



**Condensed Consolidated Interim
Financial Statements
Unaudited**

Expressed in United States dollars
For the six months ended June 30, 2021

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by, and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

INTER-ROCK MINERALS INC.
August 23, 2021

Inter-Rock Minerals Inc.

Condensed Consolidated Interim Balance Sheets

As at

(Expressed in thousands of United States Dollars)

UNAUDITED	Note	June 30, 2021	December 31, 2020
		\$	\$
ASSETS			
Current assets			
Cash		3,140	2,072
Accounts receivable		4,924	6,353
Inventories	6	3,138	2,535
Prepaid expenses and other assets		871	584
TOTAL CURRENT ASSETS		12,073	11,544
Non-current assets			
Properties, plant and equipment	7	6,523	6,397
Intangible assets	8	1,527	1,691
Goodwill	8	1,809	1,809
TOTAL ASSETS		21,932	21,441
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		4,911	4,786
Current portion of long term debt	9	1,773	2,598
Current portion of lease obligations	10	474	561
TOTAL CURRENT LIABILITIES		7,158	7,945
Non-current liabilities			
Long term debt	9	1,824	1,434
Lease obligations	10	815	999
Deferred income tax liability		294	294
Asset retirement obligation	11	75	75
Series A preferred shares	12	3,417	3,417
TOTAL LIABILITIES		13,583	14,164
Equity			
Share capital	13	5,792	5,794
Contributed surplus		315	315
Retained earnings		2,242	1,168
TOTAL EQUITY		8,349	7,277
TOTAL LIABILITIES AND EQUITY		21,932	21,441

Financial Commitments (Note 19)

Subsequent Events (Note 20)

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 six months ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		\$	\$	\$	\$
REVENUE	5,17	17,860	14,187	35,709	28,864
COST OF SALES					
Operating costs	5	15,233	12,285	30,671	24,350
GROSS PROFIT		2,627	1,902	5,038	4,514
OPERATING EXPENSES					
Selling, general and administrative	5	1,713	1,462	3,193	2,844
Amortization and depletion	7	315	344	663	682
Amortization of intangible assets	8	82	82	164	164
INCOME BEFORE FINANCING COSTS		517	14	1,018	824
FINANCING COSTS					
Gain on debt forgiveness	9	(318)	-	(318)	-
Interest on Series A preferred shares	12	28	-	28	-
Interest on debt and lease obligations	9,10	66	83	131	165
INCOME BEFORE INCOME TAXES		741	(69)	1,177	659
INCOME TAXES					
Current		73	-	103	50
NET INCOME AND COMPREHENSIVE INCOME		668	(69)	1,074	609
Basic income per share	14	0.03	0.00	0.05	0.03
Diluted income per share	14	0.02	0.00	0.03	0.02
Weighted average number of shares outstanding					
Basic		22,312,811	22,438,811	22,312,811	22,438,811
Diluted		39,449,811	39,575,791	39,449,811	39,575,791

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

Inter-Rock Minerals Inc.

Condensed Consolidated Interim Statements of Changes in Equity

As at and for the periods ended June 30th

(Expressed in thousands of United States Dollars)

	Share Capital (Note 13)	Contributed Surplus	Retained Earnings	Total
	\$	\$	\$	\$
Balance, December 31, 2019	5,864	315	(610)	5,569
Shares purchased for cancellation	(45)	-	-	(45)
Net income and comprehensive income	-	-	609	609
BALANCE, JUNE 30, 2020	5,819	315	(1)	6,133
Balance, December 31, 2020	5,794	315	1,168	7,277
Shares purchased for cancellation	(2)	-	-	(2)
Net income and comprehensive income	-	-	1,074	1,074
BALANCE, JUNE 30, 2021	5,792	315	2,242	8,349

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	For the three months ended		For the six months ended		
	Note	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		\$	\$	\$	\$
CASH PROVIDED BY (USED IN) OPERATIONS					
Net income		668	(69)	1,074	609
Items not affecting cash					
Amortization and depletion		315	344	663	682
Amortization of intangible assets		82	82	164	164
Interest expense		94	83	159	165
Gain on debt forgiveness	9	(318)	-	(318)	-
		841	440	1,742	1,620
Net changes in non-cash working capital					
Accounts receivable		1,588	992	1,429	615
Inventories		(416)	(84)	(603)	(287)
Prepaid expenses		(303)	(93)	(287)	(168)
Accounts payable and accrued liabilities		(146)	(442)	138	(152)
CASH GENERATED BY OPERATING ACTIVITIES		1,564	813	2,419	1,628
INVESTING					
Purchase of properties, plant and equipment	7	(132)	(87)	(703)	(273)
CASH USED IN INVESTING ACTIVITIES		(132)	(87)	(703)	(273)
FINANCING					
Interest paid		(66)	(84)	(131)	(166)
Interest on Series A preferred shares	12	(56)	-	(56)	-
Proceeds from long term debt	9	40	817	533	1,017
Repayment of long term debt	9	(317)	(287)	(649)	(573)
Repayment of lease obligations	10	(142)	(199)	(343)	(392)
Shares purchased for cancellation	13	-	-	(2)	(45)
CASH USED IN FINANCING ACTIVITIES		(541)	247	(648)	(159)
NET CHANGE IN CASH		891	973	1,068	1,196
CASH, BEGINNING OF THE PERIOD		2,249	1,903	2,072	1,680
CASH, END OF THE PERIOD		3,140	2,876	3,140	2,876

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 June 30, 2021 and 2020

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

1. CORPORATE INFORMATION

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

2. BASIS OF PRESENTATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Basis of consolidation

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

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

2.4 Functional currency and currency of presentation

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

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2021 and 2020

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. JUDGMENTS AND ESTIMATES

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

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

5. SUBSIDIARIES AND BUSINESS SEGMENTS

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

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

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

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

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2021 and 2020

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

5. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

For the six month period ended June 30, 2021	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
REVENUE						
Internal sales	1,673	-	103	324	(2,100)	-
External sales	2,030	1,960	31,719	-	-	35,709
COST OF SALES						
Operating costs	2,836	1,145	28,212	-	(1,522)	30,671
GROSS PROFIT	867	815	3,610	324	(578)	5,038
OPERATING EXPENSES						
Selling, general & administration	566	523	2,244	288	(428)	3,193
Amortization and depletion	164	394	29	76	-	663
Amortization of intangible assets	-	-	164	-	-	164
INCOME (LOSS) BEFORE FINANCING	137	(102)	1,173	(40)	(150)	1,018
FINANCING COSTS						
Gain on debt forgiveness	-	-	(318)	-	-	(318)
Interest on Series A preferred shares	-	-	-	28	-	28
Interest on debt and lease obligations	33	43	48	7	-	131
INCOME (LOSS) BEFORE INCOME TAXES	104	(145)	1,443	(75)	(150)	1,177
INCOME TAXES						
Current	-	-	100	3	-	103
NET COMPREHENSIVE INCOME (LOSS)	104	(145)	1,343	(78)	(150)	1,074
As at June 30, 2021						
	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
ASSETS						
Current assets	1,616	2,024	8,859	182	(608)	12,073
Non-current assets	1,917	4,125	3,619	198	-	9,859
	3,533	6,149	12,478	380	(608)	21,932
LIABILITIES						
Current liabilities	1,693	861	4,674	175	(245)	7,158
Non-current liabilities	526	1,436	901	3,775	(213)	6,425
	2,219	2,297	5,575	3,950	(458)	13,583

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 June 30, 2021 and 2020

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

5. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

For the three month period ended June 30, 2021	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
REVENUE						
Internal sales	819	-	59	162	(1,040)	-
External sales	914	982	15,964	-	-	17,860
COST OF SALES						
Operating costs	1,379	568	14,104	-	(818)	15,233
GROSS PROFIT	354	414	1,919	162	(222)	2,627
OPERATING EXPENSES						
Selling, general & administration	289	258	1,171	217	(222)	1,713
Amortization and depletion	83	179	18	35	-	315
Amortization of intangible assets	-	-	82	-	-	82
INCOME (LOSS) BEFORE FINANCING	(18)	(23)	648	(90)	-	517
FINANCING COSTS						
Gain on debt forgiveness	-	-	(318)	-	-	(318)
Interest on Series A preferred shares	-	-	-	28	-	28
Interest on debt and lease obligations	18	22	23	3	-	66
INCOME (LOSS) BEFORE INCOME TAXES	(36)	(45)	943	(121)	-	741
INCOME TAXES						
Current	-	-	70	3	-	73
NET COMPREHENSIVE INCOME (LOSS)	(36)	(45)	873	(124)	-	668

Segment balances for the prior period are as follows:

For the six month period ended June 30, 2020	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
REVENUE						
Internal sales	1,442	-	103	324	(1,869)	-
External sales	2,510	1,962	24,392	-	-	28,864
COST OF SALES						
Operating costs	2,827	1,490	21,475	-	(1,442)	24,350
GROSS PROFIT	1,125	472	3,020	324	(427)	4,514
OPERATING EXPENSES						
Selling, general & administration	560	540	1,970	228	(454)	2,844
Amortization & depletion	189	400	18	75	-	682
Amortization of intangible assets	-	-	164	-	-	164
INCOME (LOSS) BEFORE FINANCING	376	(468)	868	21	-	824
FINANCING COSTS						
Interest on debt and lease obligations	35	53	69	8	-	165
INCOME (LOSS) BEFORE INCOME TAXI	341	(521)	799	13	-	659
INCOME TAXES						
Current	-	-	-	50	-	50
NET AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	341	(521)	799	(37)	27	609

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2021 and 2020

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

5. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

For the three month period ended June 30, 2020	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
REVENUE						
Internal sales	700	-	53	162	(915)	-
External sales	1,088	752	12,347	-	-	14,187
COST OF SALES						
Operating costs	1,384	658	10,943	-	(700)	12,285
GROSS PROFIT	404	94	1,457	162	(215)	1,902
OPERATING EXPENSES						
Selling, general & administration	276	257	928	122	(121)	1,462
Amortization & depletion	93	199	9	43	-	344
Amortization of intangible assets	-	-	82	-	-	82
INCOME (LOSS) BEFORE FINANCING	35	(362)	438	(3)	(121)	14
FINANCING COSTS						
Interest on debt and lease obligations	19	25	34	5	-	83
NET AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	16	(387)	404	(8)	(94)	(69)

As at June 30, 2020	MIN-AD	Mill Creek	Papillon	Other	Elimi- nations	Total
ASSETS						
Current assets	1,430	1,811	6,106	328	(245)	9,430
Non-current assets	1,955	4,166	3,929	324	-	10,374
	3,385	5,977	10,035	652	-	19,804
LIABILITIES						
Current liabilities	1,392	1,023	3,118	194	(323)	5,404
Non-current liabilities	584	1,720	2,051	3,912	-	8,267
	1,976	2,743	5,169	4,106	(323)	13,671

6. INVENTORIES

	June 30, 2021	December 31, 2020
	\$	\$
Raw materials and consumables	877	886
Finished goods	2,261	1,649
Total inventories	3,138	2,535

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2021 and 2020

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

7. PROPERTIES, PLANT AND EQUIPMENT

Cost	Land	Dolomite Properties	Plant and Equipment	Right of Use Assets	Vehicles	Spare Parts	Total
Balance, December 31, 2019	515	2,051	13,617	2,146	490	317	19,136
Additions in the year	-	-	494	692	-	11	1,197
Disposals in the year	-	-	-	-	-	-	-
Balance, December 31, 2020	515	2,051	14,111	2,838	490	328	20,333
Additions in the period	-	-	703	79	-	7	789
Disposals in the period	-	-	-	-	-	-	-
Balance, June 30, 2021	515	2,051	14,814	2,917	490	335	21,122

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	-	(20)	(258)	(362)	(23)	-	(663)
Disposals in the period	-	-	-	-	-	-	-
Balance, June 30, 2021	-	(1,372)	(11,026)	(1,773)	(428)	-	(14,599)

Net Book Value

As at December 31, 2020	515	699	3,343	1,427	85	328	6,397
As at June 30, 2021	515	679	3,788	1,144	62	335	6,523

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

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2021 and 2020

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

8. INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill comprise the following:

	Customer relationships (a)	Distribution rights (b)	Non-compete (c)	Brand (d)	Total Intangibles	Goodwill
	\$	\$	\$	\$	\$	\$
Balance December 31, 2019	1,158	800	3	58	2,019	1,809
Less: amortization	(189)	(124)	(3)	(12)	(328)	-
Balance December 31, 2020	969	676	-	46	1,691	1,809
Less: amortization	(96)	(62)	-	(6)	(164)	-
Balance, June 30, 2021	873	614	-	40	1,527	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 June 30, 2021 and 2020

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

9. DEBT

Bank debt and equipment purchase financings comprise the following:

	June 30, 2021	December 31, 2020
	\$	\$
<u>Aggregate debt facilities</u>		
(i) Revolving credit facility	498	500
(ii) Mill Creek term loan	1,093	1,260
(iii) Papillon term loan	1,467	1,866
(iv) Equipment financings	539	88
(v) Paycheck Protection Program	-	318
	3,597	4,032
<u>Less: current portions of</u>		
Long term debt	(1,644)	(2,561)
Equipment financing	(129)	(37)
Total long term debt	1,824	1,434

Debt facilities

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

- (i) \$500 Revolving Credit Facility – a one-year, secured revolving credit facility (“FC”) in the amount of the lesser of \$500 or 75% of accounts receivable at MIN-AD and Mill Creek, bearing interest at the U.S. bank prime rate plus 1.00% per annum. Any amounts drawn under the RC facility can be repaid any time and are due in full at maturity on May 25, 2021. At June 30, 2021, \$498 (June 30, 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 June 30, 2021, \$347 (June 30, 2020 - \$328) was recorded as current portion of long term debt and the balance of \$746 (June 30, 2020 - \$1,094) was recorded as long term debt.

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

MIN-AD and Mill Creek, as co-borrowers, are required to maintain a minimum DSCR of 1.3 times under the terms of the revolving credit and term loan facilities described above in points (i) and (ii). Prior to the second quarter, the DSCR was calculated on the results of the co-borrowers on a rolling four quarter basis. During the second quarter of 2021, Meadows Bank amended the DSCR covenant so that it is calculated annually at year end and is based on the consolidated audited results of Inter-Rock.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2021 and 2020

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

9. DEBT (CONT'D)

(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 June 30, 2021, \$800 (June 30, 2020 - \$800) was recorded as current portion of long term debt and the balance of \$667 (June 30, 2020- \$1,466) 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 June 30, 2021, \$34 (June 30, 2020 - \$40) was recorded as current portion of long term debt and the balance of \$36 (June 30, 2020 - \$67) 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 equipment and is guaranteed by MIN-AD. At June 30, 2021, \$94 (June 30, 2020 - \$0) was recorded as current portion of long term debt and the balance of \$375 (June 30, 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 Company's three operating subsidiaries received PPP loans aggregating \$817, funded as follows: Papillon: \$318, MIN-AD: \$215 and Mill Creek: \$284. The PPP loans for MIN-AD and Mill Creek were forgiven in December 2020 and the Papillon PPP loan was forgiven in June 2021.

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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 June 30, 2021:

	June 30, 2021	December 31, 2020
Movement in lease obligations:		
Lease obligations, beginning	\$ 999	\$ 1,644
Additions during the period	633	682
Payments during the period	(343)	(766)
Lease obligations, ending	1,289	1,560
Less: current portion	(474)	(561)
Total long term lease obligations	\$ 815	\$ 999

During the period, the Company recognized interest expense of \$41 (June 30, 2020 - \$49) on lease liabilities.

11. ASSET RETIREMENT OBLIGATION

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

12. SERIES A PREFERRED SHARES

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

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

There is no certainty of retraction of the Preferred Shares as there is no fixed or determinable date for their retraction nor are any future events defined that would trigger retraction. The shareholder has agreed to waive 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. During the period, the Board of Directors of the Company declared a preferred share dividend of \$28 (June 30, 2020 -\$0.) The dividend is recorded as interest expense.

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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, June 30, 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.

14. INCOME PER SHARE

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

	For the three months period		For the six month period	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Basic income per share				
Income available to common shares	668	(69)	1,074	609
Weighted average common shares (in thousands)	22,384	22,439	22,384	22,439
	0.03	0.00	0.05	0.03
Diluted income per share				
Income available to common shares	668	(69)	1,074	609
Income available to common shares, assuming dilution	668	(69)	1,074	609
Weighted average common shares outstanding	22,313	22,439	22,313	22,439
Preferred shares converted to common shares	17,137	17,137	17,137	17,137
Adjusted weighted average common shares outstanding	39,450	39,576	39,450	39,576
	0.02	0.00	0.03	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.

Inter-Rock Minerals Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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15. INCOME TAXES

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

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

16. RELATED PARTY TRANSACTIONS

Key management remuneration

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

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

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	\$	\$	\$	\$
Short term benefits including salaries, consulting and director fees	219	182	454	463

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17. REVENUE SUPPLEMENTAL INFORMATION

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

	For the three months ended		For the six months ended	
	June 30, 2021 \$	June 30, 2020 \$	June 30, 2021 \$	June 30, 2020 \$
<u>MIN-AD and Mill Creek</u>				
Dolomite sales	1,546	1,452	3,232	3,618
Freight charges	292	339	652	725
Fuel charges	58	49	106	130
	1,896	1,840	3,990	4,473
<u>Papillon</u>				
Animal feed sales	15,224	11,764	30,750	23,118
Freight charges	740	583	969	1,273
	17,860	14,187	35,709	28,864

18. FINANCIAL RISK MANAGEMENT

Coronavirus (COVID-19)

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

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

Inter-Rock Minerals Inc.

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19. FINANCIAL COMMITMENTS

The Company is committed to \$5,067 (June 30, 2020 - \$6,276) for obligations and financial commitments in the normal course of operations and financing activities. At June 30, 2021 the Company had the following financial commitments:

	Total	2021	2022	2023	2024	Thereafter
	\$	\$	\$	\$	\$	\$
Debt principal repayments	3,532	1,117	1,252	742	295	126
Equipment financing	70	20	28	22	-	-
Lease obligations	1,465	262	496	274	199	234
Total	5,067	1,399	1,776	1,038	494	360

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.

20. SUBSEQUENT EVENTS

Subsequent to the end of the second quarter of 2021, Mill Creek arranged a \$1,050 term loan with Volvo Financial Services to finance the purchase of mobile mining equipment. The loan amortizes over 48 months and has a fixed interest rate of 2.36%. The loan is guaranteed by MIN-AD.

The Board of Directors of the Company declared a preferred share dividend of \$28 for the second quarter of 2021. The dividend was paid subsequent to quarter end.