



NOBLE IRON INC.

INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Expressed in Canadian Dollars

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

NOBLE IRON INC.

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**MANAGEMENT’S COMMENTS ON
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim condensed consolidated financial statements of Noble Iron Inc. (the “Company”) 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 interim condensed consolidated financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity’s auditor.

NOBLE IRON INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

AS AT JUNE 30, 2022 AND DECEMBER 31, 2021

In Canadian Dollars

	<i>Notes</i>	2022	2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	3	38,261,902	5,497,578
Trade receivables		-	654,237
Prepayment and other assets	3	82,749	141,902
Total current assets		38,344,651	6,293,717
Non-current assets			
Intangible assets		-	13,754
Property and equipment		-	17,949
Non current financial asset	3	4,200,000	-
Total non-current assets		4,200,000	31,703
Total assets		42,544,651	6,325,420
Liabilities and Equity			
Current liabilities			
Trade and other payables		2,023,229	762,744
Contract liabilities		-	197,026
Tax payable		3,221,500	-
Total current liabilities		5,244,729	959,770
Non-current liabilities			
Long term note	4	-	230,125
Total non-current liabilities		-	230,125
Total liabilities		5,244,729	1,189,895
Equity attributable to owners of the parent			
Share capital	6	36,471,467	36,471,467
Other reserves		4,519,461	4,519,461
Accumulated other comprehensive income		1,804,575	2,149,005
Accumulated deficit		(5,495,581)	(38,004,408)
Total equity		37,299,922	5,135,525
Total equity and liabilities		42,544,651	6,325,420

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

NOBLE IRON INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

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

In Canadian Dollars

	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Continuing operations				
Operating expenses				
General and administrative	1,566,894	87,768	1,750,160	182,846
Loss from continuing operations	(1,566,894)	(87,768)	(1,750,160)	(182,846)
Finance loss / (income)				
Interest income	-	(523)	-	(1,152)
Foreign exchange loss	30,291	-	30,291	-
Loss from continuing operations before taxation	(1,597,185)	(87,245)	(1,780,451)	(181,694)
Income tax	-	-	-	-
Net loss from continuing operations	(1,597,185)	(87,245)	(1,780,451)	(181,694)
Discontinued operations				
Net income from discontinued operations, net of tax	34,115,519	114,248	34,289,278	189,473
Net income	32,518,334	27,003	32,508,827	7,779
Other comprehensive loss				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation adjustment	(367,585)	(53,834)	(344,430)	(100,514)
Total comprehensive income / (loss)	32,150,749	(26,831)	32,164,397	(92,735)
Income / (loss) per share				
Basic and diluted from continuing operations	0.00	(0.00)	(0.01)	(0.01)
Basic from discontinued operations	1.25	0.00	1.26	0.00
Diluted from discontinued operations	1.24	0.00	1.25	0.00

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

NOBLE IRON INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

In Canadian Dollars

	Share Capital No.	Share Capital \$	Other reserves \$	Accumulated other comprehensive income \$	Accumulated deficit \$	Total equity \$
Balance, January 1, 2021	27,267,479	36,471,467	4,519,374	2,236,132	(38,271,962)	4,955,011
Income for the period	-	-	-	-	7,779	7,779
Other comprehensive loss	-	-	-	(100,514)	-	(100,514)
Total comprehensive loss	-	-	-	(100,514)	7,779	(92,735)
Share-based payments	-	-	87	-	-	87
Balance, June 30, 2021	27,267,479	36,471,467	4,519,461	2,135,618	(38,264,183)	4,862,363
Balance, January 1, 2022	27,267,479	36,471,467	4,519,461	2,149,005	(38,004,408)	5,135,525
Income for the period	-	-	-	-	32,508,827	32,508,827
Other comprehensive loss	-	-	-	(344,430)	-	(344,430)
Total comprehensive gain	-	-	-	(344,430)	32,508,827	32,164,397
Share-based payments	-	-	-	-	-	-
Balance, June 30, 2022	27,267,479	36,471,467	4,519,461	1,804,575	(5,495,581)	37,299,922

See Accompanying Notes to Interim Condensed Consolidated Financial Statements



NOBLE IRON INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

In Canadian Dollars

	<i>Notes</i>	2022	2021
		\$	\$
Cash flows from operating activities			
Net income		32,508,827	7,779
Adjustments for:			
Amortization and depreciation		-	54,107
Share-based payments		-	87
Gain on disposal of asset		-	(170)
Unrealized foreign exchange loss		-	120,297
Gain on discontinued operations, before	3	(36,909,038)	-
Changes in working capital	8	5,005,480	(243,322)
Cash from operating activities		605,269	(61,222)
Interest paid		(801)	(2,275)
Net cash from / (used in) operating activities		604,468	(63,497)
Investing activities			
Interest received		-	1,152
Purchase of property and equipment		-	(4,728)
Disposal of property and equipment		-	1,050
Disposal of discontinued operations, before tax	3	36,852,488	-
Acquisition of other investments	3	(4,200,000)	-
Net cash from / (used in) investing activities		32,652,488	(2,526)
Financing activities			
Payment of lease liabilities		-	(34,661)
Net cash used financing activities		-	(34,661)
Effects of exchange rate differences on cash and cash equivalents		(492,632)	(233,302)
Net increase in cash and cash equivalents		33,256,956	(100,684)
Cash and cash equivalents, beginning of period		5,497,578	5,470,634
Cash and cash equivalents, end of period		38,261,902	5,136,648

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

NOBLE IRON INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

In Canadian Dollars

1. Corporate information:

Noble Iron Inc. (the "Company") was incorporated under the Company Act (British Columbia) and was continued under the Business Corporations Act (Ontario) on November 5, 2008. The address of the Company's registered office is 7-871 Victoria St N., #330, Kitchener, Ontario, N2B 3S4. The Interim condensed consolidated financial statements of the Company, as at and for the three and six months ended, June 30, 2022 and 2021, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

Noble Iron Inc. is listed on the TSX-Venture Exchange under the symbol NIR. The Company operates in enterprise asset management software for the construction and industrial equipment industry under the name "Texada Software".

Texada Software develops software applications to manage the complete equipment ownership lifecycle: from equipment purchasing, rental and sales transactions, inventory management, maintenance and depreciation tracking through to used equipment sales, disposal, and inventory replenishment. Texada Software offers in the cloud or client-based software and is scalable to meet the needs of any equipment rental company, dealership, construction company, contractor, and any customer who owns or uses construction or industrial equipment.

Effective June 30, 2022, the Company sold Texada Software operations in Canada and Australia. Accordingly, the results of operations and the gain on the software business are presented as discontinued operations separate from the Company's continuing operations. Prior period information has been reclassified to present the Texada Software operations as discontinued operations.

2 Basis of preparation:

(a) Statement of compliance:

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting". The notes presented in these interim condensed consolidated financial statements include only significant changes and transactions occurring since the Company's last year end and are not fully inclusive of all disclosure required by International Financial Reporting Standards ("IFRS") for annual consolidated financial statements.

These interim condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the years ended December 31, 2021 and 2020, (the "2021 Annual Financial Statements") which are available on SEDAR and have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2022.

These interim condensed consolidated financial statements follow the same accounting policies and methods of application as the 2021 Annual Financial Statements. These interim condensed consolidated financial statements are presented in Canadian dollars.

(b) Basis of measurement:

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except as otherwise disclosed.

(c) Functional and presentation currency:

Amounts included in the interim financial statements of each entity that is a foreign operation are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The interim condensed consolidated financial statements are presented in Canadian dollars ("presentation currency"), which is also Noble Iron Inc.'s functional currency.

NOBLE IRON INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

In Canadian Dollars

2. Basis of preparation: (continued)

(d) Use of estimates and judgments:

Use of estimates:

The preparation of interim condensed financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management periodically reviews its estimates and underlying assumptions relating to the following items:

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

i. Depreciation

Management estimates future residual values and the rate at which the useful lives of property and equipment are consumed to determine appropriate depreciation charges. Estimates of residual value and useful lives are based on data and information from various sources, including vendors, industry practice and company specific history. These estimates are evaluated annually and adjusted prospectively, where necessary, to reflect actual experience.

ii. Amortization

Management estimates the expected useful life of intangible assets for use in calculating amortization expense. The estimates are evaluated annually and adjusted prospectively, where necessary, to reflect actual experience.

iii. Provision for doubtful accounts

The Company makes an assessment of whether trade receivables are collectable for each customer based on payment history and financial condition. These estimates are continuously evaluated and updated.

iv. Stand-alone selling prices

The recognition of revenue requires judgement in the assessment of performance obligations, whether they are distinct and separate, within a contract and the assessment of recognizing at a point in time or over a period of time. Material promises within a contract to deliver distinct services are accounted for as separate performance obligations. The determination of the standalone selling prices ("SSP") for distinct performance obligations can also require judgment and estimates. The Company uses a single amount to estimate SSP for bundled items such as subscription fee SaaS licenses, implementation and training in subscription arrangements that are not sold separately. The Company uses a range of amounts to estimate SSP when it sells each of the products and services separately and needs to determine whether there is a discount that needs to be allocated based on the relative SSP of the various products and services. In general, SSP for implementation and training in subscription fee contracts is supported by third party evidence and internal analysis of similar contracts. SSP for subscription licenses for same or similar services is established based on using the residual approach. Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to the customer.

NOBLE IRON INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

In Canadian Dollars

2. Basis of preparation: (continued)

(d) Use of estimates and judgments (continued):

Use of judgments:

The preparation of interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments that affect the application of accounting policies and the interpretation of accounting standards. Management periodically reviews its judgments and underlying assumptions relating to the following items:

i. Intercompany transactions

Management exercises judgment to determine which amounts receivable from a foreign operation are not expected to be settled and accordingly forms part of the Company's net investment in the foreign operation. Factors considered include the nature of the source of the amounts advanced and the ability of the foreign operation to repay the advance.

ii. Recognition of deferred tax asset

Management exercises judgment in determining whether to recognize deferred tax assets and the amount of the recognition at each period end. Factors considered in this determination includes the probability of generating sufficient taxable income, the estimation of the tax rates that will be enacted when these assets will be utilized and different tax positions that can be taken to affect taxes payable in the future.

iii. Multiple elements of revenue

Management's judgment is applied to the evaluation of multiple elements arrangements in the Company's contract with customers to assess whether deliverables can be recognized separately for revenue recognition purposes. Determining whether such bundled products and services are considered a) distinct performance obligations that should be separately recognized, or b) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. In general, the Company's implementation and training services are capable of being distinct as they could be performed by third party service providers and do not involve significant customization of the licensed software.

(e) New standards and interpretations adopted:

The International Accounting Standards Board ("IASB") has issued the following amendments, revisions, and new International Financial Reporting Standards ("IFRS") that are not yet effective and while considered relevant to the Group, they have not yet been adopted by the Group.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2021 except for the adoption of new standards effective January 1, 2022, if any. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Company.

NOBLE IRON INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

In Canadian Dollars

2. Basis of preparation: (continued)

(e) New standards and interpretations not yet adopted:

i. On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. The amendments include specifying the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists and expectations about events after the balance sheet date are not relevant. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

ii. On February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

iii. On February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates.' The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted if this fact is disclosed.

iv. On May 7, 2021, the IASB issued amendments to IAS 12, Income Taxes, which clarifies the accounting related to deferred taxes related to assets and liabilities arising from a single transaction. It requires the recognition of both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test. The amendments are effective for annual periods beginning on or after January 1, 2023.

3. Sale of Texada Software operations:

On April 18, 2022, the Company announced that it had entered into an agreement to sell its operating business, called Texada Software ("Texada"), for total proceeds of \$37,200,000. The Company's entities that were involved in the sale included Systematic Computer Services Corporation ("Systematic"), which operates as "Texada Software," and is owned by a directly owned subsidiary of the Company, called wholly RentOnTheDot, Inc. ("ROTD"); as well as the Company's wholly owned subsidiary, Texada Software Pty Ltd, which operates as "Texada Software," in Australia. The agreement required that the Company subscribe for a \$4,200,000 equity interest in BP Tex LP, Texada Software's new parent company, a wholly owned subsidiary of Banneker Partners. The transaction was completed on June 30, 2022 and at the date of the closing, the Company's \$4,200,000 equity stake represented approximately a 7.4% ownership interest in BP Tex LP. This equity interest is subject to dilution in the event that BP Tex LP issues additional equity.

NOBLE IRON INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

In Canadian Dollars

3. Sale of Texada Software operations: (continued)

RentOnTheDot, Inc. (“ROTD”) entered into a share purchase agreement (the “SPA”) with BP Tex Canada Amalco Corporation (“BP Canada”) and Noble Iron’s Australian subsidiary, Texada Software Pty Limited (the “Australian Vendor”). Pursuant to which ROTD sold 100% of the shares of the Company’s indirectly-held operating subsidiary, Systematic Computer Services Corporation (“Systematic”) which operates the Company’s Texada Software business (the “Software Business”), to BP Canada and the Australian Vendor sold all of its assets to BP Tex Australia Acquisition Corporation Pty Ltd (“BP Australia”) (collectively, the “Transaction”).

Pursuant to the terms of the SPA, ROTD agreed to sell all of the issued and outstanding shares of Systematic (the “Purchased Shares”) to BP Canada for a consideration consisting of \$36,200,000 in cash (the “Purchase Price”), which is subject to adjustment based on, among other things, the amount of working capital determined to be present in Systematic at closing. The amount of \$500,000 of the Purchase Price was paid into an escrow account as security for the reconciliation of working capital that will commence ninety days following the closing of the Transaction. In addition, the amount of \$4,200,000 of the purchase price was used to acquire the Rollover Interest of approximately a 7.4% equity stake on closing which is subject to dilution in the event BP Tex LP issues additional equity.

Concurrently, BP Australia acquired all of the operating assets (the “Australian Assets”) of the Australian Vendor pursuant to the terms of an asset purchase agreement (the “APA”) dated April 18, 2022 for a consideration of \$1,000,000 subject to working capital and other adjustments.

The transaction was completed and closed on June 30, 2022. The gross proceeds of the sale were \$37,397,075, with \$500,000 being held in escrow for final working capital adjustments to the purchase price. The amount in escrow is included in cash and cash equivalents on the consolidated statements of financial position. The final net working capital adjustment to the purchase price of \$55,819 have been recorded as a receivable under other assets on the consolidated statements of financial position. The final purchase price, post final net working capital adjustments is \$37,452,894. The estimated transaction costs associated with this transaction totaled \$600,901.

The operating results for the previously reported software business, including prior period results, are presented as discontinued operations separate from the Company’s continuing operations.

	2022	2021
	\$	\$
Revenue	3,721,928	3,258,571
Expenses	(3,091,465)	(2,976,573)
Operating income	630,463	281,998
Finance costs	(28,723)	(92,525)
Profit (loss) before tax from discontinued operations	601,740	189,473
Gain on sale of the discontinued operations	36,909,038	-
Tax expense	(3,221,500)	-
Income, net of tax for the period from discontinued operations	34,289,278	189,473

The gain on sale, net of taxes is as follows:

	\$
Sales proceeds, net of transaction expenses of \$600,901	36,796,174
Final purchase price working capital adjustment receivable	55,819
Net liabilities disposed off	57,045
Gain on sale before taxes	36,909,038
Taxes	(3,221,500)
Gain on sale, net of taxes	33,687,538

NOBLE IRON INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

In Canadian Dollars

3. Sale of Texada Software operations: (continued)

The assets and liabilities disposed of were as follows:

	Systematic Computer Services Corporation (Share sale) \$	Texada Software Pty Ltd (Asset sale) \$
Intangible assets	68,042	-
Property and equipment	10,219	1,807
Trade receivables	612,201	162,394
Prepayment and other assets	120,558	7,461
Trade and other payables	(366,213)	(128,923)
Contract liabilities	(138,800)	(99,784)
Net assets disposed	<u>306,007</u>	<u>(57,045)</u>

4. Long term notes:

On August 6th, 2021 (Commencement Date), Texada Software PTY LTD. (“borrower”), subsidiary of the Company, received loan proceeds of approximately \$240,625 (AU\$250,000) in the form of a Note under the Queensland Rural and Industry Development Authority (QRIDA) COVID-19 Job Support Loans (Program). This program was established to assist small companies to meet their working capital expenses. The loan has a term of 10 years with no repayment for the first 12 months and the loan shall be repaid in 108 installments. The first installment is due 13 months after the Commencement Date, with subsequent instalments due monthly on or before the same date thereafter.

As per the agreement, for the first 12 months, no interest shall be accrued. Effective on the 13th month, the interest will be at 2.50% per annum and will continue to accrete interest based on the outstanding principal balance from the 13th month to the 36th month.

For the first 12 months, the Borrower will not be required to make any payment, however the Borrower can repay the principal balance without incurring any penalty. For the 13th to the 36th month, the Borrower will be required to make an interest only payment which is calculated using the monthly portion of the annual interest rate against the outstanding principal. For months 37 to 120, the Borrower will be required to make both a principal and interest payment to payoff the balance by no later than the end of 10 years after the Commencement Date. The Borrower will be able to repay the principal without incurring any penalty.

The loan was recorded as a long term note under non-current liabilities on the interim consolidated statements of financial position.

On January 25, 2022, the Company paid back the entire loan amount along with any accrued interest.

5. Government grants and assistance:

The Company applied for various government support programs introduced in response to the COVID-19 pandemic during the first year of the pandemic. These assistances are available to the companies that were impacted by the COVID-19 pandemic based on the eligibility criteria in the jurisdictions they operate in. The Company would request and receive these funds subsequent to the payroll period.

During the six months ended June 30, 2022, the Company received a total of \$nil (2021: \$4,579) in government assistance under the government economic response to COVID-19 that was directly attributable to payroll expenses.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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In Canadian Dollars

6. Share capital:

(a) Authorized:

The Company has authorized 100,000,000 preferred shares without par value, issuable in one or more series as well as an unlimited number of common shares without par value. As of June 30, 2022, there are 27,267,479 (December 31, 2021 – 27,267,479) fully paid for common shares issued and outstanding.

The Board of Directors ratified, confirmed, and approved a Restricted Share Plan, which was adopted by the Board of Directors effective June 10, 2014. A maximum of 1,000,000 shares, or 4.67% of the number of the Company's common shares issued and outstanding as of the date of approval of the Restricted Share Plan, are available for grant under the Restricted Share Plan. On July 15, 2020, the Board of Directors discontinued the Restricted Share Plan. At the time of discontinuation, the Company had no restricted shares issued. There are no preferred shares outstanding as at June 30, 2022 and December 31, 2021.

(b) Issued:

Issued and outstanding common shares were 27,267,479 as of June 30, 2022 and as of December 31, 2021. During the six months ended June 30, 2022, the Company issued no common shares and had no exercise of options. There are no preferred shares outstanding as at June 30, 2022 or December 31, 2021.

7. Net income (loss) per share:

The computations for basic and diluted income (loss) per share for the three and six months ended June 30, 2022 and 2021 are as follows:

	Three Months Ended June 30		Six months ended June 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net loss from continuing operations	(1,597,185)	(87,245)	(1,780,451)	(181,694)
Net income from discontinued operations	34,115,519	114,248	34,289,278	189,473
Weighted average number of common shares outstanding:				
Basic	27,267,479	27,267,479	27,267,479	27,267,479
Diluted	27,417,377	27,413,114	27,392,949	27,391,654
Net income / (loss) per share:				
Basic and diluted from continuing operations	(0.06)	(0.00)	(0.07)	(0.01)
Basic from discontinued operations	1.25	0.00	1.26	0.01
Diluted from discontinued operations	1.24	0.00	1.25	0.01

At as June 30, 2022, share options to purchase 1,713,500 (December 31, 2021 – 1,713,500) common shares are excluded from the weighted average common shares in the calculation of diluted income/(loss) per share as they are anti-dilutive.

NOBLE IRON INC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

In Canadian Dollars

8. Change in non-cash operating working capital:

	2022	2021
	\$	\$
Accounts receivable	3,130	(127,851)
Prepaid expenses and other assets	(20,146)	73,407
Accounts payable and accrued liabilities	1,800,996	(235,308)
Contract liabilities	-	46,430
Taxes payable	3,221,500	-
	<u>5,005,480</u>	<u>(243,322)</u>

9. Financial risk management:

The Company is exposed to foreign exchange risk, credit risk, and liquidity risk related to its underlying financial assets and liabilities. Risk management strategies are designed to ensure that Company's risks and related exposures are consistent with its business objectives and overall risk tolerance. There have been no significant changes to the Company's risk management strategies since December 31, 2021, and no assurance can be provided that these strategies will continue to be effective.

(a) Foreign exchange risk:

Foreign exchange risk is the risk that the fair value, or the future value cash flow of a financial instrument, will fluctuate due to changes in foreign exchange rates.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company believes that it has access to sufficient cash to cover the expected short-term and long-term cash requirements.

10. Determination of fair values:

(a) Financial Assets:

Management has determined that the carrying amount of its short-term financial assets, including cash and other assets approximates fair value at the reporting date.

(b) Financial liabilities:

Management has determined that the carrying amount of its short-term financial liabilities, including accounts payable and accrued liabilities approximate fair value at the reporting date due to the short-term maturity of these obligations.

(c) Fair value:

As of June 30, 2022, the Company acquired an equity interest of \$4,200,000 which is measured at fair value. The carrying value of this investment approximates the fair value at the reporting date.