



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited - Prepared by Management

Expressed in Canadian dollars

January 31, 2023

# **Metalex Ventures Ltd.**

January 31, 2023

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## **NOTICE TO READER**

These condensed consolidated interim financial statements of Metalex Ventures Ltd. ("the Company") for the nine month period ended January 31, 2023 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	January 31, 2023	April 30, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 2,475,870	\$ 739,733
Receivables	4, 10	42,034	18,946
Prepaid expenses		16,971	23,064
		2,534,875	781,743
<b>Non-current assets</b>			
Investment in private company	5	4,560,000	4,560,000
Exploration and evaluation assets	6	312,500	312,500
Reclamation deposit	6	1,156,266	1,133,478
Long-term deposit		5,000	5,000
Equipment	8	460	802
<b>Total Assets</b>		<b>\$ 8,569,101</b>	<b>\$ 6,793,523</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9, 10	\$ 2,175,479	\$ 1,578,481
Flow-through premium liability	11(b)	-	26,848
		2,175,479	1,605,329
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	98,127,692	95,998,912
Reserves	11	7,815,073	7,823,871
Deficit		(99,549,143)	(98,634,589)
		6,393,622	5,188,194
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 8,569,101</b>	<b>\$ 6,793,523</b>

Nature and continuance of operations (Note 1)

Subsequent event (Note 11(d))

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 Income (Loss)

(Unaudited - Prepared by Management)

(Expressed in Canadian Dollars)

	Note	Three month periods ended		Nine month periods ended	
		January 31,		January 31,	
		2023	2022	2023	2022
<b>EXPENSES</b>					
Depreciation	8	\$ 114	\$ 432	\$ 342	\$ 1,290
Directors fees	10	15,000	15,000	45,000	45,000
Exploration expenditures	7, 10	270,002	257,551	629,361	1,557,278
Foreign exchange (gain) loss		(670)	(81)	(982)	301
Office and administrative		39,090	16,806	81,378	54,321
Professional fees		20,711	10,677	86,561	45,131
Share-based compensation, net of unrealized DSU (gain) loss	10, 11(c)	92,699	5,365	103,429	(222,483)
Transfer agent and filing fees		24,018	7,746	38,098	12,121
Travel and promotion		463	571	2,805	1,195
		(461,427)	(314,067)	(985,992)	(1,494,154)
Unrealized gain on investment in private company	5	-	345,000	-	206,000
Gain on sale of shares of private company	5	-	225,000	-	225,000
Flow-through premium	11(b)	-	23,840	26,849	202,963
Interest income		24,782	2,350	44,589	9,821
		24,782	596,190	71,438	643,784
<b>Loss and comprehensive income (loss) for the period</b>		\$ (436,645)	\$ 282,123	\$ (914,554)	\$ (850,370)
<b>Income (loss) per share (Basic and Diluted)</b>		\$ (0.01)	\$ 0.01	\$ (0.01)	\$ (0.01)
<b>Weighted average number of shares outstanding - basic</b>	12	202,878,831	185,895,918	194,188,940	185,895,918
<b>Weighted average number of shares outstanding - diluted</b>	12	202,878,831	199,846,695	194,188,940	185,895,918

*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
<b>Balance at April 30, 2021</b>	185,895,918	\$ 95,998,912	\$ 7,805,988	\$ (100,221,701)	\$ 3,583,199
Share-based compensation	-	-	7,153	-	7,153
Loss for the period	-	-	-	(850,370)	(850,370)
<b>Balance at January 31, 2022</b>	185,895,918	\$ 95,998,912	\$ 7,813,141	\$ (101,072,071)	\$ 2,739,982
<b>Balance at April 30, 2022</b>	185,895,918	\$ 95,998,912	\$ 7,823,871	\$ (98,634,589)	\$ 5,188,194
Share issuance for cash	38,152,000	2,279,120	-	-	2,279,120
Share issuance costs	-	(258,163)	82,930	-	(175,233)
Share-based compensation	-	-	16,095	-	16,095
Reserves transferred on expired warrants	-	107,823	(107,823)	-	-
Loss for the period	-	-	-	(914,554)	(914,554)
<b>Balance at January 31, 2023</b>	224,047,918	\$ 98,127,692	\$ 7,815,073	\$ (99,549,143)	\$ 6,393,622

*See accompanying notes to condensed consolidated interim financial statements.*

## Metalex Ventures Ltd.

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

	Nine month periods ended	
	January 31,	
	2023	2022
<b>OPERATING ACTIVITIES</b>		
Income (loss) for the year	\$ (914,554)	\$ (850,370)
Items not affecting cash:		
Depreciation	342	1,290
Interest accrued on reclamation deposit	(22,788)	(475)
Unrealized gain on investment in private company	-	(206,000)
Realized gain on sale of shares in private company	-	(225,000)
Flow-through premium	(26,849)	(202,963)
Share-based compensation	16,095	12,518
Net change in non-cash working capital items:		
Decrease in receivables	(23,088)	10,818
(Increase) decrease in prepaid expenses	6,093	203,232
Increase (decrease) in accounts payable and accrued liabilities	596,999	(187,513)
Net cash used for operating activities	(367,750)	(1,444,463)
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of shares in private company	-	275,000
Rebate on equipment	-	70
Net cash provided by investing activities	-	275,070
<b>FINANCING ACTIVITIES</b>		
Issuance of share capital	2,279,120	-
Issuance costs	(175,233)	-
Net cash provided by financing activities	2,103,887	-
<b>Change in cash</b>	1,736,137	(1,169,393)
<b>Cash, beginning of period</b>	739,733	2,264,936
<b>Cash, end of period</b>	\$ 2,475,870	\$ 1,095,543
<b>Cash paid for interest during the period</b>	\$ -	\$ -
<b>Cash paid for taxes during the period</b>	\$ -	\$ -
<b>Supplemental disclosure:</b>		
Transfer of reserves on the expiration of warrants	\$ 107,823	\$ -
Finders warrants for share issuance costs	\$ 82,930	\$ -
Flow-through premium liability	\$ -	\$ 202,963

See accompanying notes to condensed consolidated interim financial statements.

## **Metalex Ventures Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements

January 31, 2023

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

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### **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, 2022. 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, 2022.

These Financial Statements were approved for issue by the Audit Committee on March 23, 2023.

#### **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

January 31, 2023

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

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### **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 year ended April 30, 2022 and the period ended January 31, 2023, 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 prices 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

January 31, 2023

(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:

	January 31, 2023	April 30, 2022
Related party receivables (Note 10)	\$ 5,522	\$ 6,424
GST receivable	15,327	11,214
Advance receivable	21,185	1,308
Total	\$ 42,034	\$ 18,946

### 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). In December 2021, the Company received proceeds of \$275,000 from the sale of 500,000 shares of the private entity.

As at January 31, 2023, the Company owns 2,280,000 shares or 3.92% of the private entity (April 30, 2022 – 4.5%). 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, 2021	\$ 1,668,000
Proceeds on sale of shares	(275,000)
Gain on sale of shares	225,000
Unrealized gain (loss) for the period	206,000
Balance as at January 31, 2022	1,824,000
Unrealized gain for the period	2,736,000
Balance as at April 30, 2022 and January 31, 2023	\$ 4,560,000

## Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

January 31, 2023

(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, 2021 and January 31, 2022	\$ 10,500	\$ 264,862	\$ 13,138	\$ 288,500
Additions	-	-	24,000	24,000
Balances as at April 30, 2022 and January 31, 2023	\$ 10,500	\$ 264,862	\$ 37,138	\$ 312,500

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 January 31, 2023, the Company has a 77.74% (April 30, 2022 – 77.66%) 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 January 31, 2023, 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.

As at January 31, 2023, the Company has paid an advanced reclamation deposit valued at \$1,156,266 (April 30, 2022 – \$1,133,478) for potential disturbance on future development at the Kyle Lake project.

#### 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 January 31, 2023 is estimated at \$1,530,171 (CFA 692,000,000). The project is currently under force majeure.

## **Metalex Ventures Ltd.**

Notes to the Condensed Consolidated Interim Financial Statements

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### **6. EXPLORATION AND EVALUATION ASSETS** *(continued)*

#### **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.

During the year ended April 30, 2022, the Company received a notice which disputed that ONHYM and the government of the Kingdom of Morocco have any jurisdiction over the area in which the Company’s claims are located and that the claims lay in Western Sahara. The Company’s position is that the territory is under the jurisdiction of the Kingdom of Morocco. As such, the Company continues to work with ONHYM to extend the previous 36 month agreement with them that has expired.

#### **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. While the Company is in the process of converting the prospecting license and has funded \$24,000 (280,078 South African rand) towards this, the process has not been completed. As such, as at April 30 and January 31, 2023, the Company has not yet earned the 20% initial investment.

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.

## Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

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### 7. EXPLORATION EXPENDITURES

	James Bay, Quebec	Kyle Lake, Ontario	Morocco	South Africa	Total
<b>Cumulative expenditures, April 30, 2021</b>	\$ 9,054,058	\$ 47,169,637	\$ 5,924,454	\$ 36,100	\$ 62,184,249
Additions					
Aircraft field transport	240,955	18,256	-	-	259,211
Camp and field supplies	18,783	5,736	-	-	24,519
Equipment rental	14,751	11,356	-	-	26,107
Fuel	31,940	3,912	-	-	35,852
Licenses, rent and other	1,106	7,717	-	97,727	106,550
Labour	743,496	34,627	-	3,672	781,795
Sample laboratory analysis	87,124	-	-	-	87,124
Shipping, freight and storage	38,068	84,027	6,836	-	128,931
Telecommunications	534	78	-	-	612
Travel and accomodation	102,241	4,336	-	-	106,577
Net exploration expenditures during the period	1,278,998	170,045	6,836	101,399	1,557,278
<b>Cumulative expenditures, January 31, 2022</b>	10,333,056	47,339,682	5,931,290	137,499	63,741,527
Net exploration expenditures (adjusment) to year end	212,772	61,758	26,965	(13,916)	287,579
<b>Cumulative expenditures, April 30, 2022</b>	10,545,828	47,401,440	5,958,255	123,583	64,029,106
Additions					
Camp and field supplies	2,306	2,376	-	-	4,682
Drill supplies and repairs	3,684	-	-	-	3,684
Equipment rental	55	-	-	-	55
Fuel	1,032	-	-	-	1,032
Licenses, rent and other	25,647	8,750	-	-	34,397
Labour	103,799	27,188	38,601	34,258	203,846
Sample laboratory analysis	344,572	-	515	-	345,087
Shipping, freight and storage	12,152	87,453	6,851	-	106,456
Telecommunications	18	16	-	-	34
Travel and accomodation	3,683	17,800	5,571	-	27,054
Total additions	496,948	143,583	51,538	34,258	726,327
Cost recoveries	(96,966)	-	-	-	(96,966)
Net exploration expenditures during the period	399,982	143,583	51,538	34,258	629,361
<b>Cumulative expenditures, January 31, 2023</b>	\$ 10,945,810	\$ 47,545,023	\$ 6,009,793	\$ 157,841	\$ 64,658,467

## Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – prepared by management)

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### 8. EQUIPMENT

	Computer equipment
<b>Cost:</b>	
Balance at April 30, 2021	\$ 5,256
Equipment rebate	(70)
Balance at January 31 and April 30, 2022 and January 31, 2023	\$ 5,186
<b>Accumulated depreciation:</b>	
Balance at April 30, 2021	\$ 2,662
Depreciation	1,290
Balance at January 31, 2022	3,952
Depreciation	432
Balance at April 30, 2022	4,384
Depreciation	342
Balance as January 31, 2023	\$ 4,726
<b>Carrying amounts</b>	
As at April 30, 2021	\$ 2,594
As at January 31, 2022	\$ 1,234
As at April 30, 2022	\$ 802
As at January 31, 2023	\$ 460

### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	January 31, 2023	April 30, 2022
Trade payables	\$ 8,237	\$ 10,148
Accrued liabilities (Note 11 (d))	584,002	451,669
Related party payables (Note 10)	1,583,240	1,116,664
Total	\$ 2,175,479	\$ 1,578,481

## Metalex Ventures Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

January 31, 2023

(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 and nine month periods ended January 31, 2023 and 2022, 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.
- Northern Uranium Corp. (“Northern”) – a publicly listed company with common directors and management. Metalex and Northern share office space and thus have certain shared expenditures which get re-billed on a cost-recovery basis.

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		Nine month periods ended	
	January 31,		January 31,	
	2023	2022	2023	2022
Laboratory and mineralogical costs, including storage fees	\$ 101,098	\$ 91,996	\$ 422,186	\$ 158,439
Administration fees (10%)	3,574	38,134	8,422	108,539
Consulting fees	61,043	8,816	82,949	27,546
Shared field expenditures	15,267	16,203	26,365	24,506
Shared office and administrative costs	3,479	2,462	8,378	6,524
	\$ 184,461	\$ 157,611	\$ 548,300	\$ 325,554

  

	Three month periods ended		Nine month periods ended	
	January 31,		January 31,	
	2023	2022	2023	2022
C.F. Mineral Research Ltd.	\$ 101,098	\$ 91,996	\$ 422,186	\$ 158,439
Kel-Ex Development Ltd.	46,356	46,409	64,674	121,884
Element 29 Ventures Ltd.	26,197	12,756	34,832	24,756
FourIrons Consulting	10,810	6,450	26,608	20,475
	\$ 184,461	\$ 157,611	\$ 548,300	\$ 325,554

## Metalex Ventures Ltd.

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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		Nine month periods ended	
	January 31,		January 31,	
	2023	2022	2023	2022
Shared office and administrative costs	\$ 13,153	\$ 4,886	\$ 37,676	\$ 12,392
Shared field expenditures	10,646	6,997	58,887	20,956
	\$ 23,799	\$ 11,883	\$ 96,563	\$ 33,348

  

	Three month periods ended		Nine month periods ended	
	January 31,		January 31,	
	2023	2022	2023	2022
Cantex Mine Development Corp.	\$ 18,144	\$ 10,398	\$ 82,795	\$ 29,545
Kel-Ex Development Ltd.	5,386	1,231	11,621	3,429
Northern Uranium Corp.	269	254	2,147	374
	\$ 23,799	\$ 11,883	\$ 96,563	\$ 33,348

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

	January 31,	April 30,
	2023	2022
C.F. Mineral Research Ltd.	\$ 1,449,154	\$ 1,077,717
Cantex Mine Development Corp.	-	36
Element 29 Ventures Ltd.	3,046	12,884
FourIrons Consulting	3,140	1,785
Kel-Ex Development Ltd.	127,900	24,242
	\$ 1,583,240	\$ 1,116,664

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

	January 31,	April 30,
	2023	2022
Cantex Mine Development Corp.	\$ 4,863	\$ 6,048
Kel-Ex Development Ltd.	377	279
Northern Uranium Corp.	282	97
	\$ 5,522	\$ 6,424



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### 10. RELATED PARTY DISCLOSURES *(continued)*

The remuneration of directors and officers is as follows:

	Three month periods ended		Nine month periods ended	
	January 31,		January 31,	
	2022	2022	2023	2022
Director fees <sup>(1)</sup>	\$ 15,000	\$ 15,000	\$ 45,000	\$ 45,000
Wages and benefits <sup>(2)</sup>	24,087	8,216	42,993	26,196
Share-based compensation <sup>(3)</sup>	92,372	5,038	102,447	(223,247)
	<b>\$ 131,459</b>	<b>\$ 28,254</b>	<b>\$ 190,440</b>	<b>\$ (152,051)</b>

- (1) Directors fees are amounts accrued under the Company's deferred share unit plan as described in Note 11 (d). Up to and including January 31, 2022, \$15,000 in DSUs were accrued for each quarter under the plan; the total number of DSUs outstanding was then adjusted based on the fair market value of the share price, resulting in fluctuations in the amount of fees expensed or recovered. As of February 1, 2022, the Company was in the process of creating a new DSU plan that will conform with TSX Venture Exchange requirements; this was finalized subsequent to January 31, 2023. For the nine month period ended January 31, 2023, \$45,000 in directors fees were accrued and included in accrued liabilities to represent the amount entitled by the independent directors. As the plan has now been finalized, voted on and approved by the TSX Exchange, the Company can now issue DSUs under the new plan. Subsequent to January 31, 2023, the number of DSUs issuable was adjusted to reflect these accruals.
- (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.
- (3) Share-based compensation represented the vested portion of share options issued to management and directors based on the Black-Scholes option pricing model (Note 11(c)), as well as the fair market value fluctuation of the DSUs granted.

### 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

The Company incurred a flow-through premium of \$287,000 associated with the issuance of flow-through shares in January 2021. As at January 31, 2023, the Company has fulfilled its flow through fund spending requirements (April 30, 2022 – \$152,380 in remaining funds) and has recovered the remaining flow-through premium (balance as at April 30, 2022 – \$26,848) in the Statement of Operations and Comprehensive Income (Loss).

In December 2022, the Company completed a private placement of flow-through units ("the FT Units") and non-flow through units ("the Units"). The FT Units were issued at a price of \$0.06/FT Unit and Units were issued for \$0.05/Unit. Each FT Unit was comprised of one flow-through common share and one-half of one common share purchase warrant; each Unit was comprised of one non-flow through common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.08 for a period of eighteen months. Over the course of two tranches, the Company closed the private placement for a total of \$2,279,120 from the sale of 37,152,000 FT Units and 1,000,000 Units; 19,076,000 warrants were issued as part of the private placement. Finder fees of \$158,279 and other share issuance costs of \$16,954 were incurred in conjunction with this private placement. The Company issued 2,975,168 finder's warrants.

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### 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 nine month period ended January 31, 2023, the Company recognized share-based compensation of \$103,429 (nine month period ended January 31, 2022 – recovery of \$222,483) in profit or loss. This is comprised of adjustments to the fair market value of DSUs issued, as well as the vested portion of share-based compensation granted in June 2021. 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 January 31, 2023, the Company has recognized nineteen months of vesting of options granted in June 2021; this has been offset against the fair market value adjustment to the Deferred Share Unit Plan (note 11(d)):

	Three month periods ended		Nine month periods ended	
	January 31,		January 31,	
	2023	2022	2023	2022
Share-based compensation fair market value unrealized (gain) loss	\$ 87,334	\$ -	\$ 87,334	\$ (235,001)
Share-based compensation for vested options	5,365	5,365	16,095	12,518
	<u>\$ 92,699</u>	<u>\$ 5,365</u>	<u>\$ 103,429</u>	<u>\$ (222,483)</u>

**Metalex Ventures Ltd.**

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**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, 2021	4,156,000	0.14	12,261,376	0.10
Granted	2,130,000	0.08	-	-
Outstanding, January 31 and April 30, 2022	6,286,000	\$ 0.12	12,261,376	\$ 0.10
Granted	-	-	22,051,168	\$ 0.08
Expired	-	-	(12,261,376)	\$ 0.10
Outstanding, January 31 and April 30, 2022 and January 31, 2023	6,286,000	\$ 0.12	22,051,168	\$ 0.08
Number currently exercisable	4,830,500	\$ 0.13	22,051,168	\$ 0.08

The following stock options and warrants were outstanding as at October 31, 2022:

	Number	Exercise Price	Expiry Date
<b>Options</b>	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>		

\* Of the 2,130,000 outstanding options, 674,500 of these have vested as of January 31, 2023.

	Number	Exercise Price	Expiry Date
<b>Warrants</b>	11,057,640	\$ 0.08	May 28, 2024
	<u>10,993,528</u>	0.08	June 5, 2024
	<u>22,051,168</u>		

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### 11. SHARE CAPITAL AND RESERVES *(continued)*

#### d) Deferred share unit (“DSU”) plan

Until January 31, 2022, the Company had a deferred share unit plan (“DSU 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 January 31, 2023, \$524,002 of deferred compensation (April 30, 2022 – \$436,669) has been accrued in accounts payable which equates to 8,733,372 shares (April 30, 2022 – 8,733,372 shares).

In December 2022, the Company received shareholder approval of the new DSU plan at the Annual General Meeting held on November 24, 2022, one which conforms with new TSX Venture Exchange rules. Final approval from the TSX Venture Exchange has been received subsequent to January 31, 2023; as such, the quarterly compensation to January 31, 2023 has been accrued as a liability of the Company (\$7,500 per quarter per director), but not as part of the above noted DSU plan.

Directors fees of \$45,000 (2022 – \$45,000) reflect the compensation to directors, with an additional fair value change of \$87,334 associated with the deferred share units (2022 – recovery of \$235,001) 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.

## **Metalex Ventures Ltd.**

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

*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.

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 January 31, 2023, the Company had \$5,522 (April 30, 2022 – \$6,424) in outstanding related party receivables; the Company has subsequently received the majority 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 (January 31, 2023, and April 30, 2022 – \$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 MANAGEMENT**

The Company includes shareholders' equity, 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.