# RATHDOWNEY RESOURCES LTD.

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(Expressed in Canadian dollars, unless otherwise stated)

(Unaudited)

## Notice to Reader

In accordance with subsection 4.3(3) of National Instrument 51-102, management of the Company advises that the Company's auditors have not performed a review of these interim financial statements.

# Rathdowney Resources Ltd.

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

| | Notes | | June 30 2022 | | December 31 2021 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Current assets | | | | | |
| Cash | 4 | $ | 74,620 | $ | 611,928 |
| Amounts receivable and other assets | 5 | | 63,355 | | 70,160 |
| Total current assets | | | 137,975 | | 682,088 |
| | | | | | |
| Non-current assets | | | | | |
| Equipment | 3 | | 4,740 | | 5,696 |
| Total non-current assets | | | 4,740 | | 5,696 |
| | | | | | |
| Total assets | | $ | 142,715 | $ | 687,784 |
| | | | | | |
| **LIABILITIES AND SHAREHOLDERS' DEFICIENCY** | | | | | |
| Current liabilities | | | | | |
| Amounts payable and other liabilities | | $ | 122,670 | $ | 214,512 |
| Loans payable | 7 | | 1,368,922 | | 1,344,375 |
| Balance payable to related parties | 10 | | 9,812,470 | | 9,339,017 |
| Total current liabilities | | | 11,304,062 | | 10,897,904 |
| | | | | | |
| Shareholders' deficiency | | | | | |
| Share capital | 8 | | 59,416,043 | | 59,416,043 |
| Reserves | | | 4,887,637 | | 4,886,863 |
| Accumulated deficit | | | (75,465,027) | | (74,513,026) |
| Total shareholders' deficiency | | | (11,161,347) | | (10,210,120) |
| | | | | | |
| Total liabilities and shareholders' deficiency | | $ | 142,715 | $ | 687,784 |

Events after the reporting date (note 13)

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

*/s/ Rene Carrier*

Rene Carrier
Director

*/s/ David Copeland*

David Copeland
Director

## Rathdowney Resources Ltd.

### Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited - Expressed in Canadian dollars)

| | Notes | Three months ended June 30, 2022 | Three months ended June 30, 2021 | Six months ended June 30, 2022 | Six months ended June 30, 2021 |
|---|---|---|---|---|---|
| Expenses | | | | | |
| Exploration | | $ 280,319 | $ 387,708 | $ 497,930 | $ 707,546 |
| Engineering | | 3,968 | 3,938 | 7,893 | 7,956 |
| Geological | | 27,899 | 29,221 | 55,507 | 62,434 |
| Site activities | | 135,502 | 143,739 | 224,314 | 266,387 |
| Sustainability | | 111,452 | 210,621 | 207,999 | 370,442 |
| Travel | | 1,498 | 189 | 2,217 | 327 |
| Administration | | 186,230 | 163,155 | 428,782 | 341,976 |
| Legal, accounting and audit | | 51,815 | 58,086 | 139,995 | 132,487 |
| Office and administration | | 80,129 | 72,165 | 160,832 | 135,526 |
| Shareholder communications | | 53,997 | 32,024 | 101,897 | 58,864 |
| Travel | | 141 | (895) | 737 | (846) |
| Trust and filing | | 148 | 1,775 | 25,321 | 15,945 |
| Share-based payments | 9 | – | 20,100 | – | 40,200 |
| Administration | | – | 20,100 | – | 40,200 |
| Loss before the following: | | 466,549 | 570,963 | 926,712 | 1,089,722 |
| Interest income | | (672) | (264) | (1,629) | (1,088) |
| Finance expenses | 7 | 12,343 | 18,576 | 24,547 | 36,948 |
| Foreign exchange loss | | 3,337 | 1,150 | 2,371 | 2,401 |
| Loss before income tax | | 481,557 | 590,425 | 952,001 | 1,127,983 |
| Income tax expense | | – | – | – | – |
| **Loss for the period** | | $ 481,557 | $ 590,425 | $ 952,001 | $ 1,127,983 |
| **Other comprehensive loss (income)** | | | | | |
| Items that may be subsequently reclassified to net loss | | | | | |
| Foreign currency translation adjustment | | 2,301 | (1,555) | $ 774 | $ 5,145 |
| **Total other comprehensive loss (income)** | | $ 2,301 | $ (1,555) | $ 774 | $ 5,145 |
| **Total comprehensive loss** | | $ 483,858 | $ 588,870 | $ 952,775 | $ 1,133,128 |
| Basic and diluted loss per share | | $ 0.00 | $ 0.00 | $ 0.00 | $ 0.01 |
| Weighted average number of common shares outstanding | | 230,427,450 | 177,176,883 | 230,427,450 | 177,176,883 |

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

**Rathdowney Resources Ltd.**

**Condensed Consolidated Interim Statements of Cash Flows**

(Unaudited - Expressed in Canadian dollars)

| | | Six months ended June 30 | |
|---|---|---|---|
| | Notes | 2022 | 2021 |
| Cash flows from (used in) operating activities: | | | |
| Loss for the period | | $ (952,001) | $ (1,127,983) |
| Adjustments for: | | | |
| Depreciation | 3 | 956 | 750 |
| Equity-settled share based payments | | – | 40,200 |
| Finance expenses | 7 | 24,547 | 36,948 |
| Interest income | | (1,629) | (1,088) |
| | | (928,127) | (1,051,173) |
| Amounts receivable and other assets | | 6,805 | (9,516) |
| Amounts payable and other liabilities | | (91,842) | 3,486 |
| Balance payable to related parties | | 473,453 | 522,191 |
| Cash used in operating activities | | (539,711) | (535,012) |
| Cash flows from investing activities: | | | |
| Interest received | | 1,629 | 1,088 |
| Cash provided by investing activities | | 1,629 | 1,088 |
| Cash flows from financing activities: | | | |
| Subscription received from private placement | 8 | – | 195,000 |
| Cash provided by financing activities | | – | 195,000 |
| (Decrease) in cash | | (538,082) | (338,924) |
| Effect of exchange rate fluctuations | | 774 | 5,145 |
| | | (537,308) | (333,779) |
| Cash, beginning of period | | 611,928 | 490,559 |
| Cash, end of period | | $ 74,620 | $ 156,780 |

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

## Rathdowney Resources Ltd.

### Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)

(Unaudited - Expressed in Canadian dollars)

| | Notes | Share capital | | | Reserves | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Number of shares | Amount | Accumulated deficit | Investment revaluation reserve | Foreign currency translation reserve | Share purchase warrants reserve | Equity settled employees benefits reserve | Subscriptions received for shares | Total shareholders' equity (Deficiency) |
| Balance at January 1, 2021 | | 177,176,883 | $ 58,141,018 | $ (72,186,931) | $ (3,592,857) | $ 213,315 | $ 2,958,138 | $ 4,652,611 | $ – | $ (9,814,706) |
| Equity settled share-based payments | | – | – | – | – | – | – | 40,200 | – | 40,200 |
| Other comprehensive loss for the period | | – | – | – | – | 5,145 | – | – | – | 5,145 |
| Subscriptions received for private placement, net of transaction costs | | – | – | – | – | – | – | – | 195,000 | 195,000 |
| Loss for the period | | – | – | (1,127,983) | – | – | – | – | – | (1,127,983) |
| Balance at June 30, 2021 | | 177,176,883 | $ 58,141,018 | $ (73,314,914) | $ (3,592,857) | $ 218,730 | $ 2,958,138 | $ 4,692,811 | $ 195,000 | $ (10,702,344) |
| Balance at January 1, 2022 | | 230,427,450 | $ 59,416,043 | $ (74,513,026) | $ (3,592,857) | $ 221,903 | $ 3,546,883 | $ 4,710,934 | $ – | $ (10,210,120) |
| Other comprehensive income for the period | | – | – | – | – | 774 | – | – | – | 774 |
| Loss for the period | | – | – | (952,001) | – | – | – | – | – | (952,001) |
| Balance at June 30, 2022 | | 230,427,450 | $ 59,416,043 | $ (75,465,027) | $ (3,592,857) | $ 222,677 | $ 3,546,883 | $ 4,710,934 | $ – | $ (11,161,347) |

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

## 1. Nature of Operations and Going Concern

Rathdowney Resources Ltd. ("Rathdowney" or the "Company") is a public company incorporated on April 3, 2008, under the laws of the Province of British Columbia, Canada. The address of the Company's corporate office is the 14th Floor, 1040 West Georgia Street, Vancouver, BC, Canada V6E 4H1.

The condensed consolidated interim financial statements (the "Interim Financial Statements") of the Company as at for the three and six months ended June 30, 2022 and 2021, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). Rathdowney Resources Ltd. is the ultimate legal parent entity of the Group.

The Group is in the process of advancing its mineral property interests and has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The Group has outlined mineral resources and completed a Preliminary Economic Assessment ("PEA"), and if the Group's on-going technical work confirms certain projections described in the PEA, the Project could possibly be economic.

The Group's continuing operations are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Group to obtain the necessary financing to continue the exploration and development of its mineral property interests and to obtain the permits necessary to mine, and on future profitable production or proceeds from the disposition of its mineral property interests. General market conditions for junior exploration companies have resulted in depressed equity prices. These Financial Statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

As at June 30, 2022, the Group had cash of $74,620 (December 31, 2021 –$611,928), a working capital deficiency, and a shareholders' deficiency. Of the total current liabilities of the Group at June 30, 2022 $9,812,470 (December 31, 2021 – $9,339,017) are payable to related parties (note 10). These Financial Statements have been prepared on the basis of a going concern, which assumes that the Group will be able to raise sufficient funds to continue its exploration and development activities and satisfy its obligations as they come due. The Group has prioritized the allocation of its financial resources to meet key corporate and Olza's Project expenditure requirements in the near term. Additional financing will be required in order to progress any material expenditures at the Olza Project and for working capital requirements. Additional financing may include any of or a combination of debt, equity and/or contributions from possible new Olza Project participants. There can be no assurances that the Group will be successful in obtaining additional financing. If the Group is unable to raise the necessary capital resources and generate sufficient cash flows to meet obligations as they come due, the Group may, at some point, consider reducing or curtailing its operations. As such, there is material uncertainty that raises substantial doubt about the Group's ability to continue as a going concern.

The Group is continually seeking opportunities for additional funding and has reasonable expectation that it will succeed in raising additional funds when necessary. However, there can be no assurance that the Group will obtain the required additional financial resources to continue its current operational base. If the Group is unable to obtain adequate additional financing, it will need to curtail its expenditures further, until additional funds can be raised through financing activities. Management believes that it is able to maintain its core mineral rights in good standing for the next 12-month period.

These Interim Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Group be unable to continue as a going concern.

## 2. Significant Accounting Policies

### *(a) Statement of compliance*

These Interim Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, these Interim Financial Statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. These Interim Financial Statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2021, which were prepared in accordance with IFRS and are publicly available at www.sedar.com. Results for the period ended June 30, 2022, are not necessarily indicative of future results.

These Interim Financial Statements were authorized for issuance by the Audit Committee of the Company on August 16, 2022.

### *(b) Significant accounting estimates and judgments*

The preparation of Interim Financial Statements in conformity with IAS 34 requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from such estimates. There was no change in the use of estimates and judgments during the current period as compared to those described in note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2021.

### (c) *Amendment adopted by the Group*

Effective January 1, 2022, the Group adopted amendments to IAS 16, *Property Plant and Equipment*, which require the net proceeds from selling any items produced while bringing an item of property, plant and equipment ("PPE") to the location and condition necessary for it to be capable of operating in the manner intended by management together with the cost of producing these items, to be recognized in profit and loss.

The adoption of this amendment did not impact the Interim Financial Statements

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

## 3. Equipment

| **Six months ended June 30, 2022** | Computer Equipment | Fittings & Equipment | Total |
|---|---|---|---|
| **Cost** | | | |
| Beginning balance | $ 80,860 | $ 20,665 | $ 101,525 |
| Additions | – | – | – |
| Ending balance | 80,860 | 20,665 | 101,525 |
| **Accumulated depreciation** | | | |
| Beginning balance | $ 79,659 | $ 16,170 | $ 95,829 |
| Charge for the period | 206 | 750 | 956 |
| Ending balance | 79,865 | 16,920 | 96,785 |
| **Carrying amount** | | | |
| Balance at June 30, 2022 | $ 995 | $ 3,745 | $ 4,740 |

| **Year ended December 31, 2021** | Computer Equipment | Fittings & Equipment | Total |
|---|---|---|---|
| **Cost** | | | |
| Beginning and ending balance | $ 79,095 | $ 20,665 | $ 99,760 |
| Additions | 1,765 | – | 1,765 |
| | 80,860 | 20,665 | 101,525 |
| **Accumulated depreciation** | | | |
| Beginning balance | $ 79,095 | $ 14,671 | $ 93,766 |
| Charge for the period | 564 | 1,499 | 2,063 |
| Ending balance | 79,659 | 16,170 | 95,829 |
| **Carrying amount** | | | |
| Balance at December 31, 2021 | $ 1,201 | $ 4,495 | $ 5,696 |

Depreciation has been included in the loss for the period and has been classified as exploration expenses – site activities.

## 4. Cash

The Group's cash at June 30, 2022, and December 31, 2021, consisted of cash on hand and was invested in business accounts.

*Supplementary cash flow information*

Non-cash investing and financing activities:

In the year ended December 31, 2021, certain directors participated in the private placement (note 8).

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

## 5. Amounts Receivable and Other Assets

| | June 30, 2022 | December 31, 2021 |
|---|---|---|
| Government taxes refundable | $ 35,403 | $ 31,883 |
| Deposits and advances | – | 120 |
| Prepaid expenses | 27,952 | 38,157 |
| Total | $ 63,355 | $ 70,160 |

## 6. Mineral Property Interests

The Company holds interests in a mineral exploration concession in the Republic of Poland.

*Poland*

In 2010, Rathdowney acquired the contiguous Zawiercie and Rokitno exploration concessions, collectively named "Project Olza", in the Upper Silesian zinc-lead mining district in the Republic of Poland through its wholly-owned subsidiary. The Rokitno concession was issued to Rathdowney Polska by the Ministry of the Environment in May 2010 and the Zawiercie concession was issued in July 2010, which allowed for exploration for zinc and lead for a period of five years. The permits and the associated usufruct agreements grant right of surface access to the permit holder; however, this must be undertaken by arrangement with individual landowners, who must be informed in writing in advance of any drilling activity on their land.

Rathdowney Polska also signed an agreement for use of the historical geological information on its Rokitno and Zawiercie concessions. Additionally, Rathdowney Polska has submitted updates to the documentation of geological work completed required (in addition to other legal requirements) for the subsequent granting/renewal of a concession for mineral exploitation by the Minister of Environment. In November 2014, the Zawiercie and Rokitno concessions were renewed to May 2020. Rathdowney submitted updated geological information as part of the normal course of applying for the extension of the agreement with the Ministry of the Environment and received approval for an amendment to the geological documentation on July 2, 2019. In October 2020, the Zawiercie concession was renewed for an additional five years until October 2025. The Company had also applied for enlargement of the Zawiercie concession. In July 2022, the Company received notice that the property renewal process had been advanced, and subject to public review, its area of interest had been incorporated into the Zawiercie concession, number 34/2010 / p.

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

## 7. Loans Payable

The continuity of the Loans is as follows:

| | | June 30, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Balance at the beginning of the period[1] | $ | 1,344,375 | $ | 1,774,387 |
| Interest accrued during the period[2] | | 24,547 | | 69,988 |
| Loan settlement by participation in private placement[3] | | – | | (500,000) |
| Total | $ | 1,368,922 | $ | 1,344,375 |

Notes to the table:

1. The Group entered into unsecured loan agreements with certain of its directors.
2. The loans bear interest at 5% per annum and are due on demand.
3. In October 2021, certain directors converted $500,000 of existing loans into the private placement announced in July 2021.

Subsequent to June 30, 2022, the Company entered into unsecured loan agreements with certain of its directors for an aggregate value of $160,000, bearing interest at 5% per annum for a two year term.

## 8. Capital and Reserves

*(a) Authorized share capital*

At June 30, 2022, and December 31, 2021, the authorized share capital was comprised of an unlimited number of common shares without par value.

*(b) Financing*

2021

During the year ended December 31, 2021, the Company completed two tranches of a non-brokered private placement of 53,250,567 units of the Company.

On August 6, 2021, the Company closed the first tranche of the private placement issuing 28,821,996 common shares at a price of $0.035 per share for a gross proceeds of $1,008,770.

Each Unit is comprised of one common share of the Company plus one common share purchase warrant. Each Warrant can be exercised for a five-year period from the closing date of August 06, 2021 at $0.10 per Warrant Share. In the event the closing price of the common shares of the Company is at or above $0.20 per share for a period of 10 consecutive trading days during the warrant exercise period (with the 10th such trading day hereafter referred to as the "Eligible Acceleration Date"), the warrant expiry date shall accelerate to the date that is 60 days after the Eligible Acceleration Date.

On October 26, 2021, the Company closed the second tranche of the private placement issuing 24,428,571 common shares at a price of $0.035 per share for a gross proceeds of $855,000. Each unit consist of one common share of the Company and one common share purchase warrant. Each warrant can be exercised for a five year period from the closing date of October 26, 2021 at $0.10 per warrant share. In the event that the closing price of the common shares of the Company is at or above $0.20 per share for a period of 10 consecutive trading days during the warrant exercise period, the warrant expiry date shall accelerate to the date that is 60 days after the eligible acceleration date. One subscriber was ineligible to receive 14,285,714 warrants.

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

The Company apportioned the gross proceeds and issuance costs between share capital and warrants based on the relative fair values of the common shares and warrants on date of issue.

*(c) Share purchase Warrants*

The following summarizes share purchase warrants (each warrant redeemable for one common share) at the beginning and end of the period:

| | | Six months ended June 30, 2022 | | | | |
|---|---|---|---|---|---|---|
| Exercise price per common share ($) | Expiry date | Beginning balance | Issued | Exercised | Expired | Ending balance |
| **Warrants issued pursuant to private placement** | | | | | | |
| 0.11 | April 29, 2025[1] | 7,613,934 | – | – | – | 7,613,934 |
| 0.11 | May 20, 2025[1] | 1,555,000 | – | – | – | 1,555,000 |
| 0.10 | August 06, 2026[2] | 28,821,996 | – | – | – | 28,821,996 |
| 0.10 | October 26, 2026[3] | 10,142,857 | – | – | – | 10,142,857 |
| **Grand Total** | | 48,133,787 | – | – | – | 48,133,787 |

| | | Year ended December 31, 2021 | | | | |
|---|---|---|---|---|---|---|
| Exercise price per common share ($) | Expiry date | Beginning balance | Issued | Exercised | Expired | Ending balance |
| **Warrants issued pursuant to private placement** [1] | | | | | | |
| 0.11 | April 29, 2025[1] | 7,613,934 | – | – | – | 7,613,934 |
| 0.11 | May 20, 2025[1] | 1,555,000 | – | – | – | 1,555,000 |
| 0.10 | August 06, 2026[2] | – | 28,821,996 | – | – | 28,821,996 |
| 0.10 | October 26, 2026[3] | – | 10,142,857 | – | – | 10,142,857 |
| **Grand Total** | | 9,168,934 | 38,964,853 | – | – | 48,133,787 |

Note to previous tables:

1. The Company issued warrants pursuant to the April 21, 2020 private placement.
2. The Company issued warrants pursuant to the August 06, 2021 private placement.
3. The Company issued warrants pursuant to the October 26, 2021 private placement.

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

## 9. Equity-Settled Share-Based Payments

(a) *Share purchase option compensation plan*

The following reconciles the Group's share purchase options ("Options") issued pursuant to the Group's incentive plan outstanding for the six months ended June 30, 2022 and 2021:

| | June 30, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| **Continuity of options** | Number of options | Weighted average exercise price ($/option) | Number of options | Weighted average exercise price ($/option) |
| Beginning Balance | 5,190,000 | $ 0.33 | 5,190,000 | $ 0.33 |
| Expired | (5,190,000) | 0.33 | – | – |
| **Ending Balance** | – | – | 5,190,000 | $ 0.33 |

Share purchase options outstanding as at the reported dates:

| | June 30, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| Exercise prices ($) | Number of options outstanding | Number of options exercisable | Weighted Average Remaining contractual life (years) | Number of options outstanding | Number of options exercisable | Weighted Average Remaining contractual life (years) |
| 0.33 | – | – | – | 5,190,000 | 5,190,000 | 0.17 |
| **Total** | – | – | – | 5,190,000 | 5,190,000 | 0.17 |

*(b) Deferred Share Units ("DSUs")*

The following summarizes the changes in the Company's DSUs:

| Number of DSUs | June 30 2022 | December 31 2021 |
|---|---|---|
| Outstanding – beginning balance | 4,000,000 | 2,601,843 |
| Granted | – | 1,398,157 |
| Outstanding – ending balance | 4,000,000 | 4,000,000 |
| Vested – ending balance | 4,000,000 | 4,000,000 |

## 10. Related Party Transactions

The components of the balance payable to related parties, other than loans payable (note 7), are as follows:

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

| | June 30, 2022 | December 31, 2021 |
|---|---|---|
| Key management personnel (note 10(a)) | $ 1,960,065 | $ 1,942,063 |
| Hunter Dickinson Services Inc. (note 10(b)) | 7,852,405 | 7,396,954 |
| Total | $ 9,812,470 | $ 9,339,017 |

*(a) Key management personnel*

Key management personnel ("KMP") consist of directors and officers of Rathdowney and its material subsidiaries.

Note 7 includes the details of certain loans from directors.

Transactions with key management personnel, other loans payable, were as follows:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Employee benefits: | | | | |
| Amounts paid or payable to HDSI for services of KMP employed by HDSI | $ 118,245 | $ 168,085 | $ 220,925 | $ 284,045 |
| Amounts paid or payable to KMP or to an entity owned by a KMP | 31,250 | 31,250 | 62,500 | 62,500 |
| | 149,495 | 199,335 | 283,425 | 346,545 |
| Share-based payments | – | 20,100 | – | 40,200 |
| Total | $ 149,495 | $ 219,435 | $ 283,425 | $ 386,745 |

Short-term employee benefits include salaries, director's fees and amounts paid to HDSI (note 10 (b)) for services provided to the Company and its subsidiaries by HDSI personnel who serve as executive directors and officers for the Company. Certain key management personnel are paid through private companies controlled by them, which provide technical or administrative services to the Company at market rates.

*(b) Entities with significant influence over the Group*

The Company's management believes that certain entities have the power to participate in the financial or operating activities of the Group. Several directors and other key management personnel of those entities, who are close business associates, are also key management personnel of the Group.

**Hunter Dickinson Services Inc. ("HDSI")**

HDSI is a private company with certain directors and other key management personnel in common with the Company. David Copeland, a director of the Company, is also a director of HDSI.

Pursuant to an agreement dated July 2, 2010, HDSI provides geological, corporate development, corporate communications, administrative and management services to the

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

Company at annually agreed rates. HDSI also incurs third party costs on behalf of the Company.

Transactions with HDSI were as follows:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Services rendered by HDSI: | | | | |
| Technical | $ 107,788 | $ 135,036 | $ 193,540 | $ 237,335 |
| Engineering | – | – | – | 1,250 |
| Environmental and community relations | 19,760 | 35,620 | 49,660 | 66,820 |
| Geological | 8,040 | 5,460 | 15,060 | 14,484 |
| Site activities | 79,988 | 93,956 | 128,820 | 154,781 |
| General and administrative | 59,904 | 68,529 | 106,285 | 119,251 |
| Management, financial & administration | 51,663 | 56,843 | 92,112 | 101,332 |
| Shareholder communication | 8,241 | 11,686 | 14,173 | 17,919 |
| Total | $ 167,692 | $ 203,565 | $ 299,825 | $ 356,586 |
| Reimbursement of third party expenses | $ 46,610 | $ 46,599 | $ 125,390 | $ 114,607 |
| Conferences and travel | 142 | (919) | 737 | (901) |
| Information technology | 33,000 | 33,000 | 66,000 | 66,000 |
| Insurance | – | – | 30,414 | 28,560 |
| Office supplies and other | 13,468 | 14,518 | 28,239 | 20,948 |

## 11. Employees Benefits Expenses

The amount of employees' salaries and benefits (including share-based payments) included within various expenses are:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Exploration | $ 125,826 | $ 213,056 | $ 304,039 | $ 391,269 |
| Administration | 78,320 | 102,916 | 163,357 | 187,953 |
| Total | $ 204,146 | $ 315,972 | $ 467,396 | $ 579,222 |

## 12. Fair Value

At June 30, 2022 and December 31, 2021, the carrying values of the Company's financial assets and financial liabilities approximate their fair values.

## 13. Events After The Reporting Period

After the end of the reporting period, the Company entered into certain unsecured loan agreements (together referred to as "Subsequent Loans") with certain of its directors for an aggregate principal amount of $160,000. The Subsequent Loans have a maturity term of two years and bear interest at a rate of 5% per annum.