ZincX Resources Corp.

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended March 31, 2020 and 2019

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

ZincX Resources Corp.

Index	Page
Notice of No Auditor Review	3
Condensed Consolidated Interim Financial Statements	
Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statement of Changes in Equity	5
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss	6
Condensed Consolidated Interim Statements of Cash Flows	7
Notes to Condensed Consolidated Interim Financial Statements	8-24

ZincX Resources Corp.

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 financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

June 1, 2020

ZincX Resources Corp.

Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2020 and June 30, 2019
(Expressed in Canadian Dollars - Unaudited)

	Notes		March 31, 2020 (unaudited)		June 30, 2019 (audited)
Assets					
Current assets					
Cash		$	**1,785,162**	$	802,671
Receivables	3		**17,024**		32,789
Prepaid expenses			**42,737**		60,641
Marketable securities	5		**26,925**		41,875
Investments	6		**1,017,193**		2,524,460
			2,889,041		3,462,436
Other assets	7		**332,500**		332,500
Equipment and leasehold improvements	11		**184,035**		197,343
Right-of-use asset	9		**55,728**		–
Exploration and evaluation assets	12		**75,751,322**		74,848,548
		$	**79,212,626**	$	78,840,827
Liabilities					
Current liabilities					
Trade payables and accrued liabilities	8	$	**51,487**	$	483,840
Lease liability	9		**57,811**		–
Due to related parties	15		**1,401,335**		–
Flow-through premium liability	10		**29,992**		241,445
			1,540,625		725,285
Deferred income tax liability			**1,608,000**		1,608,000
			3,148,625		2,333,285
Equity					
Capital stock	13		**101,870,548**		101,755,665
Reserves	13		**15,086,832**		14,893,488
Deficit			**(40,893,379)**		(40,141,611)
			76,064,001		76,507,542
		$	**79,212,626**	$	78,840,827

Nature and continuance of operations (Note 1)

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

ZincX Resources Corp.

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars - Unaudited)

	Note	Capital Stock: Number of common shares	Capital Stock: Number of treasury shares	Capital Stock: Common shares Amount	Capital Stock: Treasury shares Amount	Reserves (Note 12)	Deficit	Accumulated other comprehensive gain (loss)	Total Equity
Balance, June 30, 2018		166,169,683	(781,500)	$ 101,067,845	$ (212,581)	$ 14,472,792	$ (38,479,278)	$ (6,731)	**$** 76,842,047
Treasury shares cancelled	13	(781,500)	781,500	(475,540)	212,581	262,959	–	–	–
Flow-through private placements	13	3,568,692	–	1,391,790	–	–	–	–	1,391,790
Flow-through premium liability	10	–	–	(292,633)	–	–	–	–	(292,633)
Share issuance costs	13	–	–	(74,109)	–	–	–	–	(74,109)
Exercise of share options	13	142,500	–	84,845	–	(48,820)	–	–	36,025
Exercise of warrants	13	220,000	–	121,000	–	–	–	–	121,000
Share-based compensation	13	–	–	–	–	206,552	–	–	206,552
Reclassification on the adoption of IFRS 9		–	–	–	–	–	(6,731)	6,731	–
Net loss for the period		–	–	–	–	–	(1,457,529)	–	(1,457,529)
Balance, March 31, 2019		**169,319,375**	–	**101,823,198**	–	**14,893,483**	**$ (39,943,538)**	**–**	**76,773,143**
Share-based compensation	13	–	–	–	–	5	–	–	5
Flow-through premium liability	10	–	–	(67,533)	–	–	–	–	(67,533)
Net loss for the period		–	–	–	–	–	(198,073)	–	(198,073)
Balance, June 30, 2019		**169,319,375**	–	**101,755,665**	–	**14,893,488**	**(40,141,611)**	**–**	**76,507,542**
Flow-through private placements		1,016,666	–	152,500	–	–	–	–	152,500
Flow-through premium liability		–	–	(29,992)	–	–	–	–	(29,992)
Share issuance costs		–	–	(7,625)	–	–	–	–	(7,625)
Share-based compensation		–	–	–	–	193,344	–	–	193,344
Net loss for the period		–	–	–	–	–	(751,768)	–	(751,768)
Balance, March 31, 2020		**170,336,041**	–	**$ 101,870,548**	**$ –**	**$ 15,086,832**	**$ (40,893,379)**	**$ –**	**$ 76,064,001**

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

ZincX Resources Corp.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars - Unaudited)

			Three months ended March 31,		Nine months ended March 31,
	Note	**2020**	2019	**2020**	2019
ADMINISTRATION EXPENSES					
Administration	15	**$ 15,000**	$ 15,000	**$ 45,000**	$ 45,000
Bonuses		**–**	–	**–**	30,256
Consulting		**4,688**	11,720	**22,604**	155,158
Depreciation of office equipment	11	**452**	485	**1,877**	1,459
Depreciation of right-of-use asset	9	**20,898**	–	**62,694**	–
Directors' fees	15	**–**	–	**–**	20,000
Flow-through taxes	10	**509**	4,031	**1,033**	4,490
Interest on lease liability	9	**1,791**	–	**6,889**	–
Management fees	15	**74,000**	88,500	**251,000**	265,500
Marketing and public relations		**499**	498	**1,496**	248,368
Office and miscellaneous	15	**21,265**	17,143	**57,204**	65,076
Professional fees		**3,156**	3,176	**4,382**	10,619
Regulatory and transfer agent fees		**7,028**	6,683	**17,400**	21,469
Rent		**1,781**	23,984	**5,937**	72,547
Share-based compensation	12	**193,344**	904	**193,344**	206,552
Travel and promotion		**20,339**	29,504	**50,129**	121,971
Wages and benefits		**91,688**	120,707	**304,205**	353,065
Loss before other items		**(456,438)**	(322,335)	**(1,025,194)**	(1,621,530)
OTHER ITEMS					
Interest income		**8,922**	24,158	**38,587**	71,979
Impairment allowance	4	–	(2,466)	–	(125,973)
Adjustment for change in fair value of marketable securities	5	**(9,200)**	(3,225)	**(14,950)**	(17,350)
Other income	3	–	–	**8,344**	2,892
		(278)	18,467	**31,981**	(68,452)
Loss before income taxes		**(456,716)**	(303,868)	**(993,213)**	(1,689,982)
Deferred income tax recovery	10	–	–	**241,445**	232,453
Net and comprehensive loss for the period		**$ (456,716)**	$ (303,868)	**$ (751,768)**	$ (1,457,529)
Earnings per share -basic and diluted		**$ (0.003)**	$ (0.002)	**$ (0.004)**	$ (0.009)
Weighted average number of shares outstanding -basic and diluted		**170,336,041**	169,319,375	**169,696,466**	167,512,208

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

ZincX Resources Corp.

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

		Nine months ended March 31,		
		2020		2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Net and comprehensive loss for the period	**$**	**(751,768)**	$	(1,457,529)
Items not affecting cash:				
Depreciation of office equipment		**1,877**		1,459
Depreciation of the right-of-use asset		**62,694**		–
Interest on lease liability		**6,889**		–
Flow-through taxes accrued		**508**		–
Interest accrued on investments and loan receivable		**(26,376)**		(51,748)
Impairment allowance		–		125,973
Adjustment for change in fair value of marketable securities		**14,950**		17,350
Share-based compensation		**193,344**		206,552
Deferred income tax recovery		**(241,445)**		(232,453)
Changes in non-cash working capital items:				
Receivables		**192,176**		28,303
Prepaid expenses		**17,903**		30,375
Trade payables and accrued liabilities		**(60,934)**		(88,475)
Due to related parties		**2,000**		16,743
Cash used in operating activities		**(588,182)**		(1,403,450)
CASH FLOWS FROM INVESTING ACTIVITIES				
GIC investment, net		**1,533,643**		1,515,055
Equipment and leasehold improvements		**(33,091)**		(1,519)
Exploration and evaluation asset costs		**(1,406,589)**		(1,586,804)
Cash provided by (used in) investing activities		**93,963**		(73,268)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of capital stock from private placements, net		**144,875**		1,317,681
Exercise of share options and warrants		–		157,025
Lease payments		**(67,500)**		–
Due to related parties advance		**1,399,335**		–
Cash generated from financing activities	**$**	**1,476,710**	$	1,474,706
Change in cash during the period		**982,491**		(2,012)
Cash, beginning of period		**802,671**		1,148,880
Cash, end of period	**$**	**1,785,162**	$	1,146,868

Supplemental disclosure with respect to cash flows (Note 14)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

ZincX Resources Corp. (the "Company") is incorporated under the laws of the Province of British Columbia. The Company operates in one business segment, that being the exploration and evaluation of resource properties in Canada, and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and upon future profitable production.

Effective May 7, 2018, the Company changed its name from Canada Zinc Metals Corp. to ZincX Resources Corp. and commenced trading its shares on the TSX Venture Exchange ("TSX-V") under the new name and symbol ZNX.

The Company's head office and principal address is Suite 2050-1055 West Georgia Street, PO Box 11121, Royal Centre, Vancouver, BC V6E 3P3. The registered and records office is Suite 400, 725 Granville Street, Vancouver, BC, V7Y 1G5.

These consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to commence profitable operations in the future.

While the Company has been successful in obtaining its required financing in the past, mainly through the issuance of equity capital, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

At March 31, 2020, the Company has a positive working capital position of $1,348,416 (June 30, 2019 - $2,737,151). Management believes the Company has sufficient working capital to maintain its operations for the next fiscal year.

Further, 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 impact on the Company is not currently determinable but management continues to monitor the situation.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements were authorized for issue on June 1, 2020 by the directors of the Company.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of preparation

These condensed consolidated interim financial statements of the Company have been prepared on an accrual basis except for certain cash flow information and are based on historical costs, except for certain financial instruments classified as financial instruments at fair value through profit and loss or available-for-sale which are stated at their fair value. The consolidated interim financial statements are presented in Canadian dollars, which is also the functional currency of the company and its subsidiary unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Principles of consolidation

These condensed consolidated interim financial statements include amounts of the Company and its wholly owned subsidiary Ecstall Mining Corp. ("Ecstall"), a company incorporated under the laws of the Province of British Columbia and engaged in the exploration and evaluation of resource properties.

Subsidiaries are corporations in which the Company is able to control the financial operating, investing and financing activities and policies, which is the authority usually connected with holding majority voting rights. The consolidated financial statements include the accounts of the Company and its controlled entity from the date on which control was acquired. Ecstall uses the same reporting period and the same accounting policies as the Company.

All inter-entity balances and transactions, including unrealized profits and losses arising from inter-company transactions, have been eliminated in full on consolidation.

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's annual financial statements for the year ended June 30, 2019 except for new standards, interpretations and amendments mandatory effective for the first time from July 1, 2019 as noted below.

It is, therefore, recommended that these condensed interim financial statements be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2019.

New accounting policy: IFRS 16 – Leases ("IFRS 16")

As at July 1, 2019, the Company adopted all of the requirements of IFRS 16 using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information, which continues to be reported under *IAS 17, Leases.*

Under IFRS 16, the Company is required to assess whether a contract is, or contains, a lease at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company evaluates whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement, and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate of the Company. Lease payments included in the measurement of the lease liability include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the exercise price of purchase options if the Company is reasonably certain to exercise that option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a modification, change in the lease term, change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

(Expressed in Canadian Dollars - Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Effect of Adopting IFRS 16

The Company applied the modified retrospective approach on the adoption of IFRS 16, whereby comparative figures have not been restated.

The Company has a corporate office sublease arrangement (Note 9). On July 1, 2019, the Company adopted IFRS 16 and recognized a lease liability of $118,422 in relation to its office sublease, which had previously been classified as an operating lease under the principles of IAS 17. Under the principles of the new standard, this sublease is measured as the lease liability at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate estimated at 10%.

The associated right-of-use asset has been measured at the amount equal to the lease liability on July 1, 2019. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term on a straight line basis. Furthermore, the right-of-use asset may be reduced due to impairment losses.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to the statement of operations and comprehensive loss over the lease term and classified as rent expenses.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. RECEIVABLES

	March 31, 2020	June 30, 2019
Government Sales Tax credits	$ 13,444	$ 32,155
Accrued interest on reclamation bonds (Note 7)	3,580	634
	$ 17,024	$ 32,789

The Company anticipates full recovery of its receivables and, therefore, no impairment has been recorded against these amounts.

The Company applies for the 20% British Columbia Mineral Exploration Tax Credit and the enhanced tax credit of an additional 10% for Mountain Pine Beetle affected areas ("METC") on qualified mining exploration costs incurred that are treated as a reduction of exploration costs of the respective property (Note 12). The Company records METC recoverable when it receives a CRA assessment for its application for a refund. During the nine months ended March 31, 2020, the Company's BC METC claim for fiscal 2018 of $176,411 was approved by the tax authorities. The Company received a refund of $179,728 in October 2019, which included accumulated interest of $3,317.

(Expressed in Canadian Dollars - Unaudited)

4. LOAN RECEIVABLE

On August 25, 2017, the Company advanced $100,000 to an operating entity (the "Debtor") of a publicly traded company with a director formerly in common, under a promissory note bearing interest at a rate of 10% per annum. The loan is classified as a short-term loan receivable subsequently measured at amortized cost. The loan matured on February 25, 2017 and was extended for an additional twelve months bearing the same interest rate of 10% per annum. After February 25, 2018, management agreed to extend the repayment of the loan and the accumulated interest until the Debtor finalizes a significant financing that is currently awaiting completion. During the year ended June 30, 2019, management made the assessment of the credit risk on the loan and recognized a loss allowance of $128,466 against the amount of the loan principal and accumulated interest, of which $125,973 was recorded during the period ended March, 2019. There were no additional interest accrued on the loan during the nine months ended March 31, 2020 due to high probability of the debtor's default.

5. MARKETABLE SECURITIES

Marketable securities consist of common shares of public companies that are measured at fair value, which is determined using quoted closing prices of the shares on the exchange where they are listed, at the end of each reporting period. Effective July 1, 2018, pursuant to adoption of IFRS 9, a change in fair value of the marketable securities is included in profit and loss for the period.

The Company's marketable securities transactions are as follows:

		March 31, 2020		June 30, 2019
Common shares of public companies:				
Fair value, beginning of period	$	41,875	$	57,150
Unrealized losses		(14,950)		(15,275)
Fair value, end of period	$	26,925	$	41,875

6. INVESTMENTS

Investments consist of highly liquid Canadian dollar denominated non-redeemable guaranteed investment certificates ("GIC") yielding an average fixed interest rate of 2.2% to 2.4%per annum with maturity dates within one year. The investments are classified as "fair value through profit or loss" financial assets. The counter-party is a financial institution.

At March 31, 2020, the Company held GIC investments with total principal amount of $1,012,000 (June 30, 2019 - $2,500,000) and accrued interest of $5,193 (June 30, 2019 - $24,460).

During the nine months ended March 31, 2020, the Company redeemed net $1,491,767 (2019 - $1,496,234) of its GIC investments and received an aggregate interest of $41,876 (2019 - $18,821) from the redemption of the GIC investments.

7. OTHER ASSETS

Other assets comprise of reclamation bonds totaling $332,500 (June 30, 2019 – $332,500) posted as security deposits with the Government of British Columbia in relation to the Akie and Kechika Regional properties. The reclamation bonds are deposited in GICs through a financial institution and earn an average annual variable interest rate of approximately 0.60% and reinvested on an annual basis immediately at maturity. Interest accrued on the GICs is included in receivables (Note 3).

(Expressed in Canadian Dollars - Unaudited)

8. TRADE PAYABLES AND ACCRUED LIABILITIES

		March 31, 2020		June 30, 2019
Exploration payables	$	8,459	$	380,385
Other trade payables		44,519		32,797
Accrued liabilities		509		70,658
	$	53,487	$	483,840

9. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On December 1, 2010, the Company entered into a sublease agreement with a company for its corporate office located in Vancouver, B.C. for a period of 10 years, expiring November 30, 2020, in exchange for $5,000 per month plus applicable taxes. The sublease agreement was amended effective April 1, 2015 to increase the monthly rent rate to $7,500 per month plus tax.

Effective July 1, 2019, the Company adopted IFRS 16 and recognized a lease liability of $118,422 and a corresponding right-of use asset in relation to its office lease (Note 2). The lease liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 10% as of July 1, 2019.

The following table presents the right-of-use asset for the Company:

Right-of-use asset, July 1, 2019	$	118,422
Depreciation (straight line over the remaining lease term)		(62,694)
Right-of-use asset, March 31, 2020	**$**	**55,728**

The reconciliation of lease liability is presented in the table below:

Lease commitments as at June 30, 2019:		
Current	$	90,000
Non-current		37,500
Total lease commitments, June 30, 2019		**127,500**
Effect of discounting (10% rate) on adoption of IFRS 16		(9,078)
Lease liability, July 1, 2019		118,422
Accretion of lease liability on payments		(60,611)
Lease liability, March 31, 2020	**$**	**57,811**
Current	$	57,811

During the nine months ended March 31, 2020, the Company also recognized interest expense of $6,889 (2019 - $Nil) on lease liability according to IFRS 16 requirements. Cash payments related to the office lease were $67,500 (2019 - $67,500). Costs related to the short-term offsite storage leases of $5,937 (2019 - $5,048) were expensed.

(Expressed in Canadian Dollars - Unaudited)

10. FLOW-THROUGH PREMIUM LIABILITY

		March 31, 2020		June 30, 2019
Balance, beginning of period	$	241,445	$	232,453
Recorded		29,992		360,166
Amortized		(241,445)		(351,174)
Balance, end of period	$	29,992	$	241,445

In December 2019, the Company completed a flow-through private placements issuing an aggregate of 1,016,666 flow-through shares (Note 13(b)) at a price of $0.15 per share for gross proceeds of $152,500. The Company recorded a flow-through liability of $29,992 in connection with the flow-through private placements, which was calculated based on an estimated premium of approximately $0.029 per flow-through share issued.

As at March 31, 2020, the Company has not incurred qualifying exploration expenditures with respect to its 2019 flow-through commitments. The Company has fully renounced exploration of expenditures of $152,500 to the flow-through subscribers for calendar 2019 using the "look back" rule for income tax purposes and is required to incur the qualified exploration expenditures by December 31, 2020.

In November and December 2018, the Company completed two consecutive flow-through private placements issuing an aggregate of 3,568,692 flow-through shares (Note 13(b)(i)) at a price of $0.39 per share for gross proceeds of $1,391,790. The Company recorded a flow-through liability of $360,166 in connection with the flow-through private placements, which was calculated based on an estimated premium of approximately $0.10 per flow-through share issued.

The flow-through premium liability does not represent a cash liability to the Company, and is to be fully amortized to the statement of operations and comprehensive loss pro-rata with the amount of qualifying flow-through expenditures incurred. The flow-through agreements require the Company to renounce certain deductions for Canadian exploration expenditures incurred on the Company's resource properties.

As at March 31, 2020, the Company incurred the qualifying exploration expenditures of $1,391,790 (June 30, 2019 - $458,773) with respect to its 2018 flow-through commitments and amortized $360,166 (June 30, 2019 - $118,721) of the flow-through liability, respectively. The Company has fully renounced exploration expenditures of $1,391,790 to the flow-through subscribers for calendar 2018 using the "look-back" rule for tax purposes and has incurred the qualified exploration expenditures by December 31, 2019.

When the Company uses the "look-back" rule to renounce exploration expenditures to investors before the Company actually incurs them, the Company is liable for the flow-through Part XII.6 tax ("FT Tax"). The FT Tax related to the 2019 flow-through renunciations is payable on or before February 28, 2021 (2018 is payable on or before February 28, 2020). The reconciliations of the accrued and paid 2018 and 2019 FT Tax for the period ended March 31, 2020 and for the year ended June 30, 2019 are as follows:

		March 31, 2020		June 30, 2019
Balance, beginning of period	$	10,451	$	5,923
Accrued		1,032		14,941
FT Tax paid		(10,975)		(10,413)
Balance, end of period	$	508	$	10,451

(Expressed in Canadian Dollars - Unaudited)

11. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Computers and software	Office equipment and furniture	Office leasehold improvements	License[1]	Vehicle[1]	Camp equipment and fixtures[1]	Camp structures and upgrades[1]	Total
Cost:								
At June 30, 2018	$ 19,769	$ 21,992	$ 4,616	$ 36,744	$ 37,026	$ 375,254	$ 654,554	$ **1,149,955**
Acquisition	-	1,284	-	1,091	-	-	-	2,375
Disposal	(6,949)	(1,211)	-	-	-	-	-	(8,160)
At June 30, 2019	12,820	22,065	4,616	37,835	37,026	375,254	654,554	**1,144,170**
Acquisition	-	1,157	-	1,091	5,626	25,216	-	33,090
Disposal	-	(1,474)	-	-	-	-	-	(1,474)
At March 31, 2020	$ 12,820	$ 21,748	$ 4,616	$ 38,926	$ 42,652	$ 400,470	$ 654,554	$ **1,175,786**
Accumulated depreciation:								
At June 30, 2018	$ 18,780	$ 15,049	$ 4,616	$ 29,861	$ 34,252	$ 260,811	$ 521,148	$ **884,517**
Depreciation	761	1,677	-	4,981	1,088	28,611	33,352	70,470
Disposal	(6,949)	(1,211)	-	-	-	-	-	(8,160)
At June 30, 2019	12,592	15,515	4,616	34,842	35,340	289,422	554,500	**946,827**
Depreciation	94	1,783	-	1,360	1,828	22,488	18,846	46,399
Disposal	-	(1,474)	-	-	-	-	-	(1,474)
At December 31, 2019	$ 12,686	$ 15,824	$ 4,616	$ 36,202	$ 37,168	$ 311,910	$ 573,346	$ **991,752**
Net book value:								
At June 30, 2019	$ 228	$ 6,550	$ -	$ 2,993	$ 1,686	$ 85,832	$ 100,054	**$ 197,343**
At March 31, 2020	$ 134	$ 5,924	$ -	$ 2,724	$ 5,484	$ 88,560	$ 81,208	**$ 184,034**

(1) License, vehicles, camp equipment and fixtures and camp upgrades are used for exploration and evaluation activities. Depreciation for these items of $44,522 for the nine months ended March 31, 2020 (2019 - $49,980) has been capitalized to exploration and evaluation assets (Note 12). Depreciation of the remaining items of $1,877 (2019 - $1,459) has been expensed.

12. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource claims. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its claims are in good standing.

Akie Property, British Columbia

The Akie property is the Company's flagship exploration project and is host to the Cardiac Creek SEDEX Zn-Pb-Ag deposit. The Company owns a 100% interest in the Akie property, which resulted from Company expenditures and the acquisition of Ecstall Mining Corporation.

Kechika Regional project, British Columbia

The Kechika Regional project, represented by a series of contiguous property blocks including Pie and Mt. Alcock, extends northwest from the Akie property. The Company owns a 100% interest in these properties, which were acquired during fiscal 2007 and 2008, including the acquisition of Ecstall. The interest in the Mt. Alcock property is subject to a 1.0 % net smelter royalty.

In September 2013, the Company entered into an option agreement (the "Agreement') with Teck Resources Limited ("Teck") pursuant to which Teck can acquire up to a 70% interest in the Company's Pie, Cirque East and Yuen properties (the "Property"), three of the 10 regional properties that make up the Kechika Regional Project.

The Agreement outlined two options (the "Options") that are subject to certain expenditure requirements as outlined below:

Under the first Option, Teck can earn an undivided 51% interest in and to the Property by incurring a cumulative aggregate of $3,500,000 in exploration expenditures on the Property on or before December 31, 2017 (extended from September 30, 2017), with $500,000 in exploration expenditures to be completed on or before September 30, 2014 (incurred) and $1,295,000 (amended from $1,500,000 and incurred) in cumulative exploration expenditures to be completed on or before December 31, 2015 (extended from September 30, 2015).

Under the second Option, Teck may elect to acquire an additional 19% interest in the Property for a total of 70% by incurring an additional $5,000,000 in exploration expenditures (for a total aggregate of $8,500,000 in exploration expenditures) on the Property on or before September 30, 2019.

Teck and Korea Zinc earned a 51% interest in the Property in December 2018 by incurring cumulative aggregate exploration expenditures of $3,054,402 on the Pie Property since September 2013 and making a cash payment of $445,598 to the Company for the shortfall of the required expenditures. The carrying value of the optioned property has been reduced by the amount of the cash consideration received from Teck.

In January 2018, Teck and Korea Zinc informed the Company that they will not be proceeding with the Second Option to earn an additional 19% interest in the Property. According to the terms of the Agreement, the parties will continue exploration of the Property under a Joint Venture arrangement on the 49%-51% basis, with Teck acting as the operator.

There were no exploration programs conducted on the Property during the nine months ended March 31, 2020 and the fiscal year ended June 30, 2019.

(Expressed in Canadian Dollars - Unaudited)

12. EXPLORATION AND EVALUATION ASSETS (cont'd)

Summary of exploration expenditures incurred on various properties:

		Akie Property		Kechika Regional		Total
Acquisition Costs:						
Balance, June 30, 2017	$	24,165,241	$	336,785	**$**	**24,502,026**
Cash in lieu of expenditures		-		(144,017)		(144,017)
Balance, June 30, 2018 and 2019, and December 31, 2019	$	24,165,241	$	192,768	**$**	**24,358,009**
Deferred exploration costs:						
Balance, June 30, 2018	$	44,355,601	$	4,354,446	**$**	**48,710,047**
Camp equipment, depreciation		68,032		–		68,032
Drilling		1,362,020		–		1,362,020
Geology		112,836		–		112,836
Geophysics		–		13,579		13,579
Preliminary Economic Assessment		29,524		–		29,524
Community consultations		151,562		–		151,562
Environmental studies and permit compliance		42,939		–		42,939
Balance, June 30, 2019		46,122,514		4,368,025		**50,490,539**
Camp equipment, depreciation (Note 11)		44,522		–		44,522
Drilling		761,950		–		761,950
Geology		79,968		–		79,968
Community consultations		151,344		–		151,344
Environmental studies and permit compliance		40,751		–		40,751
METC recoverable (Note 3)		(176,411)		–		(176,411)
Balance, March 31, 2020	**$**	**47,024,638**	**$**	**4,368,025**	**$**	**51,392,663**
Total, June 30, 2019	**$**	**70,287,755**	**$**	**4,560,793**	**$**	**74,848,548**
Total, March 31, 2020	**$**	**71,189,879**	**$**	**4,560,793**	**$**	**75,750,672**

13. CAPITAL STOCK AND RESERVES

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

During the nine months ended March 31, 2020, the Company completed a flow-through private placement of 1,016,666 flow-through shares at a price of $0.15 per share for gross proceeds of $152,500. The Company paid cash finder's fee of $7,625 in connection with the private placement. A flow-through premium liability of $29,992 was recorded in connection with this private placement, which was calculated based on an estimated premium of approximately $0.029 per flow-through share issued (Note 10);

During the year ended June 30, 2019, the Company's equity transactions were as follows:

(i) the Company completed two consecutive flow-through private placements of aggregate 3,568,692 flow-through shares at a price of $0.39 per share for aggregate gross proceeds of $1,391,790. The Company paid cash finder's fees of $63,896 and incurred regulatory filing fees of $10,213 in connection with the private placements.

A flow-through premium liability of $360,166 was recorded in connection with these private placements, which was calculated based on an estimated premium of approximately $0.10 per flow-through share issued (Note 10);

(ii) 142,500 common shares were issued pursuant to the exercise of 142,500 stock options at an average price of $0.25 per share for total proceeds of $36,025. In addition, a reallocation of $48,820 from reserves to capital stock was recorded on the exercise of these options. This amount constitutes the fair value of options recorded at the original grant date;

(iii) 220,000 share purchase warrants issued under the December 2016 private placement were exercised at a price of $0.55 per share for total proceeds of $121,000;

(iv) the Company received TSX-V approval for its new Normal Course Issuer Bid ("NCIB") application to purchase at market price up to 8,287,534 common shares, being approximately 5% of the Company's issued and outstanding common shares, through the facilities of the TSX-V. The bid was open from August 1, 2018 to July 31, 2019 and has not been renewed after. There were no shares repurchased under the NCIB during the year ended June 30, 2019; and

(v) The Company cancelled and returned to its treasury 781,500 common shares of the Company that were repurchased under the NCIB in fiscal 2018. Upon the cancellation, $475,540 was recorded as a reduction to capital stock for the assigned value of the shares, and $262,959 was allocated to reserves;

(c) Share options

Previously, the Company adopted a 20% fixed share option plan whereby the Company had reserved 20,557,283 common shares under the plan. The term of any options granted under the plan is fixed by the Board of Directors and may not exceed ten years from date of grant. At its Annual General and Special Meeting held on January 17, 2019, the shareholders of the Company approved the Amended and Restated Stock Option Plan, under which the maximum number of common shares of the Company reserved for issuance under the plan was increased to 33,774,275 or 20% of the issued and outstanding common shares as at December 13, 2018. As of March 31, 2020, the Company had reserved 34,067,208 common shares under the plan.

The number of options granted to a consultant in a 12 month period must not exceed 2% of the issued shares of the Issuer from the date of grant. Options issued to consultants performing investor relations activities must vest in stages over 12 months with no more than 1/4 of the options vesting in any three month period. Share options granted to directors, officers and employees of the Company vest immediately.

(Expressed in Canadian Dollars - Unaudited)

13. CAPITAL STOCK AND RESERVES (cont'd)

(c) **Share options** (cont'd)

Share option transactions are summarized as follows:

	Options Outstanding	Weighted Average Exercise Price
Outstanding, June 30, 2018	9,592,500	$ 0.32
Granted	1,100,000	0.34
Exercised (Note 13 (b)(ii))	(142,500)	0.25
Cancelled/ Forfeited	(380,000)	0.31
Outstanding, June 30, 2019	10,170,000	0.32
Granted	2,585,000	0.12
Cancelled/ Forfeited	(470,000)	0.39
Repriced from	(1,850,000)	0.34
Repriced to	1,850,000	0.12
Outstanding, March 31, 2020	12,285,000	$ 0.25

Share options outstanding and exercisable at March 31, 2020 are summarized as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Life of Options (Years)	Number of Options Exercisable
545,000	$ 0.55	November 24, 2020	0.65	545,000
5,000	$ 0.23	November 24, 2020	0.65	5,000
600,000	$ 0.35	June 16, 2021	1.21	600,000
75,000	$ 0.40	November 2, 2021	1.59	75,000
1,140,000	$ 0.39	December 27, 2023	3.74	1,140,000
105,000	$ 0.12	December 27, 2023	3.74	105,000
3,680,000	$ 0.23	April 10, 2025	5.03	3,680,000
110,000	$ 0.33	July 3, 2026	6.26	110,000
700,000	$ 0.12	July 3, 2026	6.26	700,000
1,015,000	$ 0.40	September 13, 2026	6.46	1, 015,000
395,000	$ 0.12	September 13, 2026	6.46	395,000
680,000	$ 0.30	February 9, 2028	7.87	680,000
650,000	$ 0.12	February 9, 2028	7.87	650,000
2,585,000	$ 0.12	February 6, 2030	9.86	2,585,000
12,285,000	$ 0.25		6.06	12,285,000

(Expressed in Canadian Dollars - Unaudited)

13. CAPITAL STOCK AND RESERVES (cont'd)

(c) **Share options** (cont'd)

During the nine months ended March 31, 2020, the Company:

(i) granted an aggregate of 2,585,000 (2019 - 1,100,000) share options to certain employees and consultants of the Company and recorded share-based compensation expense of $193,344 (2019 - $206,552) for the share options granted.

(ii) repriced previously granted share options to a number of employees and consultants to acquire 1,850,000 common shares at a price between $0.30 per share and $0.40 per share, expiring between December 27, 2023 and February 9, 2028, to $0.12 per share. There were no additional share-based compensation expense recorded in connection with the re-pricing during the current period.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

At the end of each reporting period, the Company recalculates the fair value of non-vested options granted to non-employees and record a corresponding adjustment to share-based compensation expense.

The following weighted average assumptions were used to estimate the following weighted average grant date fair values:

	March 31, 2020	March 31, 2019
Number of options granted	2,585,000	1,100,000
Risk free interest rate	1.38%	2.07%
Expected dividend yield	0%	0%
Stock price volatility	61.83%	62.89%
Expected life of options	10 years	6.58 years
Weighted average fair value of options	$ 0.07	$ 0.19
Forfeiture	0%	0%

(d) Warrants

Share purchase warrants transactions are summarized as follows:

	Warrants Outstanding		**Weighted Average Exercise Price**
Balance, June 30, 2018	3,457,250	$	0.54
Exercised (Note 13 (b)(iii))	(220,000)		0.55
Expired	(3,237,250)		0.55
Balance, June 30, 2019 and March 31, 2020	–	$	–

(Expressed in Canadian Dollars - Unaudited)

13. CAPITAL STOCK AND RESERVES (cont'd)

(e) Reserves

		Options and agent warrants		Finance warrants		Treasury shares		Total
Balance, June 30, 2018	$	10,274,595	$	2,204,276	$	1,993,921	$	14,472,792
Exercise of options (Note 13 (b)(ii))		(48,820)		–		–		(48,820)
Share-based compensation (Note 13(c))		206,557		–		–		206,557
Cancellation of treasury shares (Note 13(b)(v))		–		–		262,959		262,959
Balance, June 30, 2019	$	10,432,332	$	2,204,276	$	2,256,880	$	14,893,488
Share-based compensation (Note 13(c))		193,344		–		–		193,344
Balance, March 31, 2020	$	10,625,676	$	2,204,276	$	2,256,880	$	15,086,832

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the nine months ended March 31, 2020 included:

- exploration and evaluation assets of $8,459 (June 30, 2019 - $380,385) in accounts payable (Note 8);
- depreciation of camp equipment and upgrades of $44,522 included in exploration and evaluation assets (Note 11);
- an allocation of $29,992 from capital stock to flow-through premium liability on issuance of the flow-through shares in December 2019 (Note10); and
- unrealized loss of $14,950 on marketable securities due to changes in fair value (Note 5).

Significant non-cash transactions for the nine months ended March 31, 2019 included:

- exploration and evaluation assets of $10,263 (June 30, 2018 - $301,570) in accounts payable (Note 8);
- depreciation of camp equipment and upgrades of $49,980 included in exploration and evaluation assets (Note 11);
- an allocation of $292,633 from capital stock to flow-through premium liability on the issuance of the flow-through shares in November-December 2018 (Note 10);
- an allocation of $48,820 from reserves to capital stock upon the exercise of stock options (Note 13(b)(ii)); and
- unrealized loss of $17,350 on marketable securities due to changes in fair value (Note 5).

15. RELATED PARTY TRANSACTIONS

Key management personnel includes persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and Vice President of Exploration.

(Expressed in Canadian Dollars - Unaudited)

15. RELATED PARTY TRANSACTIONS (cont'd)

The remuneration of the key management personnel during the nine months ended March 31, 2020 and 2019 were as follows:

March 31,	2020	2019
Bonuses (iv)	$ –	$ 30,256
Consulting fees (iii)	9,500	11,250
Directors fees (ii)	–	20,000
Exploration and evaluation expenditures (geological consulting) (v)	120,960	112,500
Management fees (i)	251,000	265,500
Other employment benefits (vi)	20,124	22,969
Total	$ 401,584	$ 462,475

(i) Pursuant to a management and administrative services agreement amended effective July 1, 2011 and May 1, 2014 with Varshney Capital Corp. ("VCC"), a company with two common directors, the Company agreed to pay monthly management and administrative fees of $29,500 and $5,000, respectively. Effective March 1, 2020, the management fees were reduced to $15,000 per month.

During the nine months ended March 31, 2020, the Company paid $251,000 (2019 – $265,500) for management fees and $45,000 (2019 – $45,000) for administrative fees to VCC;

(ii) the Company paid $Nil (2019 - $20,000) in directors' fees;

(iii) the Company paid $9,500 (2019 - $11,250) for consulting fees to a company controlled by a director;

(iv) the Company paid $Nil (2019 - $30,253) in bonuses to VCC

(v) the Company paid geological consulting fees of $120,960 (2019 - $112,500) to a company owned by an officer of the Company, of which $107,520 (2019 - $98,280) was capitalized as exploration and evaluation costs and $13,440 (2019 - $14,220) was expensed as consulting fees;

(vi) other employment benefits included life insurance and health benefits for the CEO and health benefits for the CFO of the Company; and

(vii) the Company received an advance of $1,399,335 from a significant shareholder, Tongling Non-Ferrous Metals ("Tongling"), to fund a drill program on the Akie Property. The program is intended to provide new drill core for advanced metallurgical testing that Tongling plans to conduct after the conclusion of the exploration season. The advance will be repaid in common shares of the Company to Tongling valued at a minimum of $0.30 per share, subject to TSX-V approval.

16. CAPITAL MANAGEMENT

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties, and support any expansionary plans. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to be equity.

(Expressed in Canadian Dollars - Unaudited)

16. CAPITAL MANAGEMENT (cont'd)

The Company's operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund their operations.

The current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital. However, the Company feels that it has sufficient working capital to continue with planned activities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's overall strategy with respect to capital risk management remained unchanged during the nine months ended March 31, 2020. The Company is not subject to any externally imposed capital requirements.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments as at March 31, 2020 were as follows:

	Loans & receivables	*Fair Value through Profit or Loss*	*Other financial liabilities*
Financial assets			
Cash	$ –	$ 1,785,162	$ –
Receivables	3,580	–	–
Marketable securities	–	26,925	–
Investment	–	1,017,193	–
Financial liabilities			
Trade payables	–	–	50,979
Lease liability	–	–	57,811
Due to related parties	–	–	1,401,335
	$ 3,580	$ 2,829,280	$ 1,510,125

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity).

Cash, investments, and marketable securities are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, loan receivable trade payables and accrued liabilities, and due to related parties approximate their fair value because of the short-term nature of these instruments. There have been no changes in these levels during the nine months ended March 31, 2020.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank deposits of $1,785,162 and short-term investments in GICs with the fair value of $1,017,193. This risk is managed by using major Canadian banks that are high credit quality financial institutions as determined by rating agencies.

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes, BC METC and interest accrued on GIC investments. Recoverable explorations costs recorded as other receivables were collected to the period ended March 31, 2020.

The Company is exposed to higher credit risk on its loan receivable with the amortized balance of $128,466 (Note 4) as at June 30, 2019. The loan is issued under an unsecured promissory note and has been outstanding for more than 37 months since its original maturity date on February 25, 2017. Based on the assessment of the credit risk on the loan, the Company recognized an impairment loss allowance on this amount in fiscal 2019.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents. As at March 31, 2020, the Company was holding combined cash and GIC deposits of $2,802,355 to settle its current cash liabilities of $51,487. Management believes it has sufficient funds to meet its current obligations as they become due and to fund its exploration projects and administrative costs for the next 12 months.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, has exposure to these risks.

a. Interest Rate Risk
The Company is exposed to interest rate risk as its bank treasury account and other assets earn interest income at variable rates. The effect of a 10% fluctuation in interest rates may result in an increase or decrease in net loss of $1,785.

b. Currency Risk
The Company operates in Canada and is therefore not exposed to significant foreign exchange risk arising from transactions denominated in a foreign currency.

c. Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors certain commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company also maintains investments in certain marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

18. SUBSEQUENT EVENT

On April 20, 2020, a total of 670,000 share options at an exercise price between $0.30 per share and $0.40 per share granted to consultants were cancelled.

On May 29, 2020, a total of 2,005,000 share options at an exercise price between $0.39 per share and $0.40 per share granted to directors and officers were voluntarily surrendered.