INTER-ROCK

MINERALS INC

Consolidated Financial Statements

Expressed in United States dollars

Years ended December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Inter-Rock Minerals Inc.

Opinion

We have audited the consolidated financial statements of Inter-Rock Minerals Inc. (the "Group"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of net and comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Revenue recognition - sales of dolomite products and dairy feed nutritional supplements</u>

Refer to consolidated financial statements Note 3.3 – Material accounting policies – Revenue recognition; Note 4(i) Revenue.

Revenue from sales of dolomite products and dairy feed nutritional supplements totaled $90,529,000 for the year ended December 31, 2023. The Group recognizes revenue when control of the goods is transferred to the buyer, which is either on shipment or delivery depending on the contract terms.

We identified the Group's recognition of revenue from these two revenue streams as a key audit matter because significant auditor judgment and auditor effort was required to evaluate when revenue should be recognized.

How our audit addressed the Key Audit Matter:

Our audit procedures related to revenue recognized from sales of dolomite products and dairy feed nutritional supplements included the following, among others:

- We evaluated management's policies and procedures for revenue recognition to assess whether revenue is recognized in accordance with the applicable accounting standards; and
- We tested revenue recognized on a sample basis by agreeing sales transactions to the underlying sales invoice, customer order, shipping document and cash receipt.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact to governance. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Jakovcic.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
April 22, 2024
Toronto, Ontario

Inter-Rock Minerals Inc.

Consolidated Balance Sheets
As at December 31st
(Expressed in thousands of United States Dollars)

	Note	**2023**	2022
		$	$
ASSETS			
Current assets			
Cash		**4,603**	3,048
Accounts receivable		**13,216**	9,292
Inventories	8	**1,904**	2,590
Prepaid expenses and other assets		**1,131**	710
Total Current Assets		**20,854**	15,640
Non-current assets			
Investment	6	**543**	-
Properties, plant and equipment	9	**3,615**	2,917
Intangible assets	10	**724**	1,046
Goodwill	10	**1,808**	1,808
Total Assets		**27,544**	21,411
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**11,520**	7,364
Current portion of long term debt	11	**221**	280
Current portion of lease obligations	12	**294**	302
Total Current Liabilities		**12,035**	7,946
Non-current liabilities			
Long-term debt	11	**292**	-
Lease obligations	12	**569**	676
Asset retirement obligation	13	**33**	26
Deferred tax liability		**454**	202
Series A preferred shares	14	**3,417**	3,417
Total Liabilities		**16,800**	12,267
Equity			
Share capital	15	**5,621**	5,791
Contributed surplus		**315**	315
Retained earnings		**4,808**	3,038
Total Equity		**10,744**	9,144
Total Liabilities and Equity		**27,544**	21,411

Financial Commitments (Note 22)

Approved on behalf of the Board of Directors:

"Michael B. Crombie"	*"David R. Crombie"*
Director	Director

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

Inter-Rock Minerals Inc.
Consolidated Statements of Net and Comprehensive Income
For the years ended December 31,
(Expressed in thousands of United States Dollars except for outstanding shares and per share amounts)

	Note	2023	2022
		$	$
REVENUE	7	**90,529**	87,225
COST OF SALES			
Operating costs	7	**79,593**	76,548
GROSS PROFIT		**10,936**	10,677
OPERATING EXPENSES			
Selling, general and administrative	7	**7,262**	6,823
Amortization and depletion	9	**667**	613
Amortization of intangible assets	10	**322**	322
INCOME BEFORE FINANCING COSTS		**2,685**	2,919
FINANCING COSTS			
Interest on Series A preferred shares	14	**285**	189
Interest on debt and lease obligations	11,12	**76**	81
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES		**2,324**	2,649
INCOME TAXES			
Current	17	**302**	1,666
Deferred	17	**252**	464
		554	2,130
NET AND COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS		**1,770**	519
NET AND COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	5	**-**	50
NET INCOME AND COMPREHENSIVE INCOME		**1,770**	569
Earnings per share from continuing operations			
Basic	16	**0.08**	0.02
Diluted	16	**0.05**	0.02
Loss per share from discontinued operations			
Basic and diluted loss per share	16	**-**	-
Weighted average number of shares outstanding			
Basic		**22,137,811**	**22,303,311**
Diluted		**39,274,791**	**39,440,291**

Inter-Rock Minerals Inc.

Consolidated Statements of Changes in Equity
As at and for the years ended December 31, 2023 and 2022
(Expressed in thousands of United States Dollars)

	Share Capital (Note 15)	Contributed Surplus	Retained Earnings	Total
	$	$	$	$
Balance, December 31, 2021	5,791	315	2,469	**8,575**
Net income and comprehensive income	-	-	569	**569**
Balance, December 31, 2022	5,791	315	3,038	**9,144**
Shares purchased for cancellation	(170)	-	-	**(170)**
Net income and comprehensive income	-	-	1,770	**1,770**
Balance, December 31, 2023	**5,621**	**315**	**4,808**	**10,744**

Inter-Rock Minerals Inc.

Consolidated Statements of Cash Flows
For the years ended December 31,
(Expressed in thousands of United States Dollars)

	Note	**2023**	2022
CASH PROVIDED BY (USED IN) OPERATIONS			
Net income		**1,770**	569
Items not affecting cash			
Amortization and depletion		**667**	613
Amortization of intangible assets		**322**	322
Interest expense		**361**	270
Deferred income tax expense	17	**252**	464
Net income from discontinued operations	5	**-**	(50)
		3,372	2,188
Net changes in non-cash working capital			
Accounts receivable		**(3,924)**	(4,131)
Inventories		**686**	(966)
Prepaid expenses		**(421)**	400
Accounts payable and accrued liabilities		**4,273**	2,885
Cash provided by continuing operating activities		**3,986**	376
Cash used in discontinued operating activities	5	**-**	(354)
Net cash provided by operating activities		**3,986**	22
INVESTING			
Purchase of properties, plant and equipment	9	**(1,266)**	(588)
Investment	6	**(543)**	-
Cash used in investing activities		**(1,809)**	(588)
FINANCING			
Interest paid		**(76)**	(65)
Interest on Series A preferred shares	14	**(275)**	(152)
Net proceeds from sale of asset		**-**	3,310
Proceeds from financing	11	**513**	-
Repayment of long term debt	11	**(279)**	(1,317)
Repayment of lease obligations	12	**(335)**	(345)
Shares purchased for cancellation	15	**(170)**	-
Cash provided by (used in) continuing financing activities		**(622)**	1,431
Cash used in discontinued financing activities	5	**-**	(83)
Net cash provided by (used in) financing activities		**(622)**	1,348
Net change in cash		**1,555**	782
Cash, beginning of the year		**3,048**	2,266
Cash, end of the year		**4,603**	3,048

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

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

1. CORPORATE INFORMATION

Inter-Rock Minerals Inc. ("Inter-Rock" or the "Company") is domiciled in Canada and is continued under the Business Corporations Act (Ontario). The Company's office is located at 2 Toronto Street, Suite 500 Toronto, Ontario, M5C 2B6, Canada. The Company's shares are traded on the TSX Venture Exchange under the symbol "IRO".

Inter-Rock owns two operating businesses: Papillon Agricultural Company Inc. ("Papillon") and MIN-AD, Inc. ("MIN-AD"). Papillon is a U.S. based marketer and distributor of toll manufactured premium dairy feed nutritional supplements, including MIN-AD's products. MIN-AD is engaged in the production and marketing of high purity dolomite and clay, primarily to the animal feed industry in the United States.

In February of 2022, Inter-Rock sold its wholly owned subsidiary, Mill Creek Dolomite, LLC ("Mill Creek") as part of its strategy to focus on its animal feed nutritional supplement businesses. Mill Creek was sold to United States Lime & Minerals Inc. for $6,400 in cash, excluding all Mill Creek debt and accrued interest of $2,240 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 $3,310 (Note 5).

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These consolidated financial statements, including comparative balances for the year ended December 31, 2023, have been prepared in accordance with the IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were approved and authorized by the Board of Directors of the Company on April 19, 2024.

2.2 Basis of measurement

The consolidated 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.

2.3 Basis of consolidation

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

Name of subsidiary	Country of Incorporation	Ownership
Secret Pass Gold, Inc.	United States	100%
MIN-AD, Inc.	United States	100%
Papillon Agricultural Company, Inc.	United States	100%

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 year ended December 31, 2022.

2. BASIS OF PRESENTATION (CONT'D)

2.4 Functional currency and currency of presentation

These consolidated 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 consolidated statements of income and comprehensive income for the year.

3. MATERIAL ACCOUNTING POLICIES

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. The amendments require the disclosure of material, rather than significant, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information in note 3 in certain instances.

3.1 Inventories

Inventories comprise finished goods, stockpiled crushed ore and crushed ore in-circuit. All inventories are valued at the lower of cost and net realizable value. Cost includes production costs determined principally on an average cost basis for ore produced and processed. Cost includes blasting, crushing and transportation, costs of conversion and any other costs incurred in bringing inventories to their final processed condition. Costs not attributed to bringing inventories to their final processed condition, such as transportation costs subsequent to the completion of processing, storage costs and selling costs are expensed in the period incurred.

3.2 Properties, plant and equipment

Properties, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. With the exception of spare parts, items are depreciated using the straight-line method over their estimated useful lives as follows:

Plant and equipment	3 - 15 years
Vehicles	5 - 7 years

Where components of an asset have a different useful life and cost that is significant to the total cost of the asset, depreciation is calculated on each separate component. Right-of-use assets are depreciated using the straight-line method over the shorter of the economic useful life of the asset or the term of the lease. Spare parts are carried at cost and transferred to the cost of the asset when the part is used to extend the life of the equipment; otherwise spare parts are expensed as repairs and maintenance when used. Estimates of useful lives, residual values and methods of depreciation are reviewed annually. The dolomite property is recorded at cost and depleted over the estimated economic life of the quarry on a unit of production method based on estimated recoverable tons of dolomitic limestone.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Revenue recognition

The Company earns revenue from its sales of dairy feed nutritional supplements and dolomite products. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, based upon the transaction price agreed under the terms of a sales contract. The Company typically receives payment within fifteen to thirty days of shipment or delivery.

Sales revenue is recognized when control of the goods has been transferred to the buyer. Control is generally transferred upon shipment (that is when the goods have been loaded and have left a manufacturing facility) or upon delivery (the goods arrive at a named place of destination). Revenue is recognized once shipment or delivery has been achieved. Once shipped or delivered, depending upon the contract terms, the customer has legal title to, physical possession of, and the risks and rewards of ownership of the product.

For certain transactions, the Company arranges for transportation of the products on behalf of the customer. For each transaction, the Company assesses whether it is acting as a principal or agent with respect to arranging transportation. In cases where the Company is acting as principal (arranging for transportation and paying the freight), revenue and costs of sales are presented on a gross basis, so revenue includes the amount of freight charges recovered by the Company and the cost of sales includes the freight charges paid by the Company. In transactions where the Company is acting as principal with respect to freight, freight revenue is recognized when the Company has satisfied its performance obligation of arranging the freight, including acceptance of the freight rate by the customer. When the Company determines it is acting as an agent with respect to freight, revenue and cost of goods sold are presented on a net basis. The Company has determined that, with respect to those transactions that include arranging transportation and freight, it is acting as principal in most cases.

3.4 Income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated statements of income and comprehensive income for the year, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred income tax is recognized on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized for all deductible temporary differences and carry forwards of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forwards of unused tax losses can be utilized. Deferred income tax liabilities are provided on taxable temporary differences. Deferred taxes are not recognized for temporary differences related to goodwill.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.4 Income taxes (cont'd)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax asset to be recovered. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.5 Income per share

The basic income per share is computed by dividing the net income by the weighted average number of common shares outstanding during the year. The diluted income per share reflects the potential dilution of common share equivalents, such as outstanding stock options, share purchase warrants and the conversion of preferred shares in the weighted average number of common shares outstanding during the year, if dilutive.

3.6 Asset retirement obligation

The Company recognizes a liability for its legal obligations associated with the retirement of its dolomite property. Reclamation liabilities are recognized at the time an environmental disturbance occurs. The liability is measured using the Company's best estimate of the future cost required to reclaim the disturbance of the operation. The estimates are adjusted for inflation and subsequently discounted to their present value using an estimate of the Company's pricing in the market to obtain debt. Upon recognition of the initial reclamation liability, the corresponding cost is capitalized to the asset as it represents a portion of the cost of acquiring the future economic benefit of the property. The liability is progressively increased over the life of the asset as the effect of the discounting is unwound. Adjustments related to the unwinding of the discount are recognized in the consolidated statement of comprehensive income as finance expense. Reclamation liabilities may be adjusted to reflect changes in the estimates of the costs of reclamation. Such adjustments are accounted for as a change in the corresponding capitalized cost in properties, plant and equipment.

3.7 Intangible assets

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. The Company's intangible assets comprise customer relationships, distribution rights and the brand. Intangible assets with finite useful lives are subsequently carried at cost less accumulated amortization and impairment losses. These assets are amortized on a straight-line basis over their estimated useful lives. Intangibles with indefinite lives are measured at cost less any accumulated impairment losses and are not amortized.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 Intangible assets (cont'd)

Estimated useful lives are as follows:

Customer relationships	10 years
Distribution rights	10 years
Brand	10 years

Estimates of useful lives, residual values and methods of amortization are reviewed annually.

3.8 Goodwill

The Company measures goodwill as the fair value of the cost of the acquisition less the fair value of the identifiable net assets acquired, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

Goodwill is not amortized, but is tested for impairment on an annual basis or more frequently if there are indications that goodwill may be impaired. For the purposes of impairment testing, goodwill is allocated to each of the Company's cash generating units ("CGU") that are expected to benefit from the synergies of the acquisitions. If the recoverable amount of the CGU is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to other assets of the CGU.

3.9 Financial Instruments

The Company's financial instruments, from which financial risk arises, are cash, trade accounts receivables, investment, accounts payable and accrued liabilities, floating and fixed rate debt, lease obligations and the Series A preferred shares. At December 31, 2023, the Company did not have any investments in quoted or unquoted equity securities and was not a party to any derivative contracts.

The Company's financial instruments are classified and subsequently measured as follows under IFRS 9:

At initial recognition, a financial instrument is measured at fair value, including transaction costs, (unless the financial instrument is carried at fair value through profit or loss ("FVTPL"), in which case the transaction costs are recognized in profit or loss).

Asset/Liability	IFRS 9
Cash	Amortized cost
Accounts receivable	Amortized cost
Investment	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Debt	Amortized cost
Lease obligations	Amortized cost
Series A preferred shares	Amortized cost

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.9 Financial Instruments (cont'd)

The Company's accounting policy for financial instruments is as follows:

Financial assets

Financial assets are classified as either financial assets at amortized cost, financial assets at fair value through profit or loss, ("FVTPL"), or fair value through other comprehensive income.

i) Amortized cost: financial assets are classified at amortized cost if both the following criteria are met and the financial assets are not designated as at FTVPL: (a) the object of the Company's business model for these financial assets is to collect their contractual cash flows and (b) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's cash and accounts receivables are recorded at amortized cost as they meet the required criteria.

ii) Financial assets recorded at FVTPL: financial assets are initially recorded and subsequently measured at fair value if they are acquired for the purpose of selling in the near term. The Company's investment is recorded at FVTPL.

iii) Fair value through other comprehensive income: For investments in equity securities that are not held for trading, an irrevocable election can be made at initial recognition to classify the securities at fair value through other comprehensive income, with all subsequent changes in fair value being recognized in other comprehensive income.

Financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, (for example, liabilities held for the purpose of trading) or the Company has elected to measure them at FVTPL. The Company's accounts payable and accrued liabilities, lease obligations, as well as long term debt and Series A preferred shares are initially recognized at fair value, net of any transaction costs and subsequently measured at amortized cost. Financial liabilities are derecognized when the obligation specified in the contract is discharged, canceled, or expired.

Although accounts receivable and accounts payable with no stated interest rate are measured at amortized cost subsequent to initial recognition, in practice, they continue to be measured at their invoiced amount as the effect of discounting would be immaterial due to the terms of payment being between 15 - 30 days.

Derivatives

The Company does not utilize derivative instruments to mitigate exposures to commodity, currency, interest risk or other exposures.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that the carrying value of long term assets may be impaired. If an indicator of impairment exists, the recoverable amount of the asset is calculated in order to determine if any impairment charge is required. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received in an arm's length transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to disposal. Value in use is equal to the present value of future cash flows expected to be derived from the asset.

Impairment losses may be reversed, except for goodwill, in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized. A reversal of impairment loss is recognized in the consolidated statements of income and comprehensive income.

The Company performs goodwill impairment tests on an annual basis as at December 31 each year or more frequently if there are indications that goodwill may be impaired. If the carrying value of the CGU or group of CGUs to which goodwill is assigned exceeds its recoverable amount, an impairment loss is recognized. Goodwill impairment losses are not reversed. The recoverable amount of a CGU or group of CGUs is measured as the higher of fair value less costs of disposal and value in use. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis, restricted to fair value of individual assets. Goodwill impairment loss is recognized in the consolidated statements of income and comprehensive income.

3.11 Impairment of financial assets

Under IFRS 9, the impairment model for financial assets measured at amortized cost reflects expected credit losses. The Company recognizes loss allowances for expected credit losses. Trade receivables are assessed to determine if they are credit impaired at each reporting date. A provision or loss allowance is established based on the Company's credit loss experience and factors specific to the debtor and the economic environment. Loss allowances are deducted from the carrying amount of the assets. The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. No impairment losses or allowances for expected credit losses were recognized in 2023 or 2022.

3.12 Segment reporting

The Company has two reportable segments, which are those operations whose operating and financial results are regularly reviewed by the Company's management for the purpose of assessing performance. Each of the Company's two operating businesses are considered to be a separate operating segment.

Information regarding the results of each reportable segment is included in Note 7. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Company's management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.13 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In instances where a contract contains a lease, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which is the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use assets are included in the cost of property, plant and equipment for the associated operation. Right-of-use assets are subsequently depreciated, in accordance with the Company's existing accounting policy, from the commencement date of the lease to the earlier of the end of the lease term or the end of the useful life of the asset. Right-of-use assets may also be reduced due to impairment losses and adjusted for any re-measurements of the lease liability.

At the commencement of the lease, the lease liability is recognized and is measured at the present value of the lease payments to be made over the term of the lease, discounted using the interest implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate reflects the rate of interest the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. After the commencement date, the lease liability is carried at amortized cost.

The carrying amount is re-measured if there is a modification to the lease contract, including a change to the lease term, a change in the amount of the fixed lease payments or a change in the assessment to purchase the underlying asset. Where the lease contains an extension or purchase option, the costs associated with the option are included if it is reasonably expected to be exercised by the Company. Lease liabilities are presented as lease obligations on the Consolidated Balance Sheet.

The Company does not recognize right-of-use assets and lease liabilities for low value leases or for leases that have a lease term of 12 months or less at inception of the lease. Lease payments for these types of leases will be recognized as an expense over the lease term.

3.14 Discontinued operations

A discontinued operation is a component of the Company's business that has been disposed of or is classified as held for sale, the operations and cash flows of which can be clearly distinguished from the rest of the Company, and either (a) represents a separate major line of business or geographic area of operations (b) is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. The results of discontinued operations are presented separately on the face of the consolidated statements of net and comprehensive income.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.15 New and future accounting policies

New accounting standards issued but not effective - Certain pronouncements were issued by the IASB that are mandatory for accounting periods on or after January 1, 2024 or later periods and are to be applied retrospectively, with early adoption permitted. Many are not applicable or do not have a significant impact to the company and have been excluded. The extent of the impact of adoption of these standards has not yet been determined.

IAS 1 – Presentation of financial statements – The IASB has issued an amendment to IAS 1, Presentation of Financial Statements, providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the rights for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

4. CRITICAL JUDGMENTS AND ESTIMATES

The preparation of the Company's consolidated 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 consolidated 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.

The areas which require management to make significant estimates and assumptions in applying the Company's accounting policies in determining carrying values include:

(i) Revenue

The Company makes judgments in determining whether a performance obligation is distinct (i.e. if a service is separately identifiable from other services provided and if the customer can benefit from it.) Performance obligations are accounted for separately if they are distinct.

Judgments are required when evaluating when a performance obligation is satisfied and revenue may be recognized. In making its judgments, management considers when a customer obtains control of the goods promised in a contract and whether another entity fulfilling remaining services would need to re-perform work completed to date.

The Company makes judgments in determining whether the Company acts as principal or agent on certain sales to customers. The judgments made include determining whether the Company or a third-party control the goods or services provided.

4. CRITICAL JUDGMENTS AND ESTIMATES (CONT'D)

(ii) Income Taxes

In assessing the probability of realizing deferred income tax assets, the Company makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the Company gives additional weight to evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax asset at each reporting period.

(iii) Dolomite property

The Company's estimate of recoverable dolomite requires significant assumptions and judgments in engineering and geological interpretation. Changes in the assumptions and judgments will impact estimates of recoverable dolomite. Changes in the recoverable dolomite estimates may impact the carrying value of the dolomite property and the depletion expense and asset retirement obligations.

(iv) Impairment of goodwill and long-lived assets

Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of property, plant and equipment is reviewed each reporting period to determine whether there is any indication of impairment. Where an indicator of impairment exists, an estimate of the recoverable amount of the asset is determined. The recoverable amount is the higher of the fair value less costs of disposal of the asset and the value in use. If the recoverable amount of the respective non-financial asset is less than its carrying amount, it is considered to be impaired. In the process of measuring the recoverable amount, management makes assumptions about future events, such as commodity prices, future capital requirements, useful lives and future operating performance. These estimates and assumptions are subject to uncertainty. Therefore, there is a possibility that changes in circumstances will have an impact on these projections, which may impact the recoverable amount of assets or CGUs.

Accordingly, it is possible that some or the entire carrying amount of the assets or CGUs may be further impaired with the impact recognized in the consolidated statements of income and comprehensive income. Fair value represents the amount that would be obtained from a sale of the asset in an arm’s length transaction between willing parties. Whereas, value in use is generally determined to be the present value of estimated future cash flows arising from the continued use of the asset. Changes in any of the assumptions used in discounting the future cash flows in the value in use calculation could impact the impairment analysis.

(v) Inventory valuation

Inventories are recorded at the lower of cost and net realizable value. The use of estimates is required in allocating costs to inventories of crushed ore in stockpiles at the quarry and the plant as well as in-circuit crushed ore. Actual results can vary from estimates used in the determination of the carrying value of inventories.

4. CRITICAL JUDGMENTS AND ESTIMATES (CONT'D)

(vi) Depreciation of plant and equipment and amortization of intangible assets

Tangible assets, such as buildings, plant equipment and other equipment are depreciated on a straight-line basis over their useful lives. Similarly, intangible assets, including customer relationships, brand recognition and distribution rights are amortized on a straight-line basis over their useful lives. Judgment is required in the determining of the useful life for the calculation of depreciation and amortization and the actual useful lives may differ significantly from current assumptions.

5. DISCONTINUED OPERATIONS

On February 9 2022, the Company closed the sale of its Oklahoma based dolomite business, Mill Creek Dolomite LLC. The 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 year ended December 31, 2022.

in thousands of US dollars	**2022**
	$
Revenue	**359**
Cost of Sales	
Operating costs	**298**
Gross profit	**61**
Operating expenses	
Selling, general & administration	**34**
Amortization and depletion	**-**
Income before financing costs	**27**
Financing costs	
Gain on debt extinguishment	**-**
Interest on debt and lease obligations	**3**
Income before income taxes	**24**
Gain on sale of asset	**26**
Net and comprehensive income from discontinued operations	**50**

in thousands of US dollars	**2022**
Net cash flow from operating activities	**(354)**
Net cash flow from investing activities	**-**
Net cash flow from financing activities	**(83)**
Net cash flows	**(437)**

6. INVESTMENT

In February 2023, the Company provided a convertible loan to a private Swiss company (“Embion”) in the amount of CHF 500,000. Embion is a start-up company developing a novel catalytic process to hydrolize or depolymerize waste biomass, such as brewer’s grains. The process can be adapted to convert certain carbohydrates that can be utilized by bacteria in the gastrointestinal tracts of animals.

The convertible loan is non-interest bearing and has a maturity date of February 28, 2025. The loan will automatically convert to shares of Embion at the earlier of the maturity date and the completion by Embion of a financing of a minimum of CHF 1,500,000. The conversion rate will be based on the lower of (a) a 50% discount from the pre-money valuation of Embion in the financing and (b) CHF 5.59 per share.

Due to the fact that the convertible loan automatically converts to equity, the instrument is valued as an equity investment in shares of Embion. The value of the investment is adjusted for inputs at the valuation date based on the most recent financing round economics, if applicable.

7. SUBSIDIARIES AND BUSINESS SEGMENTS

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

Name of subsidiary	Country of Incorporation	Ownership
MIN-AD, Inc.	United States	100%
Papillon Agricultural Company, Inc.	United States	100%

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

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

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

7. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

Segment operating results are as follows:

Year ended December 31, 2023	MIN-AD	Papillon	Other	Eliminations	Total
REVENUE					
Internal sales	4,572	221	1,385	(6,178)	**-**
External sales	4,703	85,826	-	-	**90,529**
COST OF SALES					
Operating costs	7,085	77,080	-	(4,572)	**79,593**
GROSS PROFIT	2,190	8,967	1,385	(1,606)	**10,936**
OPERATING EXPENSES					
Selling, general & administration	1,494	5,963	781	(976)	**7,262**
Amortization and depletion	438	63	166	-	**667**
Amortization of intangible assets	-	322	-	-	**322**
INCOME BEFORE FINANCING COSTS	258	2,619	438	(630)	**2,685**
FINANCING COSTS					
Interest on Series A preferred shares	-	-	285	-	**285**
Interest on debt and lease obligations	38	23	17	(2)	**76**
INCOME BEFORE INCOME TAXES	220	2,596	136	(628)	**2,324**
INCOME TAXES					
Current	-	302	-	-	**302**
Deferred	-	-	252	-	**252**
NET AND COMPREHENSIVE INCOME	220	2,294	(116)	(628)	**1,770**

As at December 31, 2023	MIN-AD	Papillon	Other	Eliminations	Total
ASSETS					
Current assets	1,688	19,090	385	(309)	**20,854**
Non-current assets	2,973	3,448	269	-	**6,690**
	4,661	22,538	654	(309)	**27,544**
LIABILITIES					
Current liabilities	1,350	10,693	323	(331)	**12,035**
Non-current liabilities	441	303	4,021	-	**4,765**
	1,791	10,996	4,344	(331)	**16,800**

Adjustments and eliminations include inter-segment revenues and expenses which are eliminated on consolidation

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

7. SUBSIDIARIES AND BUSINESS SEGMENTS (CONT'D)

Segment balances for the prior year are as follows:

Year ended December 31, 2022	MIN-AD	Papillon	Other	Eliminations	Total
REVENUE					
Internal sales	4,062	224	630	(4,916)	**-**
External sales	4,677	82,548	-	-	**87,225**
COST OF SALES					
Operating costs	6,981	73,629	**-**	(4,062)	**76,548**
GROSS PROFIT	1,758	9,143	630	(854)	**10,677**
OPERATING EXPENSES					
Selling, general & administration	1,338	5,371	744	(630)	**6,823**
Amortization and depletion	406	46	161	-	**613**
Amortization of intangible assets	**-**	322	**-**	**-**	**322**
INCOME (LOSS) BEFORE FINANCING	14	3,404	(275)	(224)	**2,919**
FINANCING COSTS					
Interest on Series A preferred shares	-	-	189	-	**189**
Interest on debt and lease obligations	38	48	5	(10)	**81**
INCOME (LOSS) BEFORE INCOME TAXES	(24)	3,356	(469)	(214)	**2,649**
INCOME TAXES					
Current	950	716	-	**-**	**1,666**
Deferred	-	-	464	**-**	**464**
NET COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS	(974)	2,640	(933)	(214)	**519**

As at December 31, 2022	MIN-AD	Papillon	Other	Eliminations	Total
ASSETS					
Current assets	2,167	13,743	302	(572)	**15,640**
Non-current assets	2,084	3,290	397	-	**5,771**
	4,251	17,033	699	(572)	**21,411**
LIABILITIES					
Current liabilities	952	6,935	259	(200)	**7,946**
Non-current liabilities	77	347	3,897	-	**4,321**
	1,029	7,282	4,156	(200)	**12,267**

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

8. INVENTORIES

	2023	2022
	$	$
Raw materials and consumables	**298**	331
Finished goods	**1,606**	2,259
Total inventories	**1,904**	2,590

9. PROPERTIES, PLANT AND EQUIPMENT

	Dolomite Property	Plant and Equipment	Right of Use Assets	Vehicles	Spare Parts	Total
Balance, December 31, 2021	1,754	9,415	1,535	283	274	13,261
Additions in the year	-	473	784	17	98	1,372
Disposals in the year	-	-	(179)	-	-	(179)
Balance, December 31, 2022	1,754	9,888	2,140	300	372	14,454
Additions in the year	-	1,127	192	-	139	1,458
Disposals in the year	-	-	-	-	(102)	(102)
Balance, December 31, 2023	1,754	11,015	2,332	300	409	15,810

Accumulated Amortization and Depletion	Dolomite Property	Plant and Equipment	Right of Use Assets	Vehicles	Spare Parts	Total
Balance, December 31, 2021	(1,272)	(8,516)	(845)	(274)	-	(10,907)
Additions in the year	(36)	(239)	(320)	(18)	-	(613)
Disposals in the year	(17)	-	-	-	-	(17)
Balance, December 31, 2022	(1,325)	(8,755)	(1,165)	(292)	-	(11,537)
Additions in the year	(47)	(279)	(339)	(2)	-	(667)
Disposals in the year	-	9	-	-	-	9
Balance, December 31, 2023	(1,372)	(9,025)	(1,504)	(294)	-	(12,195)

Net Book Value						
As at December 31, 2022	429	1,133	975	8	372	2,917
As at December 31, 2023	382	1,990	828	6	409	3,615

For the years ending December 31, 2023 and 2022 there were no indicators of impairment in the carrying value of the Company’s dolomite property, plant and equipment and right-of-use assets.

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

9. PROPERTIES, PLANT AND EQUIPMENT (C0NT'D)

The right-of-use depreciation expense and carrying amount relates to the folowing types of assets:

	2023		2022	
	Depreciation Expense	**Carrying amount**	Depreciation expense	Carrying amount
Rail Cars	$ 153	$ 221	$ 154	$ 185
Office Space	186	607	166	790
	$ 339	$ 828	$ 320	$ 975

10. INTANGIBLE ASSETS AND GOODWILL

Intangible assets and goodwill comprise the following:

	Customer relationships (a)	Distribution rights (b)	Brand (c)	**Total Intangibles**	**Goodwill**
	$	$	$	**$**	**$**
Balance December 31, 2021	784	549	35	**1,368**	**1,808**
Less: amortization	(185)	(127)	(10)	**(322)**	**-**
Balance, December 31, 2022	599	422	25	**1,046**	**1,808**
Less: amortization	(185)	(127)	(10)	**(322)**	**-**
Balance, December 31, 2023	**414**	**295**	**15**	**724**	**1,808**

Amortization of intangible assets is presented within amortization of intangibles on the consolidated statements of income and comprehensive income. At year-end there were no impairment losses recognized in income.

a) Customer relationships, which are long-standing relationships with many specialty feed ingredient suppliers, toll manufacturers and customers in the dairy industry.

b) Distribution rights, which are exclusive rights of the Company to produce and distribute specialty feed ingredients to the dairy industry.

c) 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.

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

10. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

The goodwill impairment analysis performed by the Company concluded there was no impairment of goodwill as at December 31, 2023 or 2022, as the fair value of its CGU exceeded its carrying value.

The CGU recoverable amount was determined based on using a 5-year discounted cash flow model. Key assumptions used in the discounted cash flows are: (a) projected cash flow was estimated using current results with a growth rate of 2% and a terminal growth rate of 4 times EBITDA, (b) taxes were estimated using current rates, (c) an estimate of working capital was based on historical requirements, and (d) a discount rate of 20% was used in the cash flow model.

11. DEBT

Bank debt and equipment purchase financings comprise the following:

	2023	2022
Aggregate debt facilities	**$**	$
(i) Revolving credit facility	**170**	-
(ii) MIN-AD term loan	**343**	-
(iii) Papillon term loan	**-**	267
(iv) Equipment financing	**-**	13
	513	280
Less: current portions of		
Long term debt	**(221)**	(267)
Equipment financing	**-**	(13)
Total long term debt	**292**	-

The Company's debt facilities are described below. At December 31, 2023, the Company was in compliance with all debt covenants.

(i) $500 Revolving Credit Facility – a one-year, secured revolving credit facility ("RC") in the amount of $500 bearing interest at the U.S. bank prime rate plus 1.00% per annum. At December 31, 2023 - $170 (2022 - $Nil) was recorded as current portion of long term debt. In addition, the borrowing base calculation for the revolving credit facility was amended so that advances under the line are capped at 75% of MIN-AD's account receivables plus 50% of inventory to a maximum inventory value of $250.

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

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

11. DEBT (CONT'D)

(ii) $800 MIN-AD Term Loan – an equipment financing facility of up to $800 with a nine-month drawdown period, ending March 2, 2024, during which only interest is paid, followed by a fifty-seven month amortization period ending December 2028. During the drawdown period, the interest rate is the U.S. prime rate plus 50bps and during the amortization period the interest rate is fixed at 6.75%. The loan is secured by the equipment and is guaranteed by Secret Pass Gold Inc. and the Company. At December 31, 2023 - $51 was recorded as current portion of long term debt and the balance of $292 was recorded as long term debt.

(iii) $4,000 Papillon Term Loan - five year secured term loan bearing interest at a fixed rate of 4.75% per annum. The loan was secured against all the present and future assets of Papillon and Papillon Agricultural LLC, and was guaranteed by the Company and its subsidiaries, Secret Pass Gold Inc. and Papillon. The loan contained various covenants customary for a facility of this nature, including restrictions on new indebtedness, asset dispositions and acquisitions. The loan also contained financial covenants including a minimum DSCR of 1.15 and a requirement that 80% of accounts receivable plus cash must be equal to or greater than the outstanding loan balance. At December 31, 2023 - $Nil (2022 - $267) was recorded as current portion of long term debt. The loan was extinguished in March 2023 when it was prepaid in full.

(iv) Equipment (small vehicle) loans – the Company periodically finances the purchase of Company vehicles for use by a number of employees. At December 31, 2023, $Nil (2022 - $13) was recorded as current portion of long term debt. The loan is secured by the vehicle and the interest rate is 5.5% per annum.

12. LEASE OBLIGATIONS

The Company leases rail cars and office space. The Company's lease obligations at December 31, 2023 consist of the following:

		2023		2022
Movement in lease obligations:				
Lease obligations, beginning	**$**	**978**	$	752
Additions during the year		**220**		571
Payments during the year		**(335)**		(345)
Lease obligations, ending		**863**		978
Less: current portion		**(294)**		(302)
Total long term lease obligations	**$**	**569**	$	676

During the year, the Company recognized interest expense of $51 (2022 - $24) on lease liabilities.

The Company and its subsidiary, Papillon Agricultural Company Inc., both entered into new office lease agreements in 2022. The leases have terms of 3 years and 7 years, respectively and both leases include renewal options. MIN-AD has a number of rail car leases with maturity dates in 2024 and 2028. In the normal course of business, MIN-AD renews the rail car leases as demand requires. The rail car leases typically have terms of 3 or 5 years. The Company does not have any low value or short term leases and does not capitalize leases with these attributes.

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

13. ASSET RETIREMENT OBLIGATION

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

14. 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 agreed to waive their right to retract the Preferred Shares for the year ending December 31, 2024, so the liability has been presented in these consolidated financial statements as long term. During the year, the Board of Directors of the Company declared quarterly preferred share dividends totaling $285 (2022 - $189). The dividend is recorded as interest expense.

15. 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, 2022	22,303,311	$5,791
Purchased for cancellation	(331,000)	(170)
Balance December 31, 2023	21,972,311	$5,621

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. At year end, the Company had purchased 331,000 shares.

16. INCOME PER SHARE

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

	2023	Continuing operations 2022	Discontinued operations 2022
Basic income per share			
Income available to common shares	**1,770**	519	50
Weighted average common shares (in thousands)	**22,138**	22,303	22,303
	0.08	0.02	-
Diluted income per share			
Income available to common shares	**1,770**	519	50
Interest on Series A preferred shares	**285**	189	-
Income available to common shares, assuming dilution	**2,055**	708	50
Weighted average common shares outstanding	**22,138**	22,303	22,303
Preferred shares converted to common shares	**17,137**	17,137	-
Adjusted weighted average common shares outstanding	**39,275**	39,440	22,303
	0.05	0.02	-

Each Preferred Share (Note 14) 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. The effect of the conversion of the preferred shares has been excluded from the discontinued loss per share as the effect would be anti-dilutive.

17. INCOME TAXES

	2023	2022
	$	$
Income from continuing operations before income taxes per financial statements	**2,324**	2,649
United States statutory tax rate	**27%**	27%
Income tax	**627**	715
Sale of Mill Creek	**-**	950
Non-deductible and other	**(8)**	465
Change in unrecognized deductible temporary differences	**(65)**	-
Income tax	**554**	2,130

	2023	2022
Income tax expense:	**$**	$
Current	**302**	1,666
Deferred	**252**	464
Total	**554**	2,130

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

17. INCOME TAXES (CONT'D)

	2023	2022
	$	$
Carrying value of mineral properties, plant and equipment for accounting purposes in excess of carrying value for tax purposes	**(584)**	(330)
Carrying value of intangibles for tax purposes in excess of carrying value	**66**	71
Other temporary differences	**64**	57
Deferred income tax liability	**(454)**	(202)

At December 31, 2023 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	141
2008	2028	377
2009	2029	261
2010	2030	319
2011	2031	327
2012	2032	303
2013	2033	249
2014	2034	169
2015	2035	166
2016	2036	200
2017	2037	262
2018	2038	118
2019	2039	144
2020	2040	-
2021	2041	82
2022	2042	639
2023	2043	-
		3,757

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

18. 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:

	2023	2022
	$	$
Short term benefits including salaries, consulting and director fees	**1,335**	1,533

19. REVENUE SUPPLEMENTAL INFORMATION

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

	2023	2022
	$	$
MIN-AD		
Dolomite sales	**4,001**	3,413
Freight charges	**494**	881
Fuel charges	**208**	383
	4,703	4,677
Papillon		
Animal feed sales	**82,136**	78,836
Freight charges	**3,690**	3,712
	90,529	87,225

20. FINANCIAL 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. 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, its financing activities, including deposits with banks, and its investment in Embion.

For cash and accounts receivables, credit risk exposure equals the carrying amount on the balance sheet. The Company's historical accounts receivables 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 credit worthiness 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 of 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 several financial institutions in North America.

With respect to the investment in Embion, the Company is exposed to the risk of non-repayment of the convertible loan. The Company expects that, under the terms of the financing agreement, the loan will be converted to shares of Embion.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its financial obligations as they come due. See Note 22. 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 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 attempt to 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 them, the revolving credit facilities since the interest rates or dividend payment on these instruments fluctuates with the general level of interest rates. The majority of the Company's debt is fixed rate. Of the financial instruments held at year-end, a one percent change in interest rates would affect the profitability of the Company by an immaterial amount.

20. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

The 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, accounts payable and accrued liabilities denominated in Canadian dollars and its investment in Embion is denominated in Swiss Francs. Changes in the exchange rate between the United States and Canadian dollars and the United States dollar and Swiss Franc would not have a material impact on the Company's earnings.

Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or settle a liability in an orderly transaction between willing, knowledgeable parties in an arm's length transaction at the measurement date.

Fair values of financial instruments traded in active markets are determined based on quoted market prices, where available. For financial instruments not traded in an active market, fair values are determined based on appropriate valuation techniques. Such techniques may include discounted cash flow analysis, using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, and other valuation models

The Company applies a hierarchy to classify valuation methods used to measure financial instruments carried at fair values subsequent to initial recognition. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable, as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 valuation techniques use significant observable inputs, either directly (i.e. prices) or indirectly (i.e. derived from prices), or valuations are based on quoted prices for similar instruments; and

Level 3 valuation techniques use significant inputs that are unobservable (supported by little or no market activity).

The Company's financial assets and liabilities include cash, trade receivables, accounts payable and accrued liabilities, lease obligations, long term debt and the Series A preferred shares, none of which are measured at fair value subsequent to initial recognition. Due to their short-term nature, the carrying value of cash, trade receivables and accounts payables and accrued liabilities approximates their fair value. Long term debt and lease obligations are recorded on the Company's consolidated balance sheet at amortized cost, which approximates their fair value as all debt and lease obligations carry market rates of interest. The Company's investment in Embion is carried at fair value through profit and loss using level 3 inputs.

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

20. FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value measurement of financial instruments (cont'd)

	2023	2022
	$	$
Financial assets measured at amortized cost		
Cash	**4,603**	3,048
Accounts receivable	**13,216**	9,292
Financial assets measured at FVTPL		
Investment	**543**	-
Financial liabilities measured at amortized cost		
Series A preferred shares	**3,417**	3,417
Accounts payable and accrued liabilities	**11,520**	7,364
Long-term debt - current portion	**221**	280
Long-term debt - non-current portion	**292**	-
Lease obligations - current portion	**294**	302
Lease obligations - non-current portion	**569**	676

21. MANAGEMENT OF CAPITAL

The Company considers its capital structure at December 31, 2023 to include shareholders' equity which totaled $10,744 (2022 - $9,144); preferred shares of $3,417 (2022- $3,417) and long term debt of $292 (2023 - $NIL) (Note 11).

The Company manages capital through an annual budgeting process and regular reviews of working capital requirements. The Company's objective when managing capital is to ensure adequate liquidity to continue operations, including funding of future growth opportunities and the pursuit of acquisitions. The Company seeks to ensure that cash from operations is sufficient to meet all operating expenses, sustaining capital expenditures, and debt service obligations. Funds for significant capital improvements are primarily secured through long term debt. There is no assurance that bank debt will be available. There were no changes in capital management in the year.

The Company's long term capital is subject to external restrictions including continued listing requirements of the TSX Venture Exchange and certain debt covenants as described in Note 11.

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

22. FINANCIAL COMMITMENTS

The Company is committed to $1,432 (2022 - $1,504) for obligations and financial commitments in the normal course of operations and financing activities. At December 31, 2023, the Company had the following financial commitments:

	Total $	2024 $	2025 $	2026 $	2027 $	Thereafter $
Bank debt repayments	**513**	221	69	69	69	85
Lease obligations	**919**	337	215	117	97	153
Total	**1,432**	**558**	**284**	**186**	**166**	**238**

Debt repayments represent the principal only. Lease obligations represent the undiscounted amount of the lease commitments.

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 $1,000. If the value of the protein purchases is less than $1,000 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 difference.