



## **Group Eleven Resources Corp.**

Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2022

Expressed in Canadian Dollars

(Unaudited)

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING  
CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING**

The accompanying condensed consolidated interim financial statements of Group Eleven Resources Corp. ("the Company") have been prepared by and are the responsibility of management of the Company. Management acknowledges responsibility for the preparation and presentation of the condensed consolidated interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

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

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of unaudited condensed consolidated interim financial statements by an entity's auditor.

**GROUP ELEVEN RESOURCES CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

**Nature and continuance of operations (Note 1)**

|  | <b>Note</b> | <b>June 30, 2022</b> | <b>December 31, 2021</b> |
|--|-------------|----------------------|--------------------------|
| <b>ASSETS</b>                            |             |                      |                          |
| Current Assets                           |             |                      |                          |
| Cash                                     |             | 2,629,072            | 943,686                  |
| Prepaid expenses                         |             | 10,322               | 56,439                   |
| Other receivables                        |             | 55,710               | 23,882                   |
| <b>Total Current Assets</b>              |             | <b>2,695,104</b>     | <b>1,024,007</b>         |
| Non-current assets                       |             |                      |                          |
| Equipment                                | 3           | 3,474                | 6,003                    |
| Exploration and evaluation assets        | 4           | 8,897,821            | 8,897,821                |
| <b>Total Assets</b>                      |             | <b>11,596,399</b>    | <b>9,927,831</b>         |
| <b>LIABILITIES AND EQUITY</b>            |             |                      |                          |
| Current Liabilities                      |             |                      |                          |
| Accounts payable and accrued liabilities | 5, 10       | 626,834              | 351,598                  |
| Exploration partner advances             | 4           | 337,736              | 219,568                  |
| <b>Total Current Liabilities</b>         |             | <b>964,570</b>       | <b>571,166</b>           |
| Non-Current Liabilities                  |             |                      |                          |
| Government loan payable                  |             | 40,000               | 40,000                   |
| <b>Total liabilities</b>                 |             | <b>1,004,570</b>     | <b>611,166</b>           |
| <b>Equity</b>                            |             |                      |                          |
| Share capital                            | 6           | 20,520,423           | 18,088,060               |
| Reserves                                 | 6           | 906,000              | 869,763                  |
| Deficit                                  |             | (13,803,820)         | (12,690,402)             |
| <b>Total Shareholders' Equity</b>        |             | <b>7,622,603</b>     | <b>6,267,421</b>         |
| Non-controlling interest                 | 7           | 2,969,226            | 3,049,244                |
| <b>Total Equity</b>                      |             | <b>10,591,829</b>    | <b>9,316,665</b>         |
| <b>Total Liabilities and Equity</b>      |             | <b>11,596,399</b>    | <b>9,927,831</b>         |

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

**GROUP ELEVEN RESOURCES CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

|   | Note  | Three Months Ended June 30,<br>2022 | 2021               | Six Months Ended June 30,<br>2022 | 2021               |
|---|-------|-------------------------------------|--------------------|-----------------------------------|--------------------|
| <b>Operating expenses</b>   |       |                                     |                    |                                   |                    |
| Exploration expenditures  | 4     | 453,087                             | 304,151            | 669,350                           | 491,699            |
| Salaries and benefits   | 10    | 119,250                             | 134,382            | 252,907                           | 275,092            |
| Marketing and investor relations  |       | 41,267                              | 22,692             | 52,651                            | 40,091             |
| General and administrative  |       | 32,134                              | 42,361             | 76,409                            | 80,457             |
| Professional Fees   | 10    | 23,756                              | (1,514)            | 31,009                            | 6,808              |
| Depreciation  | 3     | 1,264                               | 1,263              | 2,529                             | 2,528              |
| Foreign exchange loss   |       | 50,172                              | 16,017             | 101,994                           | 58,485             |
| Interest income   |       | (364)                               | (874)              | (433)                             | (2,121)            |
| Share based payments  | 6, 10 | 3,510                               | 12,867             | 7,020                             | 25,735             |
| <b>Loss and comprehensive loss for the period</b>                                 |       | <b>(724,076)</b>                    | <b>(531,345)</b>   | <b>(1,193,436)</b>                | <b>(978,774)</b>   |
| <b>Loss attributable to:</b>  |       |                                     |                    |                                   |                    |
| Shareholders  |       | (654,615)                           | (521,530)          | (1,113,418)                       | (957,697)          |
| Non-controlling interest  | 7     | (69,461)                            | (9,815)            | (80,018)                          | (21,077)           |
|   |       | <b>(724,076)</b>                    | <b>(531,345)</b>   | <b>(1,193,436)</b>                | <b>(978,774)</b>   |
| <b>Basic and diluted loss per common shares attributable to shareholders (\$)</b> |       | <b>0.00</b>                         | <b>0.00</b>        | <b>(0.01)</b>                     | <b>(0.01)</b>      |
| <b>Weighted average number of shares outstanding (#)</b>                          |       | <b>158,301,502</b>                  | <b>137,469,836</b> | <b>152,777,082</b>                | <b>136,961,885</b> |

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

**GROUP ELEVEN RESOURCES CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

|                                       | Share Capital      |                   | Reserves       | Deficit             | Total Shareholders' Equity | Non-controlling Interest | Total Equity      |
|---------------------------------------|--------------------|-------------------|----------------|---------------------|----------------------------|--------------------------|-------------------|
|                                       | Shares             | Amount            |                |                     |                            |                          |                   |
|                                       | (#)                | (\$)              | (\$)           | (\$)                | (\$)                       | (\$)                     | (\$)              |
| <b>Balance - December 31, 2020</b>    | <b>125,977,452</b> | <b>17,367,286</b> | <b>801,420</b> | <b>(10,704,910)</b> | <b>7,463,796</b>           | <b>3,109,412</b>         | <b>10,573,208</b> |
| Shares issued for private placement   | 11,492,384         | 747,005           | -              | -                   | 747,005                    | -                        | 747,005           |
| Warrants issued for private placement | -                  | (26,231)          | 26,230         | -                   | (1)                        | -                        | (1)               |
| Share-base payments                   | -                  | -                 | 25,735         | -                   | 25,735                     | -                        | 25,735            |
| Loss for the period                   | -                  | -                 | -              | (957,697)           | (957,697)                  | (21,077)                 | (978,774)         |
| <b>Balance - June 30, 2021</b>        | <b>137,469,836</b> | <b>18,088,060</b> | <b>853,385</b> | <b>(11,662,607)</b> | <b>7,278,838</b>           | <b>3,088,335</b>         | <b>10,367,173</b> |
| Share-base payments                   | -                  | -                 | 16,378         | -                   | 16,378                     | -                        | 16,378            |
| Loss for the period                   | -                  | -                 | -              | (1,027,795)         | (1,027,795)                | (39,091)                 | (1,066,886)       |
| <b>Balance - December 31, 2021</b>    | <b>137,469,836</b> | <b>18,088,060</b> | <b>869,763</b> | <b>(12,690,402)</b> | <b>6,267,421</b>           | <b>3,049,244</b>         | <b>9,316,665</b>  |
| Shares issued for private placement   | 20,831,666         | 2,499,800         | -              | -                   | 2,499,800                  | -                        | 2,499,800         |
| Share issuance costs                  | -                  | (38,220)          | -              | -                   | (38,220)                   | -                        | (38,220)          |
| Warrants issued for private placement | -                  | (29,217)          | 29,217         | -                   | -                          | -                        | -                 |
| Share-base payments                   | -                  | -                 | 7,020          | -                   | 7,020                      | -                        | 7,020             |
| Loss for the period                   | -                  | -                 | -              | (1,113,418)         | (1,113,418)                | (80,018)                 | (1,193,436)       |
| <b>Balance - June 30, 2022</b>        | <b>158,301,502</b> | <b>20,520,423</b> | <b>906,000</b> | <b>(13,803,820)</b> | <b>7,622,603</b>           | <b>2,969,226</b>         | <b>10,591,829</b> |

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

**GROUP ELEVEN RESOURCES CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
(Unaudited – Expressed in Canadian Dollars)

|   | <b>Six Months Ended June 30,</b> |                    |
|---|----------------------------------|--------------------|
|   | <b>2022</b>                      | <b>2021</b>        |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>            |                                  |                    |
| Loss for the period                                   | (1,193,436)                      | (978,774)          |
| Items not affecting cash:                             |                                  |                    |
| Depreciation  | 2,529                            | 2,528              |
| Foreign exchange loss (gain)                          | (14,098)                         | (13,869)           |
| Share-based payments                                  | 7,020                            | 25,735             |
| Changes in non-cash working capital items:            |                                  |                    |
| Prepaid expenses and deposits                         | 46,117                           | 12,386             |
| Amounts receivable                                    | (31,828)                         | 29,930             |
| Accounts payable and accrued liabilities              | 275,236                          | (302,856)          |
| <b>Net cash used in operating activities</b>          | <b>(908,460)</b>                 | <b>(1,224,920)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>           |                                  |                    |
| Funds received from private placement                 | 2,499,800                        | 747,005            |
| Contributions from Non Controlling Interest           | 132,266                          | -                  |
| Share issuance costs                                  | (38,220)                         | -                  |
| <b>Net cash provided by financing activities</b>      | <b>2,593,846</b>                 | <b>747,005</b>     |
| <b>Change in cash and cash equivalents</b>            | <b>1,685,386</b>                 | <b>(477,915)</b>   |
| Cash and cash equivalents, beginning of period        | 943,686                          | 2,282,719          |
| <b>Cash and cash equivalents, end of period</b>       | <b>2,629,072</b>                 | <b>1,804,804</b>   |
| <b>Cash and cash equivalents is represented by:</b>   |                                  |                    |
| Cash  | 2,619,072                        | 1,794,804          |
| Cash equivalents                                      | 10,000                           | 10,000             |
|   | <b>2,629,072</b>                 | <b>1,804,804</b>   |
| <b>Supplemental Cash Flow Information:</b>            |                                  |                    |
| Agents' warrants issued for payment of financing fees | 29,217                           | 26,231             |

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

## **GROUP ELEVEN RESOURCES CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at June 30, 2022

### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Group Eleven Resources Corp. (the "Company" or "GERC") was incorporated under the laws of the Province of British Columbia, Canada on November 25, 2016, and its principal business activity is the exploration and evaluation of mineral properties. The Company's registered and records office is located at 220 – 885 West Georgia Street, Vancouver, British Columbia. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol ZNG.

These condensed consolidated interim financial statements are prepared 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. The Company has incurred ongoing losses since inception and has no source of recurring revenue. The success of the Company is dependent upon the ability of the Company to obtain necessary financing to continue its exploration and development activities, the confirmation of economically recoverable reserves, and upon establishing future profitable production, or realization of proceeds on disposal. These condensed consolidated interim financial statements do not give effect to the adjustments that would be necessary to the carrying value and classification of assets and liabilities should the Company be unable to continue as a going concern.

Management recognizes that the Company will need to raise additional funds to maintain its current level of operations and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. Factors that affect the availability of financing include the progress and results of ongoing exploration at the Company's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global markets and mining and zinc sector in particular. A failure to raise capital when required could cause a deferral or delay in the current exploration projects, loss of currently held mineral properties, have a material adverse effect on the Company's business, financial condition and results of operations. Management estimates that its current working capital and subsequent financing will be sufficient to maintain the Company's operations and activities for the upcoming fiscal year.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### *(a) Basis of Presentation*

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using the same accounting policies and methods of application as the audited annual consolidated financial statements for the year ended December 31, 2021, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Accordingly, certain information and footnote disclosure normally included in annual financial statements have been omitted or condensed.

These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended December 31, 2021.

On August 11, 2022, the Board of Directors of the Company approved these condensed consolidated interim financial statements for the six months ended June 30, 2022 and 2021.

#### *(b) Basis of Consolidation*

These condensed consolidated interim financial statements include the accounts of the Company, its wholly owned subsidiaries, Group Eleven Resources Ltd. ("GERL") and Group Eleven Mining and Exploration Inc. ("GEME"), a 60% interest in Ballinalack Resources Limited ("BRL"), and a 76.56% interest in TILZ Minerals Ltd. ("TILZ"), all incorporated in Dublin, Ireland. All inter-company transactions and accounts have been eliminated upon consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to

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Notes to the Condensed Consolidated Interim Financial Statements

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As at June 30, 2022

non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

**3. EQUIPMENT**

|                                 | Computer<br>Equipment | Exploration<br>Equipment | Total         |
|---------------------------------|-----------------------|--------------------------|---------------|
|                                 | (\$)                  | (\$)                     | (\$)          |
| <b>Cost</b>                     |                       |                          |               |
| Balance, January 1, 2021        | 5,410                 | 25,294                   | 30,704        |
| Balance, December 31, 2021      | 5,410                 | 25,294                   | 30,704        |
| <b>Balance, June 30, 2022</b>   | <b>5,410</b>          | <b>25,294</b>            | <b>30,704</b> |
| <b>Accumulated Depreciation</b> |                       |                          |               |
| Balance, January 1, 2021        | 5,410                 | 14,233                   | 19,643        |
| Depreciation                    | -                     | 5,058                    | 5,465         |
| Balance, December 31, 2021      | 5,410                 | 19,291                   | 24,701        |
| Depreciation                    | -                     | 2,529                    | 2,529         |
| <b>Balance, June 30, 2022</b>   | <b>5,410</b>          | <b>21,820</b>            | <b>27,230</b> |
| <b>Net Book Value</b>           |                       |                          |               |
| Balance, December 31, 2021      | -                     | 6,003                    | 6,003         |
| <b>Balance, June 30, 2022</b>   | <b>-</b>              | <b>3,474</b>             | <b>3,474</b>  |

**4. EXPLORATION AND EVALUATION ASSETS**

All of the Company's exploration and evaluation assets are located in Ireland.

|   | Cumulative to<br>December 31, 2020 | Expenditures<br>during the year | Cumulative to<br>December 31, 2021 | Expenditures<br>during the period | Cumulative to<br>June 30, 2022 |
|---|------------------------------------|---------------------------------|------------------------------------|-----------------------------------|--------------------------------|
|   | (\$)                               | (\$)                            | (\$)                               | (\$)                              | (\$)                           |
| <b>Acquisition costs</b>                      |                                    |                                 |                                    |                                   |                                |
| Exploration and evaluation<br>assets acquired | 8,897,821                          | -                               | 8,897,821                          | -                                 | 8,897,821                      |
| <b>Total acquisition costs</b>                | <b>8,897,821</b>                   | <b>-</b>                        | <b>8,897,821</b>                   | <b>-</b>                          | <b>8,897,821</b>               |

|                                       | Cumulative to<br>December 31, 2020 | Expenditures<br>during the year | Cumulative to<br>December 31, 2021 | Expenditures<br>during the period | Cumulative to<br>June 30, 2022 |
|---------------------------------------|------------------------------------|---------------------------------|------------------------------------|-----------------------------------|--------------------------------|
|                                       | (\$)                               | (\$)                            | (\$)                               | (\$)                              | (\$)                           |
| <b>Exploration expenditures</b>       |                                    |                                 |                                    |                                   |                                |
| Assays                                | 329,348                            | 44,876                          | 374,224                            | 17,936                            | 392,160                        |
| Data compilation                      | 793,003                            | 172,801                         | 965,804                            | 80,991                            | 1,046,795                      |
| Drilling                              | 1,361,244                          | 413,597                         | 1,774,841                          | 415,276                           | 2,190,117                      |
| Equipment                             | 384,325                            | 89,056                          | 473,381                            | 44,436                            | 517,817                        |
| Fieldwork                             | 299,816                            | 17,579                          | 317,395                            | 13,875                            | 331,270                        |
| Geology consulting                    | 185,818                            | 60,384                          | 246,202                            | 5,926                             | 252,128                        |
| Geophysical surveys                   | 586,367                            | 40,053                          | 626,420                            | -                                 | 626,420                        |
| License fees                          | 242,138                            | 66,726                          | 308,864                            | 39,870                            | 348,734                        |
| Technical supervision                 | 206,880                            | 85,344                          | 292,224                            | 28,444                            | 320,668                        |
| Travel and accommodation              | -                                  | -                               | -                                  | 22,596                            | 22,596                         |
| <b>Total exploration expenditures</b> | <b>4,388,939</b>                   | <b>990,416</b>                  | <b>5,379,355</b>                   | <b>669,350</b>                    | <b>6,048,705</b>               |

In February 2022, Arkle Resources PLC, through its subsidiary Limerick Zinc Limited (which subsidiary has a 23.44% interest in TILZ), advanced €98,215 (\$132,266) to fund future exploration at the Stonepark project. Additionally, the Company has remaining \$205,470 received from Shenzhen Zhongjin Lingnan Nonfermet Company Limited ("Nonfermet") to fund exploration at the Ballinalack project.



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Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

As at June 30, 2022

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|   | <u>June 30, 2022</u> | <u>December 31, 2021</u> |
|---|----------------------|--------------------------|
|   | (\$)                 | (\$)                     |
| Accounts payable                                | 433,576              | 157,019                  |
| Accrued liabilities                             | 193,258              | 194,579                  |
| <b>Accounts payable and accrued liabilities</b> | <b>626,834</b>       | <b>351,598</b>           |

**6. SHARE CAPITAL***a) Share capital***Authorized:** an unlimited number of common shares with no par value.**Issued:** 158,301,502 common shares.

On January 11, 2021, the Company closed a non-brokered private placement of 11,492,384 common shares at a subscription price of \$0.065 per common share, for total proceeds of \$747,005. Glencore subscribed for 6,097,615 shares in the private placement. The Company issued 323,686 non-transferable finder's warrants related to a portion of the private placement to parties at arm's length to the Company. Each finder's warrant entitles a finder to purchase one common share at a price of \$0.065 per share for two years from the date of issue.

On February 23, 2022, the Company closed a non-brokered private placement of 20,831,666 units at a subscription price of \$0.12 per unit, for total proceeds of \$2,499,800. Each unit consisted of one common share and one half non-transferable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at \$0.18 per common share for 24 months from the date of issue. The Company paid \$68,220 in finders fees and issued 568,500 non-transferable warrants. Each finder's warrant entitles a finder to purchase one common share at a price of \$0.18 per common share for 24 months from the date of issue.

*b) Stock options*

The Company did not grant any stock options during the six months ended June 30, 2022 and 2021. Total share-based payments expense recognized for options granted and vested during the six months ended June 30, 2022 was \$7,020 (2021: \$25,735). There were 4,750,000 stock options outstanding at the end of June 30, 2022 and December 31, 2021, with a weighted average exercise price of \$0.16.

| <b>Outstanding</b> | <b>Exercise Price</b> | <b>Expiry Date</b> | <b>Number of Options Exercisable</b> | <b>Weighted Average Remaining Life</b> |
|--------------------|-----------------------|--------------------|--------------------------------------|--|
| (#)                | (\$)                  |                    | (#)                                  | (Years)                                |
| 300,000            | 0.40                  | February 19, 2023  | 300,000                              | 0.64                                   |
| 2,175,000          | 0.20                  | September 6, 2023  | 2,175,000                            | 1.19                                   |
| 200,000            | 0.20                  | September 6, 2023  | 200,000                              | 1.19                                   |
| 540,000            | 0.08                  | October 17, 2022   | 540,000                              | 0.30                                   |
| 1,535,000          | 0.09                  | October 2, 2025    | 1,023,333                            | 3.26                                   |
| <b>4,750,000</b>   |                       |                    | <b>4,238,333</b>                     | <b>1.72</b>                            |

*c) Restricted Share Units (RSU)*

On July 2, 2019, the Company adopted an RSU plan for directors, officers, employees and

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consultants of the Company. Under the terms of the plan, each vested RSU awarded entitles the RSU holder to receive, subject to adjustment as provided for in the RSU Plan, either one common share in the Company or, at the Company's option, an equivalent cash payment. The RSUs are considered equity settled. RSUs will vest over a period of up to three years from the date of grant. The Company has reserved 2,000,000 common shares for issuance under the RSU Plan, subject to the total RSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company. The Company did not grant any RSU's for the six months ended June 30, 2022.

RSUs are measured at fair value on the date of grant based on the closing price of the Company's shares on the date prior to the grant and are recognized as share-based compensation expense on a straight-line basis over the vesting period. The corresponding amount is recorded to the share-based payment reserve. Upon the exercise of RSUs, the related share-based payment reserve is transferred to share capital.

*d) Deferred Share Units (DSU)*

On July 2, 2019, the Board amended the terms of the DSU Plan. Under the terms of the amended DSU Plan, each vested DSU awarded entitles the DSU holder to receive, subject to adjustment as provided for in the DSU Plan, either one common share in the Company or, at the option of the Company, an equivalent cash payment. Shares eligible for issuance under the DSU Plan will be subject to the total DSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company.

For the purposes of the DSU Plan, the value of the DSU on the grant date is the market price, being the five-day volume weighted average price of the common shares immediately preceding the grant date. If the common shares are not trading on the TSX-V, then the Market Value shall be determined in the same manner based on the trading price on such stock exchange or over-the-counter market on which the common shares are listed and posted for trading as may be selected for such purpose by the Board. The Company did not grant any DSU's for the six months ended June 30, 2022 and 2021, and had 1,166,666 outstanding at the end of each of those periods.

*e) Warrants*

Warrant transactions are summarized as follows:

|                               | <b>Number</b>     | <b>Weighted Average<br/>Exercise Price</b> |
|-------------------------------|-------------------|--|
| Balance, December 31, 2020    | 25,511,424        | \$ 0.13                                    |
| Issued – Private Placement    | 323,686           | 0.07                                       |
| Balance, December 31, 2021    | 25,835,110        | \$ 0.13                                    |
| Issued – Private Placement    | 10,415,835        | 0.18                                       |
| Issued – Broker               | 568,500           | 0.18                                       |
| <b>Balance, June 30, 2022</b> | <b>36,819,445</b> | <b>\$ 0.15</b>                             |

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(Expressed in Canadian Dollars, unless otherwise stated)

As at June 30, 2022

As at June 30, 2022, the following warrants, with a weighted average exercise price of \$0.15, were outstanding:

| <b>Number of Warrants<br/>(#)</b> | <b>Exercise Price<br/>(\$)</b> | <b>Expiry Date</b> | <b>Remaining Life<br/>(# Years)</b> |
|-----------------------------------|--------------------------------|--------------------|-------------------------------------|
| 4,200,000                         | 0.240                          | October 11, 2022   | 0.28                                |
| 1,100,000                         | 0.100                          | May 25, 2023       | 0.90                                |
| 6,400,000                         | 0.100                          | June 29, 2023      | 1.00                                |
| 500,000                           | 0.100                          | July 2, 2023       | 1.01                                |
| 13,311,424                        | 0.120                          | July 28, 2023      | 1.08                                |
| 323,686                           | 0.065                          | January 6, 2023    | 0.52                                |
| 10,984,335                        | 0.180                          | February 18, 2024  | 1.64                                |
| <b>36,819,445</b>                 |                                |                    | <b>1.13</b>                         |

The fair value of the broker warrants issued were estimated using the Black-Scholes option pricing model with the following assumptions:

|  | <b>June 30, 2022</b> | <b>December 31, 2021</b> |
|--|----------------------|--------------------------|
| Risk free interest rate                        | 1.57%                | 0.23%                    |
| Expected life of warrants                      | 2 Years              | 2 Years                  |
| Expected dividend yield                        | Nil                  | Nil                      |
| Expected stock price volatility                | 89%                  | 100%                     |
| Weighted average fair value per warrant issued | \$ 0.05              | \$ 0.07                  |

**7. NON-CONTROLLING INTEREST**

|  | <b>Ballinalack<br/>Resources Limited</b> | <b>TILZ Minerals Ltd.</b> | <b>Total</b>     |
|--|--|---------------------------|------------------|
|  | <b>(\$)</b>                              | <b>(\$)</b>               | <b>(\$)</b>      |
| Non-controlling interest,<br>December 31, 2020     | 2,423,690                                | 685,722                   | 3,109,412        |
| Share of loss                                      | (25,104)                                 | (35,064)                  | (60,168)         |
| Non-controlling interest,<br>December 31, 2021     | 2,398,586                                | 650,658                   | 3,049,244        |
| Share of loss                                      | (94)                                     | (79,924)                  | (80,018)         |
| <b>Non-controlling interest, June 30,<br/>2022</b> | <b>2,398,492</b>                         | <b>570,734</b>            | <b>2,969,226</b> |

**GROUP ELEVEN RESOURCES CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

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As at June 30, 2022

The following table presents the non-controlling interest as at June 30, 2022 and December 31, 2021. The information below is before inter-company eliminations.

| <b>As at June 30, 2022</b>          | <b>Ballinalack</b>       |                           | <b>Total</b> |
|-------------------------------------|--------------------------|---------------------------|--------------|
|                                     | <b>Resources Limited</b> | <b>TILZ Minerals Ltd.</b> |              |
| Non-controlling interest percentage | 40%                      | 23.44%                    |              |
|                                     | <b>(\$)</b>              | <b>(\$)</b>               | <b>(\$)</b>  |
| <b>Assets</b>                       |                          |                           |              |
| Current                             | 96,228                   | 505,546                   | 601,774      |
| Non-current                         | 6,086,296                | 2,811,525                 | 8,897,821    |
|                                     | 6,182,524                | 3,317,071                 | 9,499,595    |
| <b>Liabilities</b>                  |                          |                           |              |
| Current                             | 217,479                  | 905,497                   | 1,122,976    |
|                                     | 217,479                  | 905,497                   | 1,122,976    |
| <b>Net Assets</b>                   | 5,965,045                | 2,411,574                 | 8,376,619    |
| <b>Non-controlling interest</b>     | 2,398,492                | 570,734                   | 2,969,226    |

| <b>As at December 31, 2021</b>      | <b>Ballinalack</b>       |                           | <b>Total</b> |
|-------------------------------------|--------------------------|---------------------------|--------------|
|                                     | <b>Resources Limited</b> | <b>TILZ Minerals Ltd.</b> |              |
| Non-controlling interest percentage | 40%                      | 23.44%                    |              |
|                                     | <b>(\$)</b>              | <b>(\$)</b>               | <b>(\$)</b>  |
| <b>Assets</b>                       |                          |                           |              |
| Current                             | 103,018                  | 38,872                    | 141,890      |
| Non-current                         | 6,086,296                | 2,811,525                 | 8,897,821    |
|                                     | 6,189,314                | 2,850,397                 | 9,039,711    |
| <b>Liabilities</b>                  |                          |                           |              |
| Current                             | 232,343                  | 113,046                   | 345,389      |
|                                     | 232,343                  | 113,046                   | 345,389      |
| <b>Net Assets</b>                   | 5,956,971                | 2,737,351                 | 8,694,322    |
| <b>Non-controlling interest</b>     | 2,398,586                | 650,658                   | 3,049,244    |

The following table presents the loss and comprehensive loss attributable to non-controlling interest:

|  | <b>Six months ended June 30,</b> |                |
|--|----------------------------------|----------------|
|  | <b>2022</b>                      | <b>2021</b>    |
|  | <b>(\$)</b>                      | <b>(\$)</b>    |
| <b>Loss and comprehensive loss for the period</b>    | <b>1,193,436</b>                 | <b>978,774</b> |
| <b>Loss attributable to non-controlling interest</b> |                                  |                |
| Ballinalack Resources Limited                        | 94                               | 1,730          |
| TILZ Minerals Ltd.                                   | 79,924                           | 19,347         |
|  | 80,018                           | 21,077         |

## **GROUP ELEVEN RESOURCES CORP.**

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### **8. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. The Company monitors its adjusted capital which comprises all components of equity. The Company manages and adjusts its capital structure based on current economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. No changes were made to the Company's capital management practices during the six months ended June 30, 2022.

### **9. FINANCIAL RISK MANAGEMENT**

The Company is exposed to a variety of risks related to financial instruments. The Board approves and monitors the risk management processes. The principal types of risk exposure and the way in which they are managed are as follows:

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at June 30, 2022 the Company had working capital of \$1,730,534 (December 31, 2021: \$452,841). Management believes that the Company has sufficient financial resources to meet its obligations as they come due.

#### *Foreign exchange risk*

The Company's functional currency is the Canadian dollar. There is a foreign exchange risk to the Company as its exploration and evaluation property interests and resulting future commitments are located in Ireland. The Euro translation rate has experienced volatility over the last several years as a result of monetary policies adopted by the European Central Bank. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company has a policy of not engaging in hedging activities to address this foreign currency risk. At June 30, 2022, the Company had Euro denominated current assets of €1,624,485 and Euro denominated current liabilities of €577,679. Accordingly, a 10% change in the foreign exchange rate would result in a \$140,973 credit or charge to operations.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is currently not exposed to any interest rate risk as cash is held in a non-interest bearing account and the Company does not hold any interest bearing liabilities.

#### *Commodity price risk*

While the value of the Company's exploration and evaluation assets is related to the price of zinc and other minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks with respect to its operational activities. Zinc and other mineral prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, the perception of market participants about the price and future price prospects for zinc, changes in manufacturing and construction activity as well as other industrial demands, levels of worldwide production, and forward sales by producers and speculators.

#### *Fair value*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The fair value of the Company's other receivables and accounts payable and accrued liabilities approximates their carrying value because of the short-term nature of the financial instruments. The Company's cash is measured at fair value using Level 1 inputs.

### 10. RELATED PARTY BALANCES AND TRANSACTIONS

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Their remuneration includes the following:

|                       | <b>Six Months Ended June 30,</b> |                |
|-----------------------|----------------------------------|----------------|
|                       | <b>2022</b>                      | <b>2021</b>    |
|                       | <b>(\$)</b>                      | <b>(\$)</b>    |
| Salaries and benefits | 222,664                          | 243,543        |
| Professional fees     | 23,716                           | 10,500         |
| Share-based payments  | 7,022                            | 9,517          |
| <b>Total</b>          | <b>253,402</b>                   | <b>263,560</b> |

For the six months ended June 30, 2022, \$39,049 (2021: \$41,700) of salaries and benefits were recorded in exploration and evaluation expenses. At June 30, 2022, accounts payable and accrued liabilities include \$140,000 (2021: \$60,000) payable to directors of the Company.

### 11. SEGMENT INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief executive officer, being the individual at the Company making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company undertakes administrative activities in Canada, and is engaged in the acquisition, exploration, and evaluation of certain mineral property interests in Ireland. Accordingly, the Company's operations are in one commercial and two geographic segments. The Company's Equipment (Note 3) and Exploration and Evaluation Assets (Note 4) are held by the Company in Ireland. The remaining assets, including cash and cash equivalents, prepaids and receivables, reside in both of the Company's two geographic locations. The Company is not exposed to significant operating risks as a consequence of the concentration of its assets in Ireland.