



REFINED

METALS

REFINED METALS CORP.
(FORMERLY: CHEMESIS INTERNATIONAL INC.)

Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2022 and 2021

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Refined Metals Corp. (the “Company”) have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the three months ended September 30, 2022 has not been reviewed or audited by the Company’s independent auditors. All amounts are stated in Canadian Dollars unless otherwise stated.

Refined Metals Corp.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	September 30, 2022	June 30, 2022
ASSETS			
Current assets			
Cash		\$ 931,519	\$ -
GST receivable		362,425	233,938
		1,293,944	233,938
Non-current assets			
Exploration and Evaluation deposit	5	115,000	50,000
		115,000	50,000
TOTAL ASSETS		\$ 1,408,944	\$ 283,938
LIABILITIES			
Current			
Bank indebtedness		\$ -	\$ 519
Accounts payable and accrued liabilities		1,025,483	1,727,924
Derivative liability	7	3,059	1,442
Convertible debt	6	132,720	132,720
TOTAL LIABILITIES		1,161,260	1,862,605
EQUITY			
Share capital	7	95,476,494	93,211,926
Subscriptions received		-	50,000
Contributed surplus		7,299,073	7,299,073
Accumulated other comprehensive income		(73,841)	(73,841)
Deficit		(102,454,042)	(102,065,825)
TOTAL EQUITY		247,684	(1,578,667)
TOTAL LIABILITIES AND EQUITY		\$ 1,408,944	\$ 283,938
Going concern (Note 2)	Contingent liabilities (Note 13)		

Approved on behalf of the Board of Directors:

"Josh Rosenberg", Director "Aman Parmar", Director
The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Refined Metals Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the three months ended September 30	
	2022	2021
REVENUES	-	6,960
COST OF GOODS SOLD	-	(4,554)
GROSS MARGIN	-	2,406
EXPENSES		
Foreign exchange loss (gain)	6,690	(3,750)
General and administration (Note 9)	356,912	301,689
TOTAL EXPENSES	(363,602)	(297,939)
LOSS BEFORE OTHER ITEMS	(363,602)	(295,533)
OTHER INCOME (EXPENSES):		
Interest expense	-	(3,160)
Loss on debt settlement	(23,000)	-
Change in fair value of derivative liabilities (Note 7)	(1,615)	994,213
	(24,615)	991,053
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(388,217)	695,520
Net income (loss) from discontinued operations	-	(925,804)
NET LOSS	(388,217)	(230,284)
OTHER COMPREHENSIVE INCOME (LOSS)		
Cumulative translation adjustment - discontinued operations	-	125,647
COMPREHENSIVE LOSS	(388,217)	(104,636)
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Refined Metals Corp.	(388,217)	695,520
Discontinued operations	-	(925,804)
NET LOSS	(388,217)	(230,284)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:		
Refined Metals Corp.	(388,217)	695,520
Discontinued operations	-	(800,157)
COMPREHENSIVE LOSS	\$ (388,217)	(230,284)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:		
Refined Metals Corp.	(388,217)	695,520
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:		
Refined Metals Corp.	(388,217)	695,520
Income (loss) per share, basic and diluted, total operations	\$ (0.01)	\$ (0.02)
Continuing operations	(0.01)	0.06
Discontinued operations	-	(0.08)
Weighted average number of common shares outstanding	49,440,048	10,300,754

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

Refined Metals Corp.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Subscriptions received	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
	Number	Amount					
		\$	\$	\$	\$	\$	\$
As at June 30, 2021	33,588,070	93,211,926	50,000	7,299,073	(73,841)	(102,065,825)	(1,578,667)
Shares for debt	8,395,683	839,568	-	-	-	-	839,568
Shares issued to Geomap	250,000	25,000	-	-	-	-	25,000
Shares issued for cash	14,000,000	1,400,000	(50,000)	-	-	-	1,350,000
Net loss	-	-	-	-	-	(388,217)	(388,217)
As at September 30, 2021	56,233,753	95,476,494	-	7,299,073	(73,841)	(102,454,042)	247,684

Refined Metals Corp.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian dollars)

	<u>Share Capital</u>								
	Number	Amount	Subscriptions received	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Equity attributable to shareholders of Refined	Non-controlling interests	Total equity
		\$	\$	\$	\$	\$	\$	\$	\$
As at June 30, 2021	27,664,808	85,611,273	40,500	7,564,425	(311,202)	(94,757,209)	(1,852,213)	1,649,080	(203,133)
Conversion of RSUs into common shares	100,000	237,501	-	(237,501)	-	-	-	-	-
Subscriptions received	-	-	159,500	-	-	-	159,500	-	159,500
Net loss	-	-	-	-	-	85,400	85,400	(315,684)	(230,284)
Other comprehensive loss (income)	-	-	-	-	141,396	-	141,396	(15,749)	125,647
As at September 30, 2021	27,764,808	85,848,774	200,000	7,326,924	(169,806)	(94,671,809)	(1,465,917)	1,317,647	(148,270)
Conversion of RSUs into common shares	50,000	27,851	-	(27,851)	-	-	-	-	-
Value of Refined common shares held by GSRX previously eliminated upon consolidation	364,594	6,027,801	-	-	-	-	6,027,801	-	6,027,801
GSRX Non-controlling interest disposed of	-	-	-	-	-	-	-	(908,122)	(908,122)
Non-controlling interest removed upon dissolution of US subsidiaries	-	-	-	-	-	-	-	107,248	107,248
Subscriptions repaid	-	-	(150,000)	-	-	-	(150,000)	-	(150,000)
Shares for services	212,000	60,300	-	-	-	-	60,300	-	60,300
Shares issued for cash	5,196,668	1,247,200	-	-	-	-	1,247,200	-	1,247,200
Net loss	-	-	-	-	-	(7,394,016)	(7,394,016)	(614,735)	(8,008,751)
Other comprehensive loss (income)	-	-	-	-	95,965	-	95,965	97,962	193,927
As at June 30, 2022	33,588,070	93,211,926	50,000	7,299,073	(73,841)	(102,065,825)	(1,578,667)	-	(1,578,667)

Refined Metals Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

For the three months ended	September 30, 2022	September 30, 2021
Cash (used in) provided by:		
OPERATING ACTIVITIES		
Net loss for the period from continuing operations	\$ (388,217)	\$ (230,284)
Items not involving cash:		
Share-based payments	-	(47,216)
Change in fair value of derivative liabilities	1,615	(994,214)
Loss on debt settlement	23,000	-
Foreign exchange	-	(41,519)
Net changes in non-cash working capital items:		
Convertible debt	-	3,160
Amounts receivable	(128,487)	(9,653)
Amounts payable and other payables	114,127	94,378
Net cash used in operating activities from continuing operations	(377,962)	(1,225,348)
Net cash used in operating activities from discontinued operations	-	78,303
	(377,962)	(1,147,045)
INVESTING ACTIVITIES:		
Exploration and evaluation assets	(40,000)	-
Net cash used in investing activities from continuing operations	(40,000)	-
Net cash provided by investing activities from discontinued operations	-	(942,420)
	(40,000)	(942,420)
FINANCING ACTIVITIES:		
Proceeds from private placement, net	1,350,000	-
Subscriptions received	-	159,500
Collection of loans receivable	-	55,631
Interest paid	-	(3,160)
Net cash provided by financing activities from continuing operations	1,350,000	211,971
Net increase in cash	932,038	(935,074)
Cash, beginning of period	(519)	1,719,845
Cash, end of period	\$ 931,519	784,771

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

Refined Metals Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2022 and 2021
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Refined Metals Corp. (formerly Chemesis International Inc.) (“Refined” or “the Company”) was incorporated under the Business Corporations Act of British Columbia on April 26, 2013. The Company’s registered records office is Suite 2200 - 885 West Georgia Street, Vancouver, BC V6C3E8 and the corporate head office is at Suite 2200 - 885 West Georgia Street, Vancouver, BC V6C3E8. The Company trades on the Canadian Securities Exchange (“CSE”) under the symbol RMC, on the OTC markets under the symbol CADMF, and on the Frankfurt Stock Exchange under the symbol CWAA.

During the year ended June 30, 2022, the Company entered into an option agreement with Geomap Exploration Inc. (“Geomap”), a privately-owned BC company, to acquire up to 100% interest in the Rose Property which is located in the Kamloops Mining Division in British Columbia. On November 25, 2022, the CSE approved the Company’s Change of Business (“COB”) and is now an exploration stage company engaged in the acquisition, exploration and development of mineral properties.

During the three months ended September 30, 2022, the Company completed a 2:1 share consolidation, whereby two of the pre-consolidation shares is consolidated in to one post-consolidation share. All disclosures in these consolidated financial statements reflect the shares post-consolidation.

During the year ended June 30, 2022, the Company was in active negotiations with a seller to dispose of 100% Chemesis’ equity interest in GSRX, which completed on June 30, 2022. As such, the sum of the post-tax loss of the discontinued operations and post-tax gain or loss recognized on the measurement to fair value less cost to sell or fair value adjustments on the disposal of the assets has been presented as a single amount on the face of the statement of comprehensive loss. As a result of this reclassification, \$913,804 in general and administrative costs and \$47,216 in interest income was reclassified to discontinued operations for the three months ended September 30, 2021.

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. The Company’s operations have not been affected by the COVID-19 global pandemic.

2. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. During the three months ended September 30, 2022, the Company incurred a loss of \$388,217 and as at September 30, 2022 has a working capital of \$132,684 and an accumulated deficit of \$102,454,042 and remains dependent upon the receipt of additional equity or debt financing. While management has been successful in obtaining required financing in the past, there is no assurance that additional financing will be available or be available on favourable terms. The Company’s ability to continue as a going concern is dependent upon the ability to raise financing and ultimately generate profitable operations. These consolidated financial statements do not reflect and adjustments to the carrying value of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

Refined Metals Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2022 and 2021
(Expressed in Canadian dollars)

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these consolidated financial statements and are based on International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”).

These consolidated financial statements were authorized for issue by the Board of Directors on November 29, 2022.

3.1. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value. All amounts are presented in Canadian dollars unless otherwise specified.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical Accounting Judgments

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management’s strategic planning. Should those judgments prove to be inaccurate, management’s continued use of the going concern assumption could be inappropriate.

Going concern

The assessment of the Company’s ongoing viability as an operating entity and determination of the related disclosures require significant judgment. In assessing the Company’s ability to continue as a going concern, market and regulatory factors are considered.

Business combinations

Judgment is used when determining whether an acquisition is a business combination or an asset acquisition. Judgment is also used in measuring the fair value of equity instruments issued as consideration for a business combination, and in allocating the fair value of consideration paid to the assets acquired and liabilities assumed.

The Company measures all assets acquired and liabilities assumed at their acquisition-date fair values. Non-controlling interests in the acquiree are measured on the basis of the non-controlling interests’ proportionate share of this equity in the acquiree’s identifiable net assets. The excess of the aggregate of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net assets of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Refined Metals Corp.
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(Expressed in Canadian dollars)

3. BASIS OF PRESENTATION (CONTINUED)

Functional currency

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operates and is re-evaluated when facts and circumstances indicate that conditions have changed.

Collectability of amounts receivable

The Company monitors its exposure for credit losses on its customer and related party receivable balances and the creditworthiness of the customers and related parties on an ongoing basis and records related allowances for doubtful accounts. Allowances are estimated based upon specific customer and related party balances, where a risk of default is identified, and also include a provision for non-customer specific defaults based upon historical experience and aging of accounts.

Financial instruments

The determination of categories of financial assets and liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

The identification of convertible note component is based on interpretations of the substance of the contractual arrangement and therefore requires judgement from management. The separation of components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest of the liability component. The determination of fair value of the liability is also based on several assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Critical Accounting Estimates

Share-based payments

Where applicable, the fair value of certain equity instruments is subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Income Taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Refined Metals Corp.
Notes to the Condensed Consolidated Interim Financial Statements
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(Expressed in Canadian dollars)

3. BASIS OF PRESENTATION (CONTINUED)

Valuation of equity consideration granted

The valuation of share consideration granted involves management judgment in determining valuation of the share consideration granted. Judgment is exercised in the reliability of the fair value of consideration received.

Estimated useful lives, impairment considerations and amortization of tangible assets, intangible assets, and goodwill

Amortization of tangible and intangible assets is dependent upon estimates of useful lives based on management's judgment.

3.3 Basis of consolidation

These consolidated financials are presented in Canadian dollars ("CAD") and incorporate the financial results of the Company and its controlled subsidiaries. The Company currently has one active subsidiary, 1145411 B.C. Ltd.

4. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of composition with those applied in the Company's audited financial statements for the year ending June 30, 2022, filed October 7, 2022.

5. PROPERTY OPTION AGREEMENT WITH GEOMAP

During the year ended June 30, 2022, the Company entered into a property option agreement with Geomap Explorations Inc, a privately-owned B.C. company to acquire up to 100% interest in the Rose Property, located in Kamloops Mining Division, B.C for consideration as follows:

- Cash payments of \$170,000 to be made on the following dates:
 - o \$90,000 10 days after the effective date of the agreement (paid)
 - o \$30,000 one year after the effective date
 - o \$50,000 two years after the effective date
- Issuing 800,000 common shares on the following dates:
 - o 250,000 common shares 10 days after the effective date of the agreement;
 - o 250,000 common shares one year after the effective date
 - o 300,000 common shares two years after the effective date of the agreement; and
- Incurring exploration expenditures as follows:
 - o \$110,000 on or before the date that is one year after the effective date; and
 - o \$250,000 on or before the date that is two years after the effective date.

Shares issued pursuant to this agreement are subject to escrow terms, whereby one quarter of the shares issued will vest every three months.

Once the title to the property is granted to the Company, the Company will grant a 3% Net Smelter Royalty("NSR") on commercial production on the property to Geomap. Refined has an irrevocable option to acquire one third of the NSR for \$1,000,000.

Refined Metals Corp.
Notes to the Condensed Consolidated Interim Financial Statements
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(Expressed in Canadian dollars)

6. CONVERTIBLE DEBT

The convertible debentures bear interest at a rate of 10% per year and are matured. The convertible debentures are unsecured and are convertible, at the option of the holder, into common shares of the Company at a price of USD\$2.00 per common share. The debentures carry a derivative liability whereby the number of shares is fixed to the US dollar. \$100,000 USD plus principal and interest is outstanding as at September 30, 2022.

The Company has the right to repay and cancel convertible debentures at any time prior to the maturity date at a price equal to 105% of the principal amount of the convertible debentures then outstanding plus accrued and unpaid interest thereon.

The following table summarizes the Company's convertible debt:

Balance, June 30, 2022	\$	132,720
Interest expense		-
Interest repayment		-
Balance, September 30, 2022	\$	132,720

7. SHAREHOLDERS' EQUITY

7.1 Authorized share capital

Unlimited number of common shares with no par value.

7.2 Issued share capital

During the period ended September 30, 2022, the Company completed a 2:1 share consolidation (Note 1). All shares are stated post-consolidation in these consolidated financial statements.

Common shares issued and outstanding as at September 30, 2022 are 56,233,753. As at September 30, 2022 the Company held no common shares in escrow.

During the three months ended September 30, 2022, the Company

- i. On September 2, 2022, Completed a private placement raising proceeds of \$1,400,000 through the issuance of 14,000,000 units of the Company at a price of \$0.10 per unit. Each unit consists of one common share and one common share purchase warrant with an exercise price of \$0.12, expiring September 1, 2024.

Concurrently, the Company issued Geomap 250,000 common shares with a fair value of \$25,000. Further, the Company settled \$839,568 in debt for services through the issuance of 8,395,683 common shares at a price of \$0.10 per share. Of this amount, the Company issued 5,992,839 common shares of the Company with a fair value of \$599,284 to related parties. Subsequent to June 30, 2022, 1,271,400 common share purchase warrants at an exercise price of \$2.00 and 346,208 common share purchase warrants with an exercise price of \$1.70 expired unexercised.

Refined Metals Corp.
Notes to the Condensed Consolidated Interim Financial Statements
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7. SHAREHOLDERS' EQUITY (CONTINUED)

Derivative liability

In January, 2021, the Company issued 1,843,709 common share purchase warrants exercisable at \$0.68 USD for a period of two years. As the exercise price is in a foreign currency, the fixed for fixed equity criteria are not met and therefore is recorded as a liability. At inception, the fair value of \$1,198,411 was calculated using the Black-Scholes Option pricing model, however was 100% allocated to the proceeds from the related private placement of \$1,198,411. At September 30, 2022, the fair value of the liability was \$3,057, calculated using the Black-Scholes Option Pricing Model and using inputs of 132% volatility, \$0.05 share price, \$0.68 USD exercise price and a period of 0.6 years. A gain of \$1,615 was recorded during the three months ended September 30, 2022.

7.3 Warrants

As of September 30, 2022, 21,181,311 warrants were outstanding:

Expiry date	Warrants	Exercise Price
December 21, 2023	15,625	\$ 30.00
January 21, 2024	19,230	49.00
March 1, 2024	75,000	50.00
May 30, 2024	9,459	50.00
May 30, 2024	18,918	50.00
June 13, 2024	2,702	50.00
January 18, 2023	1,843,710	US 0.68
November 29, 2023	5,196,667	0.30
September 1, 2024	14,000,000	0.12
Balance, September 30, 2022	21,181,311	\$ 0.53

At September 30, 2022, the weighted-average remaining life of the outstanding warrants was 1.59 years.

7.4 Options and share-based compensation

As at September 30, 2022, the Company had 1,370,000 (2021 – 1,897,500) options outstanding with expiry dates as follows:

Outstanding and exercisable			
Expiry date	Options	Exercise price	Remaining contractual life (years)
January 12, 2025	745,000	\$ 1.80	2.28
January 12, 2026	625,000	US 1.40	3.28
Balance, September 30, 2022	1,370,000	\$ 1.80	2.68

The Company has adopted a stock option plan whereby up to 20% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the CSE.

As at September 30, 2022 the estimated remaining life of the outstanding options was 1.63 years.

Refined Metals Corp.
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7. SHAREHOLDERS' EQUITY (CONTINUED)

7.5 Restricted Share Rights ("RSR")

As at June 30, 2021, the Company has 1,787,500 RSRs outstanding and exercisable, each allowing the holder to exercise one RSR into one common share at the holder's option.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the directors and officers of the Company. Management compensation transactions for the three months ended September 30, 2022 and 2021 is summarized as follows:

	2022		2021	
Management fees	\$	19,500	\$	137,125
Share-based payments		-		-
Total	\$	19,500	\$	137,125

As at September 30, 2022, \$6,500 (2021 - \$566,011) is owed to directors and officers of the Company for unpaid fees and expenses paid on behalf of the Company.

During the three months ended September 30, 2022, the Company was charged \$9,000 (2021 - \$37,500) included in management fees to the CFO of the Company pursuant to CFO services provided.

During the three months ended September 30, 2022, the Company was charged \$10,500 (2021 - \$75,000) included in management fees to a director of the Company pursuant to director services provided.

During the three months ended September 30, 2022, the Company was charged \$nil (2021 - \$15,625) included in management fees to a director of the Company pursuant to President and Director services provided.

During the three months ended September 30, 2022, the Company paid \$nil (2021 - \$9,000) included in consulting fees to the Corporate Secretary and Director and of the Company pursuant to corporate secretary and director services provided.

Refined Metals Corp.
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8. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

During the year ended June 30, 2021, the Company issued 1,500,000 RSUs to directors and officers of the Company with a fair value of \$1,035,000.

On September 1, 2022, the Company settled \$599,284 through the issuance of 5,992,839 common shares of the Company with a fair value of \$599,284. Of this, 2,751,589 common shares with a fair value of \$275,159 was issued to a director of the Company, 2,753,750 common shares with a fair value of \$275,375 were issued to the CFO of the Company, and 487,500 common shares with a fair value of \$48,750 issued to the President and Director of the Company.

During the year ended June 30, 2021, 1,250,000 stock options were issued to directors and officers and vested. Share-based compensation of \$nil was recognized.

9. GENERAL AND ADMINISTRATION

General and administrative costs from continuing operations during the three months ended September 30, 2022 and 2021 are as follows:

	2022		2021	
Consulting	\$	3,502	\$	13,382
Management fees (Note 8)		19,500		137,125
Office and miscellaneous		28,883		25,116
Professional fees		295,664		95,125
Rent		-		15,000
Transfer agent and filing fees		5,274		5,274
Travel		1,583		10,667
	\$	356,912	\$	301,689

10. NON-CASH INVESTING AND FINANCING ACTIVITIES

See the following for non-cash note disclosures:

- i) Interest paid - see Statement of Changes in Shareholders' Equity

11. RISK MANAGEMENT

11.1 Financial risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

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(Expressed in Canadian dollars)

11. RISK MANAGEMENT (CONTINUED)

b. Credit risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low. The maximum amount exposed to credit risk is equal to trade receivables.

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at September 30, 2022, the Company's working capital of \$82,684. The Company plans to seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Contractual undiscounted cash flow requirements for contractual obligations as at September 30, 2022 are as follows:

	Less Than 1 Year \$	Years 2 and 3 \$	Years 4 and 5 \$	More Than 5 Years \$	Total \$
Bank indebtedness	-	-	-	-	-
Accounts payable and accrued liabilities	1,025,483	-	-	-	-
Derivative Liability (Note 9)	3,057	-	-	-	-
Convertible debt (Note 8)	132,720	-	-	-	-

c. Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company does not have a practice of trading derivatives

Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies.

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For the three months ended September 30, 2022 and 2021
(Expressed in Canadian dollars)

11. RISK MANAGEMENT (CONTINUED)

11.2 Fair values

The carrying values of trade receivables and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The carrying value of convertible debt approximates its fair value based on current market rates.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As at September 30, 2022 and 2021 the Company held the following measured at their stated fair value hierarchy level:

	September 30, 2022	June 30, 2022
<i>Level 1</i>		
Cash	\$ 931,519	\$ -

At September 30, 2022, the Company held cash of \$nil measured at Level 1 and a note receivable of \$nil at Level 3. During the three months ended September 30, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements and there were no transfers in and out of Level 3 fair value measurements.

12. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

13. CONTINGENT LIABILITIES

As at September 30, 2022, the Company has the following claims open:

- a) On October 19, 2020, Carlsbad Naturals, LLC and Carlsbad Naturals LLC filed a claim for unpaid services \$2,000,000 USD of common shares of the Company pursuant to an asset purchase agreement. A hearing date is set for December 14, 2022. The Company disputes this claim and has not accrued any amounts as the Company believes the claim to be without merit.