



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - Prepared by Management

Expressed in Canadian dollars

July 31, 2021

Metalex Ventures Ltd.

July 31, 2021

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NOTICE TO READER

These condensed consolidated interim financial statements of Metalex Ventures Ltd. ("the Company") for the three month period ended July 31, 2021 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by International Financial Reporting Standards for a review of interim financial statements by an entity's auditor.

Metalex Ventures Ltd.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Prepared by Management)

(Expressed in Canadian Dollars)

	Note	July 31, 2021	April 30, 2021
ASSETS			
Current assets			
Cash		\$ 1,876,753	\$ 2,264,936
Receivables	4, 10	7,869	26,247
Prepaid expenses		256,618	230,170
		2,141,240	2,521,353
Non-current assets			
Investment in private company	5	1,668,000	1,668,000
Exploration and evaluation assets	6	288,500	288,500
Reclamation deposit	6	1,132,460	1,132,223
Long-term deposit		5,000	5,000
Equipment	8	2,098	2,594
Total Assets		\$ 5,237,298	\$ 5,617,670
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9, 10	\$ 1,542,524	\$ 1,769,913
Flow-through premium liability	11(b)	217,323	264,558
		1,759,847	2,034,471
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	11	95,998,912	95,998,912
Reserves	11	7,807,776	7,805,988
Deficit		(100,329,237)	(100,221,701)
		3,477,451	3,583,199
Total Liabilities and Shareholders' Equity (Deficiency)		\$ 5,237,298	\$ 5,617,670

Nature and continuance of operations (Note 1)

Subsequent event (Note 16)

Approved by the Board of Directors:

"Chad Ulansky"

Chad Ulansky

"Lorie Waisberg"

Lorie Waisberg

See accompanying notes to condensed consolidated interim financial statements.

Metalex Ventures Ltd.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Unaudited - Prepared by Management)

(Expressed in Canadian Dollars)

		Three month periods ended	
		July 31,	
	Note	2021	2020
EXPENSES			
Depreciation	8	\$ 426	\$ 317
Directors fees	10	15,000	15,000
Exploration expenditures	7, 10	347,191	188,170
Foreign exchange loss (gain)		(78)	82
Office and administrative		24,477	21,692
Professional fees		3,162	279
(Recovery of) share-based compensation	10, 11(d)	(233,213)	-
Transfer agent and filing fees		1,366	648
Travel and promotion		624	133
		(158,955)	(226,321)
Unrealized gain on investment in private company	5	-	(486,500)
Flow-through premium	11(b)	47,234	-
Interest income		4,185	2,184
		51,419	(484,316)
Loss and comprehensive loss for the year		\$ (107,536)	\$ (710,637)
Loss per share		\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding		185,895,918	112,957,165

See accompanying notes to condensed consolidated interim financial statements.

Metalex Ventures Ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited - Prepared by Management)

(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Reserves	Deficit	Total
Balance at April 30, 2020	112,957,165	\$ 90,588,989	\$ 9,261,879	\$ (100,778,932)	\$ (928,064)
Loss for the period	-	-	-	(710,637)	(710,637)
Balance at July 31, 2020	112,957,165	\$ 90,588,989	\$ 9,261,879	\$ (101,489,569)	\$ (1,638,701)
Balance at April 30, 2021	185,895,918	\$ 95,998,912	\$ 7,805,988	\$ (100,221,701)	\$ 3,583,199
Loss for the period	-	-	-	(107,536)	(107,536)
Balance at April 30, 2021	185,895,918	\$ 95,998,912	\$ 7,805,988	\$ (100,329,237)	\$ 3,475,663

See accompanying notes to condensed consolidated inteirm financial statements.

Metalex Ventures Ltd.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

	Three month periods ended	
	July 31,	
	2021	2020
OPERATING ACTIVITIES		
Loss for the period	\$ (107,536)	\$ (710,637)
Items not affecting cash:		
Depreciation	426	317
Interest accrued on reclamation deposit	(237)	(1,758)
Unrealized gain on investment in private company	-	486,500
Flow-through premium	(47,234)	-
Share-based compensation	1,788	-
Net change in non-cash working capital items:		
Decrease in receivables	18,378	859
Increase in prepaid expenses	(26,448)	(8,749)
Decrease in accounts payable and accrued liabilities	(227,390)	206,423
Net cash used for operating activities	(388,253)	(27,045)
INVESTING ACTIVITIES		
Rebate on equipment	70	-
Net cash used for investing activities	70	-
Change in cash	(388,183)	(27,045)
Cash, beginning of period	2,264,936	275,853
Cash, end of period	\$ 1,876,753	\$ 248,808
Cash paid for interest during the period	\$ -	\$ -
Cash paid for taxes during the period	\$ -	\$ -

See accompanying notes to condensed consolidated interim financial statements.

Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

July 31, 2021

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Metalex Ventures Ltd. (the “Company” or “Metalex”) is incorporated under the Business Corporations Act, British Columbia and is considered to be in the exploration stage with respect to its mineral properties. To date, the Company has not generated significant revenues from operations and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The Company’s common shares are listed on the TSX Venture Exchange under the trading symbol “MTX”. The Company’s head office and location of books and records is 203-1634 Harvey Avenue, Kelowna, British Columbia, Canada, V1Y 6G2.

The recoverability of the amounts comprised in mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Continued operations of the Company are dependent on its ability to develop its mineral properties, receive continued financial support, complete equity financings, or generate profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company is not generating operating cash flows and will require additional funding in order to maintain its activities for the coming year. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company’s. This outbreak could decrease spending, adversely affect demand for the Company’s product and harm the Company’s business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements (the “Financial Statements”), including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). As a result, they do not conform in all respects with the disclosure requirements for annual financial statements under IFRS and should be read in conjunction with the Company’s audited consolidated financial statements for the fiscal year ended April 30, 2021. The accounting policies and methods of application are consistent with those used in the Company’s consolidated financial statements for the year ended April 30, 2021.

These Financial Statements were approved for issue by the Audit Committee on September 17, 2021.

Basis of Consolidation and Presentation

These Financial Statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

July 31, 2021

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION *(continued)*

These Financial Statements incorporate the financial statements of the Company and its wholly-owned subsidiary (Note 10). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously 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 outcomes can differ materially and adversely from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on acquisition costs incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii) The valuation of the investment in private company. Upon receipt of the shares of a private company, the Company considered the proposed plan for the private company to determine whether the Company had significant influence over the private company, as well as any available market information. As the shares are privately held and not traded on an open market, there may not be readily available information regarding the value of the shares. For the years ended April 30, 2020 and 2021, management obtained information about recent share transactions entered into in regards to the private company and revalued the investment based on the most recently available share price paid.
- iii) The inputs used in calculating the fair value for share-based compensation expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based compensation expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.
- iv) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign Exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 - The Effects of Changes in Foreign Exchange Rates.

Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

July 31, 2021

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Exchange (continued)

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

4. RECEIVABLES

The Company's receivables are as follows:

	July 31, 2021	April 30, 2021
Related party receivables (Note 10)	\$ 4,124	\$ 4,505
GST receivable	2,437	21,742
Advance receivable	1,308	–
Total	\$ 7,869	\$ 26,247

5. INVESTMENT IN PRIVATE COMPANY

On October 25, 2019, the Company received 2,780,000 common shares of a private entity (initially valued at \$278,000) on the sale of the Company's 62.5% interest in certain mineral claims in the Ring of Fire region of the James Bay Lowlands, Ontario (Note 6).

As at July 31, 2021, the Company owns 6.6% of the private entity (April 30, 2021 – 6.6%). Using the private placement information from fundraising information, the valuation of the Company's investment has been estimated as follows:

	Investment in private co.
Balance as at April 30, 2020	\$ 1,390,000
Unrealized gain (loss) for the period	(486,500)
Balance as at July 31, 2020	903,500
Unrealized gain (loss) to year end	764,500
Balance as at April 30, 2021	1,668,000
Unrealized gain (loss) for the period	-
Balance as at July 31, 2021	\$ 1,668,000

Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

July 31, 2021

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing.

The carrying values of the Company's exploration and evaluation assets are as follows:

	Wemindji James Bay, Quebec	Kyle Lake, Ontario	South Africa	Total
Balances as at April 30 and July 31, 2020	\$ 10,500	\$ 264,862	\$ -	\$ 275,362
Additions	-	-	13,138	13,138
Balances as at April 30 and July 31, 2021	\$ 10,500	\$ 264,862	\$ 13,138	\$ 288,500

The Company's one reportable operating segment is the acquisition and exploration of mineral properties; the Company's non-current assets are entirely in Canada.

Wemindji James Bay Property, Quebec

As at July 31, 2021, the Company has a 77.60% (April 30, 2021 – 77.59%) contributing interest in various mineral claims located in the Wemindji James Bay region of Quebec for the exploration of diamonds and owns 100% of the non-diamond project.

Kyle Lake Project, Ontario

As at July 31, 2021, the Company has a 100% earned interest in certain mineral claims located in the Kyle Lake area of Ontario. These claims are subject to a 10% carried interest in favour of Kel-Ex Development Ltd. ("Kel-Ex"), a company related by virtue of a common director. Pursuant to earn-in agreements, the Company will be required to pay \$2,000,000 in circumstances where a mine is put into production on the claims comprising the Kyle Lake project.

Kyle Lake Project, Ontario (continued)

As at July 31, 2021, the Company has paid an advanced reclamation deposit valued at \$1,132,460 (April 30, 2021 – \$1,132,223) for potential disturbance on future development at the Kyle Lake project.

Attawapiskat Property, Ontario

Big Red Diamond Joint Venture

As at July 31, 2021, the Company has a 83.9% working interest (72% earned interest) in certain mineral claims in the Attawapiskat area of Ontario. These claims are subject to a 10% carried interest in favour of Kel-Ex.

Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS *(continued)*

Dumont Joint Venture

As at July 31, 2021, the Company has a 82.5% working interest (61.7% earned interest) in certain mineral claims located in the vicinity of Attawapiskat, Ontario. These claims are subject to 10% carried interests in favour of each of Kel-Ex and DNI Metals Inc. (formerly Dumont Nickel Inc.)

Mali

The Company has a 100% interest in two gold exploration licenses. The annual exploration commitments for both permits in CFA Francs (“CFA”), with Canadian Dollar equivalents using exchange rates at July 31, 2021 is estimated at \$1,560,600 (CFA 692,000,000). The project is currently under force majeure.

Morocco

In May 2004, the Company entered into an agreement with the Office National de Hydrocarbures et des Mines (“ONHYM”) to conduct preliminary exploration work in Southern Morocco in order to identify areas on which to undertake further exploration work. In May 2005, the Company added additional areas for exploration work on the same terms and conditions as the first agreement. The agreements were governed by the laws and regulations of the Kingdom of Morocco and were valid until November 2006.

In April 2011, the Company entered into a new joint venture agreement with the ONHYM for further exploration of the claim areas. The Company will hold a 60% interest while ONHYM will retain a 40% interest in the project. Both parties will be responsible for funding their respective interests.

The Company’s 36 month agreement with ONHYM has expired and the Company is in the process of extending it.

South Africa

In November 2020, the Company reached an agreement to acquire an interest in a prospecting license from Invest in Property 126 (Pty) Ltd (“IIP”). Over a four-stage agreement and the completion of a feasibility study, the Company has the ability to earn up to a 70% interest in the property.

The Company will first fund 250,000 South African Rands to convert the prospecting license to a mining lease to acquire a 20% interest. The next stage involves the Company funding an airborne geophysical survey and testing known kimberlites and new targets. Completion of this and a \$10,000 USD payment to IIP (paid in fiscal 2021 – \$13,138) earns the Company a further 15% interest (35% total).

The third stage is drilling of a minimum of 12 holes to test kimberlites which show economic potential. Completion of this work and a payment of \$10,000 USD to IIP earns the Company a further 16% (51% total). In the fourth stage, the Company will fund a bulk sampling of a kimberlite. This, along with payment of \$100,000 to IIP, earns the Company an additional 10% interest (61% total).

Once the Company has funded the completion of a feasibility study on the project, the Company will earn a final 9% interest bringing its interest to 70%. Upon the decision to proceed with mine construction a further \$100,000 payment will be made to IIP. Any joint venture will be subject to a 10% net profits royalty interest in favour of Verdi Farms Trust.

Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

7. EXPLORATION EXPENDITURES

	James Bay, Quebec	Kyle Lake, Ontario	Attawapiskat, Ontario	Morocco	South Africa	Total
Cumulative expenditures, April 30, 2020	\$ 8,674,039	\$ 46,939,244	\$ 9,416,936	\$5,915,953	\$ -	\$70,946,172
Additions						
Licenses, rent and other	-	531	-	-	-	531
Labour	7,289	975	-	-	-	8,264
Sample laboratory analysis	157,372	-	-	-	-	157,372
Shipping, freight and storage	921	20,485	-	1,349	-	22,755
Total additions	165,582	21,991	-	1,349	-	188,922
Cost recoveries	(752)	-	-	-	-	(752)
Net exploration expenditures during the period	164,830	21,991	-	1,349	-	188,170
Cumulative expenditures, July 31, 2020	8,838,869	46,961,235	9,416,936	5,917,302	-	71,134,342
Net exploration expenditures to year end	215,189	208,402	-	7,152	36,100	466,843
Cumulative expenditures, April 30, 2021	9,054,058	47,169,637	9,416,936	5,924,454	36,100	71,601,185
Additions						
Aircraft field transport	98,599	-	-	-	-	98,599
Camp and field supplies	16,668	4,816	-	-	-	21,484
Equipment rental	13,156	1,985	-	-	-	15,141
Fuel	13,717	-	-	-	-	13,717
Licenses, rent and other	1,106	2,433	-	-	-	3,539
Labour	92,418	11,592	-	-	2,542	106,552
Sample laboratory analysis	-	-	-	-	-	-
Shipping, freight and storage	17,744	23,071	-	1,415	-	42,230
Telephone and communication	534	-	-	-	-	534
Travel and accommodation	45,395	-	-	-	-	45,395
Net exploration expenditures during the period	299,337	43,897	-	1,415	2,542	347,191
Cumulative expenditures, July 31, 2021	\$ 9,353,395	\$ 47,213,534	\$ 9,416,936	\$5,925,869	\$ 38,642	\$71,948,376

Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

July 31, 2021

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	Computer equipment
Cost:	
Balance at April 30 and July 31, 2020	\$ 3,812
Additions	1,444
Balance at April 30, 2021	5,256
Equipment rebate	(70)
Balance at July 31, 2021	\$ 5,186
Accumulated depreciation:	
Balance at April 30, 2020	\$ 1,270
Depreciation	318
Balance at July 31, 2019	1,588
Depreciation	1,074
Balance at April 30, 2021	2,662
Depreciation	426
Balance as July 31, 2021	\$ 3,088
Carrying amounts	
As at April 30, 2020	\$ 2,542
As at July 31, 2020	\$ 2,224
As at April 30, 2021	\$ 2,594
As at July 31, 2021	\$ 2,098

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are as follows:

	July 31, 2021	April 30, 2021
Trade payables	\$ 14,663	\$ 12,498
Accrued liabilities (Note 11 (d))	406,669	626,670
Related party payables (Note 10)	1,121,192	1,130,745
Total	\$ 1,542,524	\$ 1,769,913

Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

10. RELATED PARTY DISCLOSURES

The Financial Statements include the financial statements of Metalex Ventures Ltd. and its 100% owned inactive subsidiary, Mali Gold Mine Ltd. (incorporated in the country of Mali); there has been no change in ownership during the period.

During the three month periods ended July 31, 2021 and 2020, the Company had related party transactions with the following companies related by way of common directors or shareholders:

- C.F. Mineral Research Ltd. (“CF Minerals”) – a private company owned by the Metalex Chairman. CF Minerals provides heavy mineral geochemistry services to the Company.
- Cantex Mine Development Corp. (“Cantex”) - a publicly listed company with common directors and management. Metalex and Cantex share office space and thus have certain shared expenditures which get re-billed on a cost-recovery basis.
- Element 29 Ventures Ltd. (“Element 29”) - a private company owned by the Metalex CEO. Element 29 provides geological consulting services to the Company.
- FourIrons Consulting (“FourIrons”) – a private company owned by the Metalex CFO. FourIrons provides financial consulting services to the Company.
- Kel-Ex Development Ltd. (“Kel-Ex”) - a private company owned by the Metalex Chairman. Kel-Ex provides administration, payroll and office services to the Company.

The key management personnel of the Company are the Directors, Chief Executive Officer and Chief Financial Officer.

The Company’s related party expenses consist of the following:

	Three month periods ended July 31,	
	2021	2020
Laboratory and mineralogical costs, including storage fees	\$ 20,784	\$ 16,165
Administration fees (10%)	25,027	892
Consulting fees	10,966	975
Shared field expenditures	6,803	1,000
Shared office and administrative costs	2,850	3,156
	\$ 66,430	\$ 22,188
	Three month periods ended July 31,	
	2021	2020
C.F. Mineral Research Ltd.	\$ 20,784	\$ 16,165
Element 29 Ventures Ltd.	9,511	1,000
FourIrons Consulting	7,700	-
Kel-Ex Development Ltd.	28,435	5,023
	\$ 66,430	\$ 22,188

Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
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10. RELATED PARTY DISCLOSURES (continued)

The Company's expenses recovered from related parties consist of the following:

	Three month periods ended	
	July 31,	
	2021	2020
Shared office and administrative costs	\$ 3,663	\$ 3,855
Shared field expenditures	6,534	6,100
	<u>\$ 10,197</u>	<u>\$ 9,955</u>

	Three month periods ended	
	July 31,	
	2021	2020
Cantex Mine Development Corp.	\$ 9,173	\$ 8,606
Kel-Ex Development Ltd.	1,024	1,349
	<u>\$ 10,197</u>	<u>\$ 9,955</u>

Included in accounts payable of the Company are the following amounts due to related parties:

	July 31,		April 30,
	2021		2021
C.F. Mineral Research Ltd.	\$ 1,095,742	\$	1,074,958
Element 29 Ventures Ltd.	1,860		15,191
FourIrons Consulting	3,098		2,310
Kel-Ex Development Ltd.	20,492		38,286
	<u>\$ 1,121,192</u>	<u>\$</u>	<u>1,130,745</u>

Included in receivables of the Company are the following amounts due from related parties:

	July 31,		April 30,
	2021		2021
Cantex Mine Development Corp.	\$ 3,620	\$	3,917
Kel-Ex Development Ltd.	504		588
	<u>\$ 4,124</u>	<u>\$</u>	<u>4,505</u>

Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

10. RELATED PARTY DISCLOSURES (continued)

The remuneration of directors and officers is as follows:

	Three month periods ended	
	July 31,	
	2021	2020
Director fees and share-based compensation ⁽¹⁾	\$ (218,322)	\$ 15,000
Wages and benefits ⁽²⁾	10,666	8,886
	\$ (207,656)	\$ 23,886

(1) Directors fees are amounts accrued under the Company's deferred share unit plan as described in Note 11 (d). Each quarter, \$15,000 in DSUs are accrued under the plan; the total number of DSUs outstanding is then adjust based on the fair market value of the share price, resulting in fluctuations in the amount of fees expensed or recovered.

(2) Wages and benefits includes amounts paid or accrued for geological consulting fees included in exploration expenditures, as well as consulting fees and payroll costs due to related parties included in office and administrative expenses within profit or loss.

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital

In January 2021, the Company completed a private placement of flow-through shares ("the Shares") and non-flow-through units ("the Units"). The Shares were issued at a price of \$0.085/share and units were issued for \$0.07/Unit, comprising of one non-flow-through common share and one-half of one common share purchase warrant, with each whole warrant exercisable at a price of \$0.10 for a period of two years. Over the course of four tranches, the Company closed the private placement for a total of \$3,128,460 from the sale of 19,163,528 Shares and 21,422,284 Units; 10,711,141 warrants were issued as part of the Unit private placement. Finder fees of \$152,595 and other share issuance costs of \$82,884 were incurred in conjunction with this private placement. The Company issued 1,550,235 finder's warrants valued at \$107,823 using the Black-Scholes option pricing model with the following assumptions:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Expected life	2 years	2 years	2 years	2 years
Volatility	156.74%	155.86%	154.25%	155.54%
Risk free rate	0.23%	0.21%	0.20%	0.15%
Dividend rate	0.00%	0.00%	0.00%	0.00%

The Company incurred a flow-through premium of \$287,000 associated with the issuance of flow-through shares. As at July 31, 2021, the Company had \$1,132,441.86 in remaining flow through funds to spend (April 30, 2021 – \$1,499,218). As the Company has not yet incurred sufficient expenditures relating to this flow-through issuance, there is a resulting flow-through premium liability of (April 30, 2021 – \$264,558); as such, we have recognized the recovery of flow-through premium of \$47,234 (three month period ended July 31, 2020 – \$nil) in the Statement of Operations and Comprehensive Income (Loss).

Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued)

c) Stock options and warrants

The Company, in accordance with its shareholder approved stock option plan as amended, is authorized to grant options to directors, officers, employees and consultants, to acquire up to 10% of the issued and outstanding common shares. The exercise price of the options issued under the plan is determined by the Board of Directors at the time the options are granted. The options vest immediately upon grant and are exercisable for up to a period of ten years from the date of grant, unless otherwise determined by the Board of Directors.

During the three month period ended July 31, 2021, the Company recognized a recovery of share-based compensation of \$233,213 (three month period ended July 31, 2020 – \$nil) in the Statement of Operations as a result of the aforementioned share options granted. Unlike previously issued options, the options granted on June 30, 2021 did not vest immediately; it was determined by the Board of Directors that these will vest pro-rata over a five year period and will become fully vested on June 30, 2026. They will expire on June 30, 2028.

The weighted average fair value of the options granted was valued at \$0.05 per option using the Black-Sholes option pricing model. The assumptions used in calculating fair values include

	June 30, 2021 issuance
Expected life	5 years
Volatility	131.43%
Risk free rate	0.97%
Dividend rate	0.00%

As at July 31, 2021, the Company has recognized one month of vesting of options; this has been offset against the fair market value adjustment to the Deferred Share Unit Plan (note 11(d)):

	Three month periods ended	
	July 31,	
	2021	2020
Share-based compensation fair market value adjustment to DSUs	\$ (235,001)	\$ -
Share-based compensation for vested options	1,788	-
	\$ (233,213)	\$ -

Metalex Ventures Ltd.

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(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES *(continued)*c) **Stock options and warrants** *(continued)*

Stock option and warrant transactions are summarized as follows:

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding April 30 and July 31, 2020	6,166,000	\$ 0.12	-	\$ -
Granted	-	-	12,261,376	0.10
Expired	(2,010,000)	0.08	-	-
Outstanding, April 30, 2021	4,156,000	\$ 0.14	12,261,376	\$ 0.10
Granted	2,130,000	0.08	-	-
Outstanding, July 31, 2021	6,286,000	\$ 0.12	12,261,376	\$ 0.10
Number currently exercisable	6,286,000	\$ 0.12	12,261,376	\$ 0.10

The following stock options were outstanding at July 31, 2021:

	Number	Exercise Price	Expiry Date
Options	3,756,000	0.15	December 19, 2023
	400,000	0.08	January 13, 2026
	<u>2,130,000</u>	0.08	June 30, 2028
	<u>6,286,000</u>		

	Number	Exercise Price	Expiry Date
Warrants	386,134	\$ 0.10	December 23, 2022
	1,180,529	0.10	December 29, 2022
	2,605,000	0.10	December 31, 2022
	<u>8,089,713</u>	0.10	January 15, 2023
	<u>12,261,376</u>		

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Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – prepared by management)

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11. SHARE CAPITAL AND RESERVES *(continued)*

d) Deferred share unit plan

The Company has a deferred share unit plan whereby directors can receive compensation in the form of a deferred share unit. Under the plan, directors will earn compensation quarterly (\$7,500 initial value per quarter per director) at which time the number of deferred share units will be determined based on the weighted average of the Company's trading price for the last five trading days at the end of the quarter. Upon leaving the Board, directors, at their discretion, will receive shares for the deferred compensation. Under the deferred share plan, directors are entitled to receive the cash value equal to the fair value of the deferred shares outstanding. Accordingly, the value of the deferred liability is equal to the fair value of the shares. As of July 31, 2021, \$406,669 of deferred compensation (April 30, 2021 – \$626,670) has been accrued in accounts payable which equates to 8,133,372 shares (April 30, 2021 – 7,883,372 shares). Directors fees of \$15,000 (2020 – \$15,000) reflect the compensation to directors, with additional fair value changes associated with the deferred share units of \$235,001 (2020 – \$Nil) recognized in the Statement of Operations and Comprehensive Income (Loss).

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

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

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables, and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Investment in private company is carried at fair market value using a level 3 fair value measurement, which has been based on the last share purchase price used to raise funds. Any adjustments to the value of this investment will be reflected in profit or loss.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

Currency risk - While the Company's capital is raised in Canadian dollars and has limited exposure to fluctuations in the exchange rates. The Company considers this foreign currency risk to be insignificant.

Credit risk - Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

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Notes to the Condensed Consolidated Interim Financial Statements

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

The Company's cash is in large Canadian financial institutions. The Company's receivables typically consist mainly of receivables from related parties for shared expenditures and GST receivable due from the Federal Government of Canada.

As at July 31, 2021, the Company had \$4,124 in outstanding related party receivables; the Company has subsequently received all of this balance. The Company is subject to the risk that its joint venture partners will default on amounts owing for their portion of exploration expenditures (July 31, and April 30, 2021 – \$Nil). Any such amounts defaulted would dilute that partners' interest in the exploration joint venture and would require the Company to pick up the proportionate share of future exploration expenditures.

Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is a very limited interest rate risk as the Company holds no material interest bearing financial obligations or assets.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 13. The Company is exposed to liquidity risk.

Price risk - The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of diamonds and other minerals. The Company's input costs are also affected by the price of fuel. Management monitors diamond, precious metal and fuel prices to determine the appropriate course of action to be taken by the Company. The fair value of the investment in private company will fluctuate based on current market prices of its shares. Market prices may significantly impact the fair value of the investment and result in unrealized gains and losses through the Company's statement of profit and loss.

13. CAPITAL RISK MANAGMENT

The Company includes shareholders' equity (deficiency), comprised of issued common shares, reserves, and deficit, in the definition of capital. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company is in the exploration stage; as such, it has historically relied on the equity markets to fund its activities. The Company's primary objective with respect to capital management is to ensure adequate liquid capital resources are in place to fund the exploration and development of its mineral properties while maintaining its ongoing operations. To secure the additional capital to pursue these plans, the Company may attempt to raise additional funds through the issuance of debt and or equity. The Company has made no changes to its objective, nor is the Company subject to external capital requirements.