ZincX Resources Corp.
(formerly Canada Zinc Metals Corp.)
Interim MD&A - Quarterly Highlights
For the three months ended September 30, 2018 and 2017

The Quarterly Highlights of ZincX Resources Corp. (the "Company" or "ZincX") provide a summary of the activities, results of operations and financial condition of the Company as at and for the three months ended September 30, 2018. The Quarterly Highlights have been prepared by management as of November 16, 2018 and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the three months ended September 30, 2018 and 2017, the audited consolidated financial statements and related notes thereto of the Company for the years ended June 30, 2018 and 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), and the annual Management Discussion and Analysis ("MD&A") of the Company prepared by management as of October 23, 2018.

The Company is presently a "Venture Issuer", as defined in NI 51-102. 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 operates in one business segment, that being the exploration and development of mineral properties in British Columbia, Canada.

The Company's flagship Akie Project is host to the Cardiac Creek deposit. The Company holds a 100% interest in the Akie Property, which is located approximately 260 kilometers north-northwest of the town of Mackenzie in northeastern British Columbia.

The Akie zinc-lead-silver property is situated within the Kechika Trough, the southernmost extension of the regionally extensive Paleozoic Selwyn Basin, one of the most prolific sedimentary basins in the world for the occurrence of sedimentary exhalative (SEDEX) zinc-lead-silver deposits and stratiform barite deposits. Drilling on the Akie property by the Company since 2005 has identified a significant body of barite rich zinc-lead-silver SEDEX mineralization known as the Cardiac Creek deposit. The deposit is hosted by siliceous, carbonaceous, fine grained clastic rocks of the Middle to Late Devonian Gunsteel Formation.

The Company updated the estimate of mineral resources at Cardiac Creek in early 2018, which is presented below:

ESTIMATE OF MINERAL RESOURCES – CARDIAC CREEK DEPOSIT

5% zinc cut-off grade					Contained metal		
Category	**Tonnes (million)**	**Zn (%)**	**Pb (%)**	**Ag (g/t)**	**Zn (B lbs)**	**Pb (B lbs)**	**Ag (M oz)**
Indicated	22.7	8.32	1.61	14.1	4.162	0.804	10.3
Inferred	7.5	7.04	1.24	12.0	1.169	0.205	2.9

Note: Mineral resources are not mineral reserves because the economic viability has not been demonstrated.

The updated mineral resource estimate was prepared by Robert Sim, P.Geo with the assistance of Bruce Davis, FAusIMM. Mr. Sim is an independent Qualified Person within the meaning of NI 43-101 for the purposes of mineral resource estimates and was responsible for the 2008 maiden resource and the 2012 and the 2016 updated mineral resource estimates.

The updated mineral resource estimate and the results of a Preliminary Economic Assessment ("PEA") for the Cardiac Creek deposit were filed in a report entitled "NI 43-101 TECHNICAL REPORT AKIE PROJECT BRITISH COLUMBIA, CANADA" with an effective date of June 20, 2018 and report date of

August 1, 2018 and can be found under the Company's profile at www.sedar.com and on the Company's website, www.zincxresources.com.

The Kechika Regional Project includes the Pie, Yuen, Cirque East and Mt. Alcock properties extending northwest from the Akie property for approximately 140 kilometres along the strike of the highly prospective Gunsteel Formation shale; the main host rock for known SEDEX zinc-lead-silver deposits in the Kechika Trough of northeastern British Columbia.

The Pie, Yuen, Cirque East properties (known as the "Pie Properties") are the subject of a joint venture arrangement with Teck Resources Limited ("Teck") and its JV partner, Korea Zinc Co., Ltd. ("Korea Zinc") to jointly explore the Pie property on the 49%-51% joint venture basis, with Teck acting as the operator. Teck and Korea Zinc acquired 51% interest in the Pie Properties by incurring cumulative aggregate exploration expenditures of $3,500,000 to December 31, 2017.

Overall performance

Significant events and operating highlights for the three months ended September 30, 2018 and up to the date of these MD&A:

- **Preliminary Economic Assessment (PEA)**

  In June 2018, the Company announced the completion of a PEA, authored by JDS Energy & Mining Inc. of Vancouver, B.C., and, in August 2018, filed a technical report prepared in accordance with NI 43-101 Standards for its 100-per-cent-owned zinc-lead-silver Cardiac Creek deposit, located on the Akie property in northeast British Columbia, Canada.

  The PEA indicates that the Akie project is potentially economically viable and technically feasible and, in management's opinion, its completion is a significant step in advancing Cardiac Creek deposit to a production decision. The positive results outlined in the PEA demonstrate a robust, stand-alone base metal project with a large and potentially growing resource base, all-season access, good rail and road infrastructure, and amenable to conventional mining and milling practices common to similar projects. This project has significant exposure to zinc given the almost 10 to 1 zinc to lead ratio in payable metal production over life of mine.

  The PEA envisages a conventional underground mine and concentrator operation with a small environmental footprint measuring approximately 20 hectares in size upon start-up, expanding to approximately 35 hectares at closure. The mine will produce an average production rate of 4,000 tonnes per day (tpd) principally from long-hole stoping. Much of the waste rock and majority of the mill tailings will be placed back underground as cemented backfill. The rest of filtered tailings will be stacked in a surface filtered tailings facility, located near the mill. The mine will have an 18-year life with potential to extend the life-of-mine through resource expansion at depth.

  Economic Highlights of the PEA include:

  - Estimated pre-tax $NPV_{7\%}$ of **$649M** ($401M after-tax)
  - Estimated pre-tax **35% IRR** (27% after-tax)
  - Estimated pre-tax **2.6 year payback** (3.2 year payback after-tax)
  - PEA contemplates a **4,000 tonne per day** underground mine and **3,000 tonne per day** concentrator with an **18-year** mine life
  - Total mine production of **25.8 million tonnes** of which **19.7 million tonnes** are processed

- Initial CAPEX (excluding contingency) estimated at **$256.7M;** total of **$302.3M** including **$45.7M** in contingency
- Payable metal production over life-of-mine is **3,268M lbs of zinc** & **362M lbs of lead**
- Average annual production of **178M lbs of payable zinc** and **20M lbs of payable lead** at an all-in operating cost of **$102.38/tonne milled**
- Total payable metal LOM is **$3,960M;** or **$201/tonne milled**
- Saleable zinc and lead concentrates with **no penalty elements** (**clean concentrate**)
- There are no net smelter royalties owed (**0% NSR**)
- **Opportunities** for **continued refinement** through additional studies including upgrading lead and silver recoveries and reducing operating costs
- The Cardiac Creek deposit remains **open at depth** with potential to **increase mine life**
- The Akie and Kechika Regional projects combined, offer **district-scale potential** for **new discoveries**

The Company will be working closely with its mining consultants and advisers to plot a course forward for the most cost-effective and efficient development of the Cardiac Creek deposit. The Company anticipates more detailed engineering assessments leading to a prefeasibility study.

- **2018 Akie drilling program**

In early September 2018, the Company concluded its 2018 drilling program that commenced in June 2018. A total of 5 drill holes were successfully drilled on several property targets comprising 2,013 metres of diamond drilling.

2018 drill program highlights:

- First-ever drill test of the massive Sitka barite surface showing where previous channel sampling in 2013 returned high-grade zinc-lead assay results. The drilling has traced sphalerite-bearing vein mineralisation approximately 100 metres below surface. The best interval from hole DDH A-18-144 returned 3.7% Zn over a width of 3.50 metres from a downhole depth of 168.1 to 171.5 metres, including 11.1 % Zn over a width of 0.9 metres. A lower interval from hole DDH A-18-145 from 196.7 to 201.8 metres returned 3.8% Zn over a width of 5.1 metres, including 11.3% Zn over 1.0 meter.
- Drill test of the southeastern strike extent of the Cardiac Creek deposit beyond the current limits of the resource model. Drilling encountered a thick hybrid zone of distal/proximal facies mineralisation from 280 metres to 448 metres and returned scattered, anomalous Zn values. The interval from 507.94 to 514.98 metres returned Zn values reaching 0.53% and averaging 0.31% Zn over an apparent width of 7.04 metres.
- Drill test of the down dip extent of the north lead zone target where previous drilling intersected extensive intervals of bedded pyrite mineralization highly anomalous in zinc and lead. The hole returned anomalous zinc values ranging from 0.1% to 0.43% Zn in numerous intervals over a combined thickness of 125 metres, from a downhole depth of 300 to 483 metres.
- Drill test of the projected Sitka mineralized target approximately 400 metres to the southeast of the Sitka showing. Quartz veining is present within the faulted contact between the Road River Group and the Kwadacha limestone athat is similar to the mineralized veins observed in holes A-18-144 and A-18-145. The vein/fault zone hosts weathered sphalerite and visible seams of galena. Notable zinc results were intersected over 12.98 metres from 94.86 to 107.84 metres that returned 1.1% Zn including 3.5% Zn over 2.80 metres at a downhole depth of 95.8 metres.

A summary table of the results from the 2018 drilling program on the Cardiac Creek deposit can be seen below.

Drill Hole	Zone	From (m)	To (m)	Apparent Width (m)*	Zn (%)
A-18-144[I]	**Sitka**	172.72	174.59	1.87	3.54
incl		172.72	173.72	1.00	5.76
		186.51	187.15	0.64	1.53
		196.70	**201.78**	**5.08**	**3.79**
incl		196.70	200.00	3.30	5.73
incl		**199.01**	**200.00**	**0.99**	**11.33**
A-18-145[I]	**Sitka**	148.13	148.76	0.63	7.51
		159.40	159.80	0.40	3.35
		163.37	163.83	0.46	4.65
		168.05	**171.55**	**3.50**	**3.72**
incl		**168.05**	**168.91**	**0.86**	**11.09**
		175.09	175.69	0.60	2.36
A-18-147	**SE Zone**	475.97	487.06	11.09	0.10
		507.94	514.98	7.04	0.31
A-18-148	**North Lead**	417.25	420.21	2.96	0.31
A-18-149	**Sitka Ext.**	94.86	107.84	12.98	1.10
	incl.	**95.80**	**97.98**	**2.18**	**3.47**

*True width unknown at this time

- **Financing and other activities affecting share capital**

  On November 14, 2018, the Company completed a flow-through private placement of 3,120,692 flow-through shares at a price of $0.39 per share for gross proceeds of $1,217,070. The Company paid cash finder's fees of $63,896 in connection with the private placement. The proceeds from the private placement will be used on exploration expenditures in calendar 2019.

  142,500 stock options were exercised at a price of $0.25 per share by employees and consultants of the Company in July 2018 for total proceeds of $36,025.

  220,000 share purchase warrants were exercised at a price of $0.55 per share in July 2018 for gross proceeds of $121,000. The warrants were granted to the agents under the December 2016 private placement and had an expiry date of December 15, 2018.

  860,000 incentive stock options were granted to employees and consultants of the Company, exercisable at a price of $0.33 per common share for a period of eight years commencing on July 3, 2018.

  240,000 incentive stock options were granted to consultants of the Company, exercisable at a price of $0.39 per common share before January 3, 2020.

  In July 2018, the Company received TSX-V approval for the renewal of its Normal Course Issuer Bid ("NCIB") 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 commenced on August 1, 2018 and will stay open for another 12 months.

Summary of exploration expenditures incurred on various properties to September 30, 2018:

		Akie Property		Kechika Regional		Total
Acquisition Costs:						
Balance, June 30, 2018 and September 30, 2018	**$**	**24,165,241**	**$**	**192,768**	**$**	**24,358,009**
Deferred exploration costs:						
Balance, June 30, 2018	**$**	**44,355,601**	**$**	**4,354,446**	**$**	**48,710,047**
Camp equipment, depreciation		16,782		–		16,782
Drilling		975,602		–		975,602
Geology		12,187		–		12,187
Preliminary Economic Assessment		29,524		–		29,524
Community consultations		60,000		–		60,000
Environmental studies and permit compliance		18,601		–		18,601
Balance, September 30, 2018	**$**	**45,468,297**	**$**	**4,354,446**	**$**	**49,822,743**
Total, June 30, 2018	**$**	**68,520,842**	**$**	**4,547,214**	**$**	**73,068,056**
Total, September 30, 2018	**$**	**69,633,538**	**$**	**4,547,214**	**$**	**74,180,752**

Exploration Objectives

Akie Project:

- Continue definition drilling to expand the known extent of the Cardiac Creek deposit; update the current geological and resource models to NI 43-101 standards with all new drill results. Continue to examine trade-off studies to enhance the PEA including additional metallurgical lab testing and targeted geotechnical data acquisition to improve understanding of mine design parameters used in the PEA.
- Continue to evaluate outlying coincident geological/geophysical/geochemical targets for drill target definition.
- Continue to refine the design and costs of the planned underground exploration program. The underground exploration permit remains in good standing until December 2020. The underground exploration program was conceived in order to allow tightly-spaced infill drilling from an underground decline in order to upgrade the current mineral resource to the Indicated and Measured levels of confidence. This would provide sufficient data for a pre-feasibility level of economic assessment of the ore body to be completed and investigate future viability of bulk sampling and mining.
- Continue environmental baseline sampling as required to maintain all related exploration permits in good standing.

Kechika Regional Project:

- Continue regional synthesis of all historical and modern exploration data to assist with gap analysis and drill target definition.
- Complete follow-up assessment of airborne gravity anomalies from the 2015 geophysical survey on Mt. Alcock and Yuen North.
- Continue to evaluate high priority greenfield targets.
- Refine target selection to identify drill targets.

Kechika Regional Project (Pie Option Properties):

- Continue to work closely with Teck to review and advise on plans for ongoing exploration on the properties.
- Monitor field exploration results and expenditures and option agreement commitments.
- The next planned phase of exploration on the optioned properties is expected to include continued drill testing of the highest priority targets.

Results of Operations

During the three months ended September 30, 2018, the Company reported a net loss before comprehensive loss of $716,952 or $0.00 per share compared to a net loss of $125,381 or $0.00 per share during the same quarter last year, an increase in net loss of $591,571. The increase in net loss was primarily due to an increase in operating expenses of $357,261, an impairment allowance of $120,986 recognized against a loan receivable and a decrease in deferred tax recovery of $88,916.

Income reported for the first quarter ending September 30, 2018 included interest income earned on the Company's cash deposits and short-term investments of $23,602 (2017 - $26,307) and administration fees of $2,892 earned for the use of the Company's Akie camp facilities during the 2018 summer drilling program.

The following expense categories contributed to the increase in operating expenses by $357,261 during the first quarter ended September 30, 2018 as compared to the same quarter of the previous fiscal year:

- Marketing expenses increased by $81,860 due to increase in advertising and marketing campaigns conducted during the period;
- Office expenses increased by $8,043 due to timing of insurance premium payments and external storage facilities' costs;
- Share-based compensation expenses increased by $209,033 as there were 1,100,000 stock options granted during the quarter to certain employees and consultants of the Company. There were no stock options granted during the comparative period last fiscal year;
- Travel and promotion increased by $40,073 as a result of management and investors' site visits to the Company's Akie camp this summer; and
- Wages and benefits increased by $56,914 as a result of higher salary expenses.

There were no changes in management, administrative and directors' fees during the comparative quarters.

The above increases were partially offset by decreases in the following categories:

- Consulting fees by $33,747 as a result of less financial advisory services retained during the period; and
- Regulatory fees decreased by $4,745 as the Company incurred fees for a foreign background search on a potential appointee to the Board of Directors of the Company in the first quarter last year. No similar cost was incurred in the current quarter.

Liquidity and capital resources

The Company's working capital position remains strong with cash of $1,066,032 and GIC investments of $2,511,856 as at September 30, 2018. Management believes that the Company has sufficient funds to meet its current obligations as they become due and to fund its exploration projects and administrative overhead for the next twelve months.

At September 30, 2018, the Company reported working capital of $3,344,297 compared to working capital of $4,789,053 at June 30, 2018, representing a decrease in working capital of $1,444,756. The decrease in working capital was a result of general operating activities and exploration expenditures for conducting the 2018 summer drilling program on the Akie property.

Net cash decreased by $82,848 from $1,148,880 at June 30, 2018 to $1,066,032 at September 30, 2018.

During the three months ended September 30, 2018, the Company utilized its cash and cash equivalents as follows:

(a) the Company used $804,555 of its cash in operating activities compared to $860,728 during the same period last year;

(b) exploration expenditures during the first quarter were $944,578 compared to $1,899,499 last year;

(c) there were no capital expenditures during the current quarter compared to $30,363 spent on the purchase of camp fixtures and office furniture during the same period last year;

(d) there were no sale or purchases of marketable securities as compared to the same period in fiscal 2018 when the Company generated $58,525 on sale of marketable securities;

(e) the Company redeemed $1,500,000 (2017 - $Nil) from its GIC investments to fund the exploration program and received interest of $9,260 (2017 –$189,508) on the redemption;

(f) aggregate of 142,500 stock options were exercised by employees and consultants of the Company for total gross proceeds of $36,025 (2017 - $2,300);

(g) 220,000 share purchase warrants were exercised by certain agents of the December 2016 private placement for total gross proceeds of $121,000 (2017 - $Nil); and

(h) no common shares of the Company were repurchased under the NCIB during the quarter (2017 - $3,508).

The Company's current assets excluding cash consisted of the following:

	September 30, 2018	June 30, 2018
Credits from suppliers	$ 13,049	$ -
Government sales tax credits	80,386	44,750
Interest accrued on reclamation deposits	1,134	421
Prepaid expenses	175,511	65,439
Loan receivable including interest	-	118,466
Marketable securities at fair value	50,950	57,150
GIC investments	2,511,856	4,004,314

Prepaid expenses as at September 30, 2018 included prepaid marketing expenses of $101,486 for advertising campaign in Europe.

The $100,000 loan receivable was advanced under a promissory note bearing interest at a rate of 10% per annum with an original 6 month term that was extended for an additional 12 month period until February 25, 2018. 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. The loan remained unpaid as at September 30, 2018 and as of the date of this MD&A.

At September 30, 2018, management made the assessment of the credit risk on the loan and recognized an impairment allowance of $120,986 (2017 - $Nil) against the outstanding amount of the loan principal and accumulated interest.

The Company holds a few GIC investments with the principal amount totalling $2,500,000 yielding average fixed interest rates of 2.1%, one of which has a value of $1,000,000 and is non-redeemable until June 1, 2019. At September 30, 2018, the GIC investments accumulated interest of $11,856.

Current liabilities as at September 30, 2018 consisted of trade payables and accrued liabilities of $541,384 (June 30, 2018 - $417,914), which mainly consisted of exploration payables, and a flow-through premium liability of $13,237 (June 30, 2018 - $232,453) recorded in connection with the November 2017 flow-through private placement. The flow-through premium liability does not represent cash liability to the Company and will be fully amortized by December 2018 after the Company incurs qualifying flow-through exploration expenditures of $1,521,773.

On November 14, 2018, the Company completed a flow-through private placement of 3,120,692 flow-through shares at a price of $0.39 per share for gross proceeds of $1,217,070. The Company paid cash finder's fees of $63,896 in connection with the private placement. The proceeds from the private placement will be used on exploration expenditures in calendar 2019.

The other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants. See Item 1.15 – Other Requirements – Summary of Outstanding Share Data. There can be no assurance, whatsoever, that any or all these outstanding exercisable securities will be exercised.

The Company has and may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund its future operations, the Company may be required to seek additional financing. Although the Company has been successful in raising the above funds, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company's overall success will be affected by its current or future business activities. The Company is currently in the process of acquiring and exploring its interests in resource properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable. The continued operations of the Company and the recoverability of expenditures incurred in these resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including price risk with respect to commodity and equity prices. 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. For further discussion of financial risks, please refer to Note 16 of the condensed consolidated interim financial statements for the three months ended September 30, 2018.

Transactions with related parties

The remuneration of directors and other key management personnel during the three months ended September 30, 2018 and 2017 were as follows:

September 30,		2018		2017
Consulting fees (iv)	$	3,750	$	3,750
Directors fees (ii)		10,000		10,000
Exploration and evaluation expenditures (geological consulting) (v)		37,500		37,500
Management fees (i)		88,500		88,500
Other employment benefits (vii)		7,656		7,559
Share-based compensation (vi)		-		1,565
Total	$	147,406	$	148,874

(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, Peeyush Varshney and Praveen Varshney, the Company agreed to pay monthly management and administrative fees of $29,500 and $5,000, respectively.

During the three months ended September 30, 2018, the Company paid $88,500 (2017 – $88,500) for management fees and $15,000 (2017 – $15,000) for administrative fees to VCC;

(ii) the Company paid $10,000 (2017 - $10,000) in directors' fees to the four directors of Company - John Thomas, Marco Strub, Peeyush Varshney and Praveen Varshney;

(iii) the Company paid $3,750 (2017 - $3,750) for consulting fees to Sircon AG, a company controlled by Marco Strub, a director of the Company;

(iv) the Company paid geological consulting fees of $37,500 (2017 - $37,500) to Ridgeview Resources Ltd., a company controlled by Ken MacDonald, VP of Exploration of the Company, of which $34,375 (2017 - $31,250) was capitalized as exploration and evaluation costs and $3,125 (2017 - $6,250) was expensed as general consulting fees;

(v) share-based compensation is the fair value of options that have been granted to directors and executive officers and the related compensation expense recognized over the vesting periods; and

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

Changes in accounting policies

IFRS 9 - Financial Instruments ("IFRS 9")

As at July 1, 2018, the Company adopted all of the requirements of IFRS 9, which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and a new "expected credit loss model" for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The standard was effective for annual periods beginning on or after January 1, 2018.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is substantially unchanged.

As a result of adopting this standard, the Company has changed its accounting policy for financial assets retrospectively, for assets that were recognized at the date of application. An assessment has been made and the impact to the Company's consolidated financial statements was to reclassify its available-for-sale marketable securities to fair value through profit or loss. The Company adopted IFRS 9 retrospectively without restatement of comparative amounts resulting in a reclassification of $6,731 from accumulated other comprehensive loss to deficit on July 1, 2018. Future changes in the fair value of these marketable securities will be recorded directly in profit or loss. No other differences of any significance have been noted in relation to the adoption of IFRS 9.

The following are new accounting policies for financial assets under IFRS 9. All other aspects of our accounting policies for financial instruments as disclosed in Note 2 to the audited consolidated financial statements for the year ended June 30, 2018 are unaffected.

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

The Company completed an assessment of its consolidated financial instruments as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9.

	Original classification IAS 39	*New classification IFRS 9*
Financial assets		
Cash	Financial assets - FVTPL	Financial assets - FVTPL
Receivables	Loans and receivables - amortized cost	Loans and receivables - amortized cost
Loan receivable	Loans and receivables - amortized cost	Loans and receivables - amortized cost
Marketable securities	Available-for-sale – FVTOCI	Financial assets - FVTPL
Investments	Financial assets - FVTPL	Financial assets - FVTPL
Financial liabilities		
Trade payables and accrued liabilities	Other financial liabilities - amortised cost	Other financial liabilities - amortised cost

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

On July 1, 2018, the Company adopted IFRS 15, which supersedes IAS 18 – Revenue ("IAS 18"). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018.

The Company is a junior mining exploration company and it currently does not generate any revenue from contracts with customers. Therefore, the adoption of this standard did not have any significant impact on the Company's interim financial statements.

IFRS 16 – Leases ("IFRS 16")

IFRS 16, Leases, new standard contains a single lessee accounting model, eliminating the distinction between operating and financing leases from the perspective of the lessee. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements, effective for annual reporting periods beginning on or after January 1, 2019.

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.

Summary of outstanding share data as at November 16, 2018:

(1)	Authorized: Unlimited common shares without par value	
(2)	Issued and outstanding:	168,871,375
(3)	Share options:	10,180,000
(4)	Warrants	3,237,250

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

"Peeyush Varshney"

Peeyush Varshney
Director