



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2022 and 2021

(Unaudited and expressed in Canadian Dollars)

RHYOLITE RESOURCES LTD.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED 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 condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

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

RHYOLITE RESOURCES LTD.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited and expressed in Canadian dollars)

	March 31,	December 31,
	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,180,151	\$ 19,060,773
Amounts receivable	53,213	65,935
Prepaid expenses and deposits	52,564	81,446
	16,285,928	19,208,154
Non-current assets		
Property, plant and equipment (Note 5)	88,371	45,351
Right of use asset (Note 6)	276,659	-
Investment in joint ventures (Note 7)	11,011,920	9,028,487
Total assets	\$ 27,662,878	\$ 28,281,992
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 819,548	\$ 574,465
Lease liability (Note 6)	44,111	-
	863,659	574,465
Non-current liabilities		
Lease liability (Note 6)	236,903	-
Total liabilities	\$ 1,100,562	\$ 574,465
Shareholders' equity		
Share capital (Note 9)	39,215,837	39,152,872
Equity reserves	2,131,665	1,168,349
Deficit	(14,785,186)	(12,613,694)
	26,562,316	27,707,527
Total liabilities and shareholders' equity	\$ 27,662,878	\$ 28,281,992

Basis of preparation (Note 2)

Going concern (Note 2)

Related party transaction (Note 10)

Subsequent event (Note 7)

Approved on behalf of the Board of Directors:

/s/ Tony Chedraoui

/s/ Michael G. Leskovec

Tony Chedraoui, Director

Michael G. Leskovec, Director

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

RHYOLITE RESOURCES LTD.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited and expressed in Canadian dollars)

	Three months ended	
	March 31,	
	2022	2021
Operating expenses		
Office administration and facilities (Note 10)	\$ -	\$ 32,500
Compliance and regulatory	14,856	25,638
Professional fees	27,707	19,380
Consulting fees (Note 11)	334,918	221,608
Insurance	9,506	2,838
Salaries and benefits	519,601	54,774
Shared-based payment (Note 10)	963,316	-
General and administrative	90,498	4,504
Investor relations	3,970	4,273
Depreciation of property, plant and equipment (Note 5)	5,317	-
Depreciation of right of use asset (Note 6)	14,561	-
	1,984,250	365,515
Other expense (income)		
Gain on derivative instrument	-	(630,000)
Foreign exchange loss	16,710	7,408
Interest cost on lease liability (Note 6)	7,196	-
Interest income	(14,647)	(902)
Share of loss in joint ventures (Note 7)	177,983	-
Loss (income) and comprehensive loss (income) for the period	\$ 2,171,492	\$ (257,979)
Basic and diluted loss (earnings) per share	\$ 0.02	\$ (0.00)
Weighted average number of common shares outstanding		
Basic	116,600,780	82,883,766
Diluted	116,600,780	82,983,766

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

RHYOLITE RESOURCES LTD.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited and expressed in Canadian dollars)

	Three months ended	
	March 31,	
	2022	2021
Cash (used in) provided by:		
Operating activities:		
(Loss) income for the period	\$ (2,171,492)	\$ 257,979
Adjusted for:		
Gain on derivative instrument	-	(630,000)
Share of loss in joint ventures	177,983	
Depreciation of property, plant and equipment (Note 5)	5,317	-
Depreciation of right of use asset (Note 6)	14,561	
Interest cost on lease liability	7,196	-
Shared-based payment (Note 10)	963,316	-
Changes in non-cash working capital balances:		
Amounts receivable and prepaid deposits	41,604	171,850
Accounts payable and accrued liabilities	(268,754)	53,278
	(1,230,269)	(146,893)
Investing activities:		
Acquisition of property, plant and equipment	(48,337)	(6,261)
Investment in joint ventures (Note 7)	(1,584,614)	(308,680)
	(1,632,951)	(314,941)
Financing activities:		
Exercise of stock options	-	37,500
Repayment of lease liability	(10,206)	-
Interest cost on lease liability	(7,196)	-
	(17,402)	37,500
Change in cash for the period	(2,880,622)	(424,334)
Cash and cash equivalents, beginning of period	19,060,773	6,419,246
Cash and cash equivalents, end of period	\$ 16,180,151	\$ 5,994,912

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

RHYOLITE RESOURCES LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Equity Reserves	Deficit	Total Equity
Balance, December 31, 2020	82,693,766	18,499,096	111,205	(8,741,238)	9,869,063
Income for the period	-	-	-	257,979	257,979
Exercise of stock options - cash proceeds	250,000	37,500	-	-	37,500
Fair value of stock options exercised	-	28,695	(28,695)	-	-
Shares issued for acquisition of joint ventures	3,500,000	2,450,000	-	-	2,450,000
Balance, March 31, 2021	86,443,766	21,015,291	82,510	(8,483,259)	12,614,542
Balance, December 31, 2021	116,590,221	39,152,872	1,168,349	(12,613,694)	27,707,527
Loss for the period	-	-	-	(2,171,492)	(2,171,492)
Share-based payment (Note 10)	-	-	963,316	-	963,316
Shares issued for joint venture earn-in (Note 7)	95,032	62,965	-	-	62,965
Balance, March 31, 2022	116,685,253	39,215,837	2,131,665	(14,785,186)	26,562,316

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

RHYOLITE RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited and expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Rhyolite Resources Ltd. (the “Company” or “Rhyolite”) was incorporated under the *Business Corporations Act* (Alberta) on April 6, 2006. The Company’s principal business activities include the acquisition, exploration and development of mineral properties. The Company’s registered office address is Suite 1900, 520 – 3rd Avenue SW, Calgary. The Company’s common shares are listed on the Toronto Stock Venture Exchange under the symbol “RYE”.

2. BASIS OF PREPARATION

a) Statement of Compliance

These unaudited condensed consolidated interim financial statements (“consolidated interim financial statements”) as at and for the three months ended March 31, 2022, have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information required for annual consolidated financial statements. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed.

Certain prior year figures have been reclassified to conform to the presentation of the current year.

These consolidated interim financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements and related notes as at and for the year ended December 31, 2021.

These consolidated interim financial statements were approved and authorised for issuance by Company’s board of directors on May 18, 2022.

b) Basis of Measurement

These consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

c) Continuation of operations and going concern

These consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars except when otherwise indicated. They have been prepared on a going concern basis on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company had working capital of \$15.4 million, including cash and cash equivalents of \$16.2 million as at March 31, 2022. During the period, the Company reported a net loss of \$2.2 million.

RHYOLITE RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited and expressed in Canadian dollars)

The Company plans to develop the Muckahi Mining System (“Muckahi”) and to identify a suitable project for the application of Muckahi. The Company also continues to fund its commitments under the joint venture agreements (Note 7), which extend beyond the end of March 31, 2023. The Company will require additional financing in order to fund its operations, meet its planned investment in Muckahi and meet the cash payment and exploration expenditure commitments under the joint venture agreements.

Continuance as a going concern is dependent upon the Company’s ability to obtain adequate equity or debt financing, or, alternatively, dispose of its non-core properties on an advantageous basis, among other things. In 2021 and 2020, the Company was successful in raising funds through equity offerings. While the Company has been successful in the past in obtaining financing for its operations, there is no assurance that it will be able to obtain adequate financing in the future, and as a result a material uncertainty exists that casts significant doubt about the Company’s ability to continue as a going concern.

The ability to raise additional financing to meet its financial obligations and execute its business plans, described above, are significant judgments in these consolidated interim financial statements. These consolidated interim financial statements do not reflect any adjustments to the carrying values or the classification of assets and liabilities and reported expenses that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

d) Basis of consolidation

These consolidated interim financial statements include the accounts of the Company and its subsidiaries, which are entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity to obtain benefits from the entity’s activities. The financial statements of subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases. Where the Company’s interest in a subsidiary is less than 100%, the interest attributable to non-controlling shareholders is recognized as non-controlling interest.

The consolidated interim financial statements include the financial statements of Rhyolite Resources Ltd. and its subsidiaries listed below:

	Jurisdiction	Nature of Operations	Equity Interest	
			March 31, 2022	December 31, 2021
Paxson Resources Ltd.	Alberta, Canada	Holding company	100%	100%
Paxson Resources (USA) Inc.	Alaska, USA	Exploration	0%	100%
2777662 Ontario Ltd.	Ontario, Canada	Holding company	100%	100%
2765798 Ontario Ltd.	Ontario, Canada	Holding company	100%	100%
Muckahi Inc.	Canada	Holding company	100%	100%
SEMC	Canada	Holding company	100%	0%

The Company did not renew the Paxson Resources (USA) Inc. license upon its expiration on December 31, 2021 and the US subsidiary was dissolved on February 15, 2022.

On March 29, 2022, the Company acquired 100% of the shares of Suriname Exploration & Mining Company N.V (“SEMC”), a private company in Suriname for a consideration of \$60. SEMC did not have any asset or liability at the time of acquisition. The acquisition of SEMC did not meet the definition of a business in accordance with IFRS 3 *Business Combination*. The acquisition of SEMC supports the strategic growth objectives of the Company through physical presence in Suriname.

All inter-company balances and transactions have been eliminated.

RHYOLITE RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited and expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

These consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company as at and for the year ended December 31, 2021. The consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021.

During the period, the Company has adopted a new accounting policy for leases which is as follows:

At the inception of a contract, an assessment is made to determine if the contract is, or contains, a lease based on the right to control the asset and the receipt of substantially all the benefits from the use of the identifiable asset. Right of use assets ("RoU") are measured at an amount equal to the lease obligation, adjusted by the amount of any prepaid or accrued lease payments. The Company recognizes a RoU at the lease commencement date. The RoU is initially measured at cost which is the initial measurement of the lease obligation plus any lease payments made at or before the commencement date. The RoU is amortized using the straight-line method over the shorter of the lease term and the estimated remaining useful life of the asset. The RoU is subsequently measured at cost less accumulated amortization and accumulated impairment losses and adjusted for certain remeasurements of the lease obligation.

Lease obligations are initially measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined then by using the Company's incremental borrowing rate. The lease obligation is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments or a lease modification. A corresponding adjustment is made to the carrying amount of the RoU or is recorded in the Statement of Loss and Comprehensive Loss if the carrying amount of the RoU has been reduced to zero.

The Company, depending upon the nature of the lease agreement, includes the following in the lease payments: fixed payments (including in-substance fixed payments); variable lease payments that depend on an index or a rate; amounts expected to be payable under residual value guarantees; the exercise price of a purchase option that the Company is likely to exercise; and penalties for lease termination if the Company plans to exercise the termination option. The Company assesses extension options based on available information at the lease commencement date. Subsequently, if there is a change in circumstances within its control, the Company will then reassess the extension option to determine whether there is an economic incentive to exercise the option. Such an assessment is subject to management's judgment.

The Company has elected not to recognize RoU assets and lease obligations with a lease term of 12 months or less and low value leases. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

RHYOLITE RESOURCES LTD.

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(Unaudited and expressed in Canadian dollars)

New accounting standards issued but not yet effective

Certain new accounting standards were not yet effective for the three months ended March 31, 2022 and have not been applied in preparing these consolidated interim financial statements.

The following amendments to existing standards are effective for annual periods beginning on or after January 1, 2023. Management has assessed the financial statement impact of adopting the following standards and have determined that the impact is insignificant.

- (a) Amendment to IAS 12 *Income taxes*: The amendment narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as deferred taxes on leases and decommissioning obligations.
- (b) Amendment to IAS 1 *Presentation of Financial Statements*: The narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.
- (c) Amendments to IAS 1 *Presentation of Financial Statements* and an update to IFRS Practice Statement 2 *Making Materiality Judgements* to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The extent of the impact of adoption of these amendments has not yet been determined.

- (d) Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

RHYOLITE RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited and expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the measurements of assets, liabilities, expenses and certain disclosures reported in these consolidated interim financial statements. Judgments, 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. However, actual outcomes can differ materially from these estimates. The significant judgments, estimates and nature of assumptions made by management in applying the Company's accounting policies are consistent with those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2021.

5. PROPERTY, PLANT, AND EQUIPMENT

	Computer equipment	Office equipment and furniture	Leasehold improvement	Total
Cost				
Balance at January 1, 2021	\$ -	\$ -	\$ -	\$ -
Additions	31,962	12,191	4,226	48,379
Balance at December 31, 2021	\$ 31,962	\$ 12,191	\$ 4,226	\$ 48,379
Additions	3,300	34,710	10,327	48,337
Balance at March 31, 2022	\$ 35,262	\$ 46,901	\$ 14,553	\$ 96,716
Accumulated depreciation				
Balance at January 1, 2021	\$ -	\$ -	\$ -	\$ -
Depreciation	2,546	482	-	3,028
Balance at December 31, 2021	\$ 2,546	\$ 482	\$ -	\$ 3,028
Depreciation	3,433	1,262	622	5,317
Balance at March 31, 2022	\$ 5,979	\$ 1,744	\$ 622	\$ 8,345
Carrying amounts				
December 31, 2021	29,416	11,709	4,226	45,351
March 31, 2022	\$ 29,283	\$ 45,157	\$ 13,931	\$ 88,371

RHYOLITE RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited and expressed in Canadian dollars)

6. RIGHT OF USE ASSET AND LEASE LIABILITY

The Company commenced an office lease on January 1, 2022. The lease obligation and right of use asset are recognized during the period as follows. The operating cost component of the lease payment is expensed as incurred.

Right of use asset

	Building
Cost	
Balance at January 1, 2021	\$ -
Additions	-
Balance at December 31, 2021	\$ -
Additions	291,220
Balance at March 31, 2022	\$ 291,220
Accumulated depreciation	
Balance at January 1, 2021	\$ -
Depreciation	-
Balance at December 31, 2021	\$ -
Depreciation	14,561
Balance at March 31, 2022	\$ 14,561
Carrying amounts	
December 31, 2021	\$ -
March 31, 2022	\$ 276,659

Lease liability

The contractual undiscounted lease obligation including finance costs are as follows:

	March 31,	December 31,
	2022	2021
Less than a year	\$ 70,251	\$ -
Between one and five years	286,158	-

Amounts recognized in the Statement of Loss and Comprehensive Loss:

	Three months ended,	
	2022	March 31,
		2021
Finance cost on lease liability	\$ 7,196	\$ -
Operating cost components not included in lease obligation	14,695	-

RHYOLITE RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited and expressed in Canadian dollars)

7. INVESTMENT IN JOINT VENTURES

A summary of the Company's investment in the Brothers Project and the Suku Passi Project (including both the Suku Passi and Bob's concessions) is presented as follows:

	Amount
Brothers Project	
Balance - December 31, 2020	\$ 3,312,412
Acquisition cost	125,790
Earn-in exploration expenditures	1,444,756
Share of loss in joint venture	(227,193)
Balance - December 31, 2021	\$ 4,655,765
Earn-in exploration expenditures	837,676
Share of loss in joint venture	(177,983)
Total Brothers - March 31, 2022	\$ 5,315,458
Suku Passi Project (Suku Passi and Bob's Concessions)	
Balance - December 31, 2020	\$ -
Acquisition cost	3,080,000
Earn-in payments	754,100
Earn-in exploration expenditures	538,622
Balance - December 31, 2021	\$ 4,372,722
Earn-in payments	692,615
Earn-in exploration expenditures	568,160
Shares issued for joint venture earn-in	62,965
Total Suku Passi - March 31, 2022	\$ 5,696,462
Total Investment in Joint Ventures - March 31, 2022	\$ 11,011,920

Earn-in payments represent cash payments made to the concession holders based on the schedule set out in the joint venture agreements. Earn-in exploration expenditures represent exploration expenditures the Company incurred to fulfil its funding requirement and to obtain additional interest in the joint ventures based on the joint venture agreements.

As at March 31, 2022, the Company has \$513,837 (December 31, 2021 – \$244,054) in accounts payable and accrued liabilities related to joint venture operations.

RHYOLITE RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited and expressed in Canadian dollars)

Brothers Project

In October 2020, the Company acquired an option to earn up to an 80% interest in the Brothers Project in Suriname. The option is exercisable by completing the following:

- US\$200,000 cash payment by April 12, 2021 for a 20% interest in the project (paid);
- Drill 3,000 meters with minimum exploration expenditure of US\$1,000,000 (completed) and cash payment of US\$300,000 by April 12, 2022 for an additional 20% interest (paid);
- Drill an additional 10,000 meters with minimum exploration expenditure of US\$3,500,000 and cash payment of US\$400,000 by April 12, 2024 for an additional 20% interest. If the Company does not earn a 60% interest in the project, it will return the shares earned to date;
- Deliver a preliminary economic assessment (“PEA”) and cash payment of US\$500,000 by April 12, 2026 for an additional 10% interest;
- Deliver a feasibility study and cash payment of US\$1,250,000 by October 12, 2027 for an additional 5% interest; and
- Within 5 business days after completion of a feasibility study, make a US\$2,500,000 cash payment for the final 5% interest.

Suku Passi Project (Suku Passi and Bob’s Concessions)

On March 31, 2021, the Company completed the acquisition (the “Transaction”) of all the outstanding share capital of 2765798 Ontario Ltd. (“ONCorp”), pursuant to the terms of a definitive share purchase agreement entered into on March 21, 2021 with each of the shareholders (collectively the “Vendors”) of ONCorp. ONCorp is a privately held company which holds the options (the “Options”) to acquire a 70% interest in Suku Passi N.V. and Bob’s Resources N.V. (the “Joint Venture Companies”). The Joint Venture Companies own 100% of the Suku Passi concession and the Bob’s Pit concession (together the “Suku Passi Project”) in Suriname. The Vendors received 3,500,000 common shares (the “Consideration Shares”) of the Company in consideration for all the outstanding share capital of ONCorp.

The options held by ONCorp are exercisable by completing the following:

Suku Passi Concession

- For a 51% interest:
 - Initial cash payment of US\$400,000 (paid) and issuance of the Consideration Shares to the Vendors within 4 weeks from March 21, 2021 (completed);
 - Cash payment of US\$400,000 (paid) and exploration expenditure of US\$500,000 by March 21, 2022 (completed);
 - Cash payment of US\$300,000, share payment of US\$100,000 and exploration expenditure of US\$1,000,000 by March 21, 2023;
 - Cash payment of US\$300,000, share payment of US\$100,000 and exploration expenditure of US\$1,500,000 by March 21, 2024; and

RHYOLITE RESOURCES LTD.

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(Unaudited and expressed in Canadian dollars)

- Cash payment of US\$300,000, share payment of US\$100,000 and exploration expenditure of US\$2,000,000 by March 21, 2025.
- For an additional 19% interest:
 - Cash payment of US\$300,000, share payment of US\$100,000 and exploration expenditure of US\$2,500,000 by March 21, 2026; and
 - Deliver a pre-feasibility study ("PFS") and cash payment of US\$2,500,000 by March 21, 2029.

Bob's Pit Concession

- For a 51% interest:
 - Initial cash payment of US\$100,000 (paid) and issuance of the Consideration Shares to the Vendors within 4 weeks from March 21, 2021 (completed);
 - Cash payment of US\$100,000 by September 21, 2021 (paid); and
 - Cash payment of US\$150,000 (paid), share payment of US\$50,000 (paid) and exploration expenditures of US\$200,000 by each March 21st in 2022, 2023, 2024, 2025, and 2026 (completed 2022 requirement).
- For an additional 19% interest:
 - Deliver a PFS and cash payment of US\$750,000 by March 21, 2029.

The Company accounted for ONCorp's investment in the Suku Passi Project using the equity method as joint ventures under *IFRS 11 Joint Arrangements* and *IAS 28 Investment in Associates and Joint Ventures*.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31,	December 31,
	2022	2021
Accounts payable	\$ 689,298	\$ 519,911
Accrued liabilities	130,250	54,554
	\$ 819,548	\$ 574,465

All payables and accrued liabilities for the Company fall due within the next 12 months.

9. SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares in series without par value.

No preferred shares were issued and outstanding during the three month ended March 31, 2022.

RHYOLITE RESOURCES LTD.

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10. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises as follows:

	Three months ended	
	March 31,	
	2022	2021
Earlston	\$ -	\$ 32,500
Salaries and benefits	267,500	50,000
Share-based payment	960,616	-
Total	\$ 1,228,116	\$ 82,500

The Company had a corporate service agreement with Earlston Management Corp. ("Earlston"), a company that provided key management services to the Company and shared key management personnel with the Company. The Company paid Earlston a fee of 7,500 per month (from November 2020 to January 2021) and \$12,500 per month (from February 2021 to October 2021) and out-of-pocket costs for standard management and office services. The service agreement was terminated in October 2021. During the period, the Company incurred office administration and facilities expenditures provided by Earlston of Nil (2021 - \$32,500). Accounts payable as at March 31, 2022 and December 31, 2021 includes \$Nil in amounts owing to Earlston.

In September 2021, Mr. Stanford was appointed as Chief Executive Officer concurrent with the acquisition of Muckahi Inc. As part of the Muckahi Transaction Mr. Stanford received 9.5 million common shares of Rhyolite in consideration, of which 1.0 million common shares were delivered to Mr. Stanford upon closing of the Muckahi Transaction, and the remaining 8.5 million common shares were deposited in escrow to be released to Mr. Stanford in tranches over a four-year period conditional upon Mr. Stanford remaining involved with the Company in any capacity other than as a shareholder as at each anniversary date. During the three month period ended March 31, 2022, the Company recognized \$960,616 as share-based payment related to the escrow shares issued to Mr. Stanford in the Muckahi Transaction.

11. CONSULTING FEES

	Three months ended	
	March 31,	
	2022	2021
Muckahi Engineering	\$ 250,541	\$ -
Other	84,377	221,608
Total	\$ 334,918	\$ 221,608

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(Unaudited and expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2022 and 2021, the Company's financial instruments comprise cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. Fair values of financial instruments measured at fair value through profit or loss are classified in a fair value hierarchy based on the inputs used to determine fair values.

As of March 31, 2022 and 2021, the fair values of the Company's financial instruments approximate their carrying values due to their short-term maturity.

13. SEGMENTED INFORMATION

When determining its reportable segments, the Company considers qualitative factors, such as operations that offer distinct products and services and are considered to be significant by the Chief Operating Decision Maker, identified as the senior executive team. The Company also considers quantitative thresholds when determining reportable segments, such as if earnings (loss) or assets are greater than 10% of the total consolidated net earnings (loss), or assets of all the reportable segments, respectively. The reported loss from operations for the period ended March 31, 2022 and 2021 for each segment is as follows:

	Muckahi Mining System		Corporate and Other		Total	
	Three months ended March 31,		Three months ended March 31,		Three months ended March 31,	
	2022	2021	2022	2021	2022	2021
Consulting fees	\$ 250,541	\$ -	\$ 84,377	\$ -	\$ 334,918	\$ -
Other	-	-	1,836,574	(257,979)	1,836,574	(257,979)
Loss from operations	\$ 250,541	\$ -	\$ 1,920,951	\$ (257,979)	\$ 2,171,492	\$ (257,979)

For the Muckahi Mining System segment, as of March 31, 2022, the Company had no asset (December 31, 2021 - \$Nil) and \$124,366 in current liabilities (December 31, 2021 - \$27,039).