

ZincX Resources Corp.

Condensed Consolidated Interim Financial Statements

For the Three Months Ended September 30, 2019 and 2018

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

ZincX Resources Corp.

Index**Page**

Notice of No Auditor Review	3
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	8-22

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.

November 26, 2019

ZincX Resources Corp.

Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2019 and June 30, 2019

(Expressed in Canadian Dollars - Unaudited)

	Notes	September 30, 2019 (unaudited)	June 30, 2019 (audited)
Assets			
Current assets			
Cash		\$ 136,658	\$ 802,671
Receivables	3	276,928	32,789
Prepaid expenses		54,298	60,641
Marketable securities	5	46,950	41,875
Investments	6	1,772,763	2,524,460
		2,287,597	3,462,436
Other assets	7	332,500	332,500
Equipment and leasehold improvements	11	208,361	197,343
Right-of-use asset	9	97,524	–
Exploration and evaluation assets	12	75,630,913	74,848,548
		\$ 78,556,895	\$ 78,840,827
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	8	\$ 337,882	\$ 483,840
Lease liability	9	83,905	–
Flow-through premium liability	10	1,086	241,445
		422,873	725,285
Lease liability	9	14,814	–
Deferred income tax liability		1,608,000	1,608,000
		1,622,814	1,608,000
Equity			
Capital stock	13	101,755,665	101,755,665
Reserves	13	14,893,488	14,893,488
Deficit		(40,137,945)	(40,141,611)
		76,511,208	76,507,542
		\$ 78,556,895	\$ 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)

	Capital Stock						Accumulated other comprehensive gain (loss)	Total Equity	
	Note	Number of common shares	Number of treasury shares	Common shares Amount	Treasury shares Amount	Reserves (Note 13)			Deficit
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	–	–	–
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		–	–	–	–	210,598	–	–	210,598
Reclassification on the adoption of IFRS 9		–	–	–	–	–	(6,731)	6,731	–
Net loss for the period		–	–	–	–	–	(716,952)	–	(716,952)
Balance, September 30, 2018		165,750,683	–	100,798,150	–	14,897,529	(39,202,961)	–	76,492,718
Flow-through private placements	13	3,568,692	–	1,391,790	–	–	–	–	1,391,790
Flow-through premium liability	10	–	–	(360,166)	–	–	–	–	(360,166)
Share issuance costs	13	–	–	(74,109)	–	–	–	–	(74,109)
Share-based compensation		–	–	–	–	(4,041)	–	–	(4,041)
Net loss for the period		–	–	–	–	–	(938,650)	–	(938,650)
Balance, June 30, 2019		169,319,375	–	101,755,665	–	14,893,488	(40,141,611)	–	76,507,542
Net income for the period		–	–	–	–	–	3,666	–	3,666
Balance, September 30, 2019		169,319,375	–	\$ 101,755,665	\$ –	\$ 14,893,488	\$ (40,137,945)	\$ –	\$ 76,511,208

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 Income (Loss)
(Expressed in Canadian Dollars - Unaudited)

		Three months ended September 30,	
	Note	2019	2018
ADMINISTRATION EXPENSES			
Administration	15	\$ 15,000	\$ 15,000
Consulting		5,766	130,643
Depreciation of office equipment	11	362	487
Depreciation of the right-of-use asset	9	20,898	–
Directors fees	15	–	10,000
Flow-through taxes	10	1,067	647
Interest on lease liability	9	2,797	–
Management fees	15	88,500	88,500
Marketing and public relation		499	134,660
Office and miscellaneous	15	16,161	25,447
Regulatory and transfer agent fees		2,962	8,069
Rent		2,345	24,282
Share-based compensation	12	–	210,598
Travel and promotion		10,064	65,771
Wages and benefits		102,107	121,372
		(268,528)	(835,476)
Interest income		18,416	23,602
Impairment allowance	4	–	(120,986)
Adjustment for change in fair value of marketable securities	5	5,075	(6,200)
Other income	3	8,344	2,892
		31,835	(100,692)
Loss before income taxes		(236,693)	(936,168)
Deferred income tax recovery	10	240,359	219,216
Net and comprehensive income (loss) for the period		\$ 3,666	\$ (716,952)
Basic and diluted income (loss) per common share		\$ 0.00	\$ (0.00)
Weighted average number of common shares outstanding		169,319,375	165,853,150

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)

	Three months ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net and comprehensive income (loss) for the period	\$ 3,666	\$ (716,952)
Items not affecting cash:		
Depreciation of office equipment	362	487
Depreciation of the right-of-use asset	20,898	–
Interest on lease liability	2,797	–
Flow-through taxes accrued	(11,519)	–
Interest accrued on investments and loan receivable	(12,118)	(19,323)
Impairment allowance	–	120,986
Adjustment for change in fair value of marketable securities	(5,075)	6,200
Share-based compensation	–	210,598
Deferred income tax recovery	(240,359)	(219,216)
Changes in non-cash working capital items:		
Receivables	(67,729)	(49,398)
Prepaid expenses	6,343	(110,072)
Trade payables and accrued liabilities	2,521	(27,865)
Cash used in operating activities	(300,213)	(804,555)
CASH FLOWS FROM INVESTING ACTIVITIES		
GIC investment, net	763,815	1,509,260
Equipment and leasehold improvements	(25,215)	–
Exploration and evaluation asset costs	(1,081,900)	(944,578)
Cash provided by (used in) investing activities	(343,300)	564,682
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of share options and warrants	–	157,025
Lease payments	(22,500)	–
Cash generated from (used in) financing activities	(22,500)	157,025
Change in cash during the period	(666,013)	(82,848)
Cash, beginning of period	802,671	1,148,880
Cash, end of period	\$ 136,658	\$ 1,066,032

Supplemental disclosure with respect to cash flows (Note 14)

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

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars - Unaudited)

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 September 30, 2019, the Company has a positive working capital position of \$1,864,724 (June 30, 2019 - \$2,737,151). Management believes the Company has sufficient working capital to maintain its operations for the next fiscal year.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements were authorized for issue on November 26, 2019 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 unless otherwise noted, which is also the functional currency of the Company and its subsidiary.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars - Unaudited)

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 remeasured 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.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2019 and 2018
(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

	September 30, 2019	June 30, 2019
Government Sales Tax credits	\$ 67,913	\$ 32,155
Accrued interest on reclamation bonds (Note 7)	1,685	634
METC recoverable including interest (Note 12)	179,728	—
Other receivables	27,602	—
	<u>\$ 276,928</u>	<u>\$ 32,789</u>

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 three months ended September 30, 2019, 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.

Other receivables consist of the recoverable costs for the use of the Company's Akie camp facilities and helicopter services by another exploration company during the 2019 summer drilling program. The amounts included administration fees of \$8,344 (2018 - \$2,892) and were collected in October 2019.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2019 and 2018
(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 now 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 (2018 - \$Nil) against the amount of the loan principal and accumulated interest, of which \$120,986 was recorded during the first quarter ended September 30, 2018. There were no additional interest accrued on the loan during the three months ended September 30, 2019 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 year.

The Company’s marketable securities transactions are as follows:

	September 30, 2019	June 30, 2019
<i>Common shares of public companies:</i>		
Fair value, beginning of period	\$ 41,875	\$ 57,150
Unrealized gains (losses)	5,075	(15,275)
Fair value, end of period	\$ 46,950	\$ 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 2.27% 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 September 30, 2019, the Company held GIC investments with total principal amount of \$1,750,000 (June 30, 2019 - \$2,500,000) and accrued interest of \$22,763 (June 30, 2019 - \$24,460).

During the three months ended September 30, 2019, the Company redeemed \$753,768 (2018 - \$1,500,000) of its GIC investments and received an aggregate interest of \$10,047 (2018 - \$9,260) from the redemption of the GIC investments.

7. OTHER ASSETS

Other assets comprise of reclamation bonds totalling \$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 1.25% and reinvested on an annual basis immediately at maturity. Interest accrued on the GICs is included in receivables (Note 3).

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars - Unaudited)

8. TRADE PAYABLES AND ACCRUED LIABILITIES

	September 30, 2019	June 30, 2019
Exploration payables	\$ 243,425	\$ 380,385
Other trade payables	54,894	32,797
Accrued liabilities	39,563	70,658
	<u>\$ 337,882</u>	<u>\$ 483,840</u>

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)		(20,898)
<u>Right-of-use asset, September 30, 2019</u>	<u>\$</u>	<u>97,524</u>

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
<u>Total lease commitments, June 30, 2019</u>		<u>127,500</u>
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		(19,703)
<u>Lease liability, September 30, 2019</u>	<u>\$</u>	<u>98,719</u>
Current	\$	83,905
Non-current	\$	14,814

During the three months ended September 30, 2019, the Company also recognized interest expense of \$2,797 (2018 - \$Nil) on lease liability according to IFRS 16 requirements. Cash payments related to the office lease were \$22,500 (2018 - \$22,500). Costs related to the short-term offsite storage leases of \$2,345 (2018 - \$1,782) were expensed.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars - Unaudited)

10. FLOW-THROUGH PREMIUM LIABILITY

	September 30, 2019	June 30, 2019
Balance, beginning of period	\$ 241,445	\$ 232,453
Recorded	–	360,166
Amortized	(240,359)	(351,174)
Balance, end of period	\$ 1,086	\$ 241,445

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 September 30, 2019, the Company incurred the qualifying exploration expenditures of \$1,387,594 (June 30, 2019 - \$458,773) with respect to its 2018 flow-through commitments and amortized \$359,080 (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 is required to incur the qualified exploration 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 2018 flow-through renunciations is payable on or before February 28, 2020. The reconciliations of the accrued and paid FT Tax for the years ended June 30, 2019 and 2018 are as follows:

	September 30, 2019	June 30, 2019
Balance, beginning of period	\$ 10,451	\$ 5,923
Accrued	1,068	14,941
FT Tax paid	–	(10,413)
Balance, end of period	\$ 11,519	\$ 10,451

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2019 and 2018

(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	–	–	–	–	–	25,216	–	25,216
At September 30, 2019	\$ 12,820	\$ 22,065	\$ 4,616	\$ 37,835	\$ 37,026	\$ 400,470	\$ 654,554	\$ 1,169,386
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	32	330	–	415	128	6,989	6,304	14,198
At September 30, 2019	\$ 12,624	\$ 15,845	\$ 4,616	\$ 35,257	\$ 35,468	\$ 296,411	\$ 560,804	\$ 961,025
Net book value:								
At June 30, 2019	\$ 228	\$ 6,550	\$ –	\$ 2,993	\$ 1,686	\$ 85,832	\$ 100,054	\$ 197,343
At September 30, 2019	\$ 196	\$ 6,220	\$ –	\$ 2,578	\$ 1,558	\$ 104,059	\$ 93,750	\$ 208,361

- (1) License, vehicles, camp equipment and fixtures and camp upgrades are used for exploration and evaluation activities. Depreciation for these items of \$13,836 for the three months ended September 30, 2019 (2018 - \$16,782) has been capitalized to exploration and evaluation assets (Note 12). Depreciation of the remaining items of \$362 (2018 - \$487) has been expensed.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars - Unaudited)

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 three months ended September 30, 2019 and the fiscal year ended June 30, 2019.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2019 and 2018

(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 September 30, 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)	13,836	-	13,836
Drilling	759,201	-	759,201
Geology	12,432	-	12,432
Community consultations	150,000	-	150,000
Environmental studies and permit compliance	23,307	-	23,307
METC recoverable (Note 3)	(176,411)	-	(176,411)
Balance, September 30, 2019	\$ 46,904,879	\$ 4,547,214	\$ 51,272,904
Total, June 30, 2019	\$ 70,287,755	\$ 4,560,793	\$ 74,848,548
Total, September 30, 2019	\$ 71,070,120	\$ 4,560,793	\$ 75,630,913

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars - Unaudited)

13. CAPITAL STOCK AND RESERVES

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

There were no transactions affecting share capital during the three months ended September 30, 2019.

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

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.

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.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2019 and 2018

(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
Expired	(50,000)	0.28
Outstanding, September 30, 2019	10,120,000	\$ 0.32

Share options outstanding and exercisable at September 30, 2019 are summarized as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Life of Options (Years)	Number of Options Exercisable
240,000	\$ 0.39	January 3, 2020	0.26	240,000
25,000	\$ 0.63	January 15, 2020	0.29	25,000
545,000	\$ 0.55	November 24, 2020	1.15	545,000
5,000	\$ 0.23	November 24, 2020	1.15	5,000
600,000	\$ 0.35	June 16, 2021	1.71	600,000
75,000	\$ 0.40	November 2, 2021	2.09	75,000
1,290,000	\$ 0.39	December 27, 2023	4.24	1,290,000
3,680,000	\$ 0.23	April 10, 2025	5.53	3,680,000
850,000	\$ 0.33	July 3, 2026	6.76	850,000
1,440,000	\$ 0.40	September 13, 2026	6.96	1,440,000
1,370,000	\$ 0.30	February 9, 2028	8.37	1,370,000
10,120,000	\$ 0.32		5.43	10,120,000

During the three months ended September 30, 2018, the Company granted an aggregate of 1,100,000 share options to certain employees and consultants of the Company and recorded share-based compensation expense of \$210,598 for the share options granted. There were no stock options granted nor share-based compensation recorded during the three months ended September 30, 2019.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - Unaudited)

13. CAPITAL STOCK AND RESERVES (cont'd)**(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 September 30, 2019	–	\$ 0.00

(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 and September 30, 2019	\$ 10,432,332	\$ 2,204,276	\$ 2,256,880	\$ 14,893,488

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the three months ended September 30, 2019 included:

- exploration and evaluation assets of \$243,425 (June 30, 2019 - \$380,385) in accounts payable (Note 8);
- depreciation of camp equipment and upgrades of \$13,836 included in exploration and evaluation assets (Note 11); and
- unrealized loss of \$5,075 on marketable securities due to changes in fair value (Note 5).

Significant non-cash transactions for the three months ended September 30, 2018 included:

- exploration and evaluation assets of \$452,906 (June 30, 2018 - \$301,570) in accounts payable;
- depreciation of camp equipment and upgrades of \$16,782 included in exploration and evaluation assets;
- an allocation of \$48,820 from reserves to capital stock upon the exercise of stock options; and
- unrealized loss of \$6,200 on marketable securities due to changes in fair value.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - Unaudited)

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.

The remuneration of the key management personnel during the three months ended September 30, 2019 and 2018 were as follows:

September 30,		2019		2018
Consulting fees (iii)	\$	3,750	\$	3,750
Directors fees (ii)		–		10,000
Exploration and evaluation expenditures (geological consulting) (iv)		40,320		37,500
Management fees (i)		88,500		88,500
Other employment benefits (v)		7,656		7,656
Total	\$	140,226	\$	147,406

- (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.
During the three months ended September 30, 2019, the Company paid \$88,500 (2018 – \$88,500) for management fees and \$15,000 (2018 – \$15,000) for administrative fees to VCC;
- (ii) the Company paid \$Nil (2018 - \$10,000) in directors’ fees;
- (iii) the Company paid \$3,750 (2018 - \$3,750) for consulting fees to a company controlled by a director;
- (iv) the Company paid geological consulting fees of \$40,320 (2018 - \$37,500) to a company owned by an officer of the Company, of which \$38,304 (2018 - \$34,375) was capitalized as exploration and evaluation costs and \$2,016 (2018 - \$3,125) was expensed as consulting fees; and
- (v) other employment benefits included life insurance and health benefits for the CEO and health benefits for the CFO of the Company.

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.

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.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - Unaudited)

16. CAPITAL MANAGEMENT (cont'd)

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 three months ended September 30, 2019. The Company is not subject to any externally imposed capital requirements.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments as at September 30, 2019 were as follows:

	<i>Loans & receivables</i>	<i>Fair Value through Profit or Loss</i>	<i>Other financial liabilities</i>
Financial assets			
Cash	\$ –	\$ 136,658	\$ –
Receivables	209,015	–	–
Marketable securities	–	46,950	–
Investment	–	1,772,763	–
Financial liabilities			
Trade payables	–	–	298,319
Lease liability	–	–	98,719
	\$ 209,015	\$ 1,956,371	\$ 397,038

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 and trade payables and accrued liabilities approximate their fair value because of the short-term nature of these instruments. There have been no changes in these levels during the three months ended September 30, 2019.

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 \$136,658 and short-term investments in GICs with the fair value of \$1,772,763. This risk is managed by using major Canadian banks that are high credit quality financial institutions as determined by rating agencies.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars - Unaudited)

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

Credit Risk (cont'd)

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 subsequent to the period ended September 30, 2019.

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 31 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 September 30, 2019, the Company was holding combined cash and GIC deposits of \$1,909,421 to settle its current cash liabilities of \$337,882. 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 \$137.

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.