306,811	\$5,792

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 not purchased any shares under the renewed NCIB for cancellation.

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For the periods ended March 31, 2021 and 2020

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

14. INCOME PER SHARE

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

	March 31, 2021	March 31, 2020
Basic income per share		
Income available to common shares	406	678
Weighted average common shares (in thousands)	22,384	22,439
	0.02	0.03
Diluted income per share		
Income available to common shares	406	678
Income available to common shares, assuming dilution	406	678
Weighted average common shares outstanding	22,384	22,439
Preferred shares converted to common shares	17,137	17,137
Adjusted weighted average common shares outstanding	39,521	39,576
	0.01	0.02

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.

15. INCOME TAXES

At March 31, 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	464
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	144
2020	2040	50
		3,408

Inter-Rock Minerals Inc.

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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:

	March 31, 2021	March 31, 2020
	\$	\$
Short term benefits including salaries, consulting and director fees	235	281

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.

	March 31, 2021	March 31, 2019
	\$	\$
<u>MIN-AD and Mill Creek</u>		
Dolomite sales	1,686	2,166
Freight charges	360	386
Fuel charges	48	81
	2,094	2,633
<u>Papillon</u>		
Animal feed sales	15,526	11,123
Freight charges	229	690
	17,849	14,446

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.

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18. FINANCIAL RISK MANAGEMENT (CONT'D)

COVID-19 negatively impacted the Company's results, particularly in the second quarter of 2020 at Mill Creek, and could have further negative impacts on the operations of the Company, its suppliers and its customers. Labour quarantines or other disruptions to the Company's operations may impact our ability to provide products to our customers and, as a consequence, negatively impact our revenues and cash flow. Prolonged closures of meat processing facilities may also reduce the availability of a key ingredient 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.

19. FINANCIAL COMMITMENTS

The Company is committed to \$5,469 (March 31, 2020 - \$6,756) for obligations and financial commitments in the normal course of operations and financing activities. At March 31, 2020 the Company had the following financial commitments:

	Total	2021	2022	2023	2024	Thereafter
	\$	\$	\$	\$	\$	\$
Debt principal repayments	3,799	1,384	1,252	742	295	126
Equipment financing	79	29	28	22	-	-
Lease obligations	1,591	422	485	265	185	234
Total	5,469	1,835	1,765	1,029	480	360

Debt repayments represent the principal only and assumes the Papillon PPP loan is forgiven. (Note 9)
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.

20. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current period's financial statement presentation.