

# ZincX Resources Corp.

Interim MD&A - Quarterly Highlights

For the six months ended December 31, 2022 and 2021

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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 six months ended December 31, 2022. The Quarterly Highlights have been prepared by management as of February 24, 2023 and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the six months ended December 31, 2022 and 2021, the audited consolidated financial statements and related notes thereto of the Company for the years ended June 30, 2022 and 2021, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), and the annual Management Discussion and Analysis (“MD&A”) for the years ended June 30, 2022 and 2021 of the Company.

The Company’s shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol ZNX and in Frankfurt under the symbol “M9R”. In August 2021, the Company commenced trading its common shares on the OTCQB market, a U.S. trading platform that is operated by the OTC Markets Group in New York, under the ticker symbol “ZNCXF”.

## Exploration Programs

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

Category	5% zinc cut-off grade				Contained metal		
	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.

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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. The report can be found under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website, [www.zincxresources.com](http://www.zincxresources.com).

The Kechika Regional Project consists of 11 properties including the Mt. Alcock, Bear & Spa, Pie, Yuen, and Cirque East properties that extend northwest from the Akie property for approximately 140 kilometres along the strike of the highly prospective Gunsteel Formation shale. The Gunsteel Formation shale is 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 Properties on a 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 by December 31, 2017.

## **Overall performance**

### **2022 Exploration Program**

Eagle Mapping Ltd. of Langley, British Columbia successfully completed a high-resolution airborne LiDAR survey over the Akie and Mt. Alcock Properties in 2022. The final report and data have been received by the Company. These data include a high-resolution 0.5m Digital Elevation Model (DEM) and digital surface model (DSM), a bare earth point dataset, and a fully detailed topographical dataset including contours.

The Akie and Mt. Alcock properties remain high-priority exploration targets for the Company and the datasets from this survey will be used extensively in future exploration programs to assist in a variety of exploration activities ranging from geological mapping and interpretation, exploration drill hole planning and targeting, to the proposed geophysical ground gravity surveys over the Cardiac Creek deposit on the Akie property; and the Zn-Pb-Ag rich barite showing present on the Mt. Alcock property located approximately 40 kilometres to the northwest of the Akie Property.

The data is expected to provide a solid foundation for any future surface infrastructure (e.g., road and bridge works, site infrastructure), engineering design plans (e.g., planned portal site, waste rock dump and sedimentation ponds), and geotechnical programs (e.g., geotechnical drill holes, trail construction), related to the development of the Cardiac Creek deposit as outlined in the Company's 2018 Preliminary Economic Assessment.

The Company received an update from key strategic shareholder Tongling Non-Ferrous Metals of China (Tongling) regarding the ongoing metallurgical test work on Cardiac Creek drill core samples collected from the 2021 diamond drilling program. The test work is being conducted at the Hunan Research Institute and is being overseen by Tongling.

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## 2021 Exploration Program

### 2021 Akie Drill Result Highlights

The Company completed a large-diameter HQ diamond drill program in 2021 that focused on the Cardiac Creek deposit. A total of 5 drill holes were drilled on the Cardiac Creek deposit for a total of 2,669 metres. All five holes successfully tested the Cardiac Creek Zone with excellent recovery of thick intervals of sphalerite-galena-barite mineralization displaying the highly mottled textures which generally indicate greater than average zinc grades.

Highlights include:

- Drill hole **A-21-155** returned 6.20% Zn+Pb and 9.6 g/t Ag over a true width of 32.76 metres including **10.77% Zn+Pb** and **14.5 g/t Ag** over a **true width** of **5.99 metres**
- Drill hole **A-21-157** returned 4.83% Zn+Pb and 7.7 g/t Ag over a true width of 22.61 metres including **10.62% Zn+Pb** and **15.1 g/t Ag** over a **true width** of **2.52 metres**
- Drill hole **A-21-158** returned 9.09% Zn+Pb and 14.4 g/t Ag over a true width of 5.83 metres contained within a longer mineralized interval of **6.21% Zn+Pb** and **10.3 g/t Ag** over a **true width** of **14.38 metres**.
- Drill hole **A-21-159** returned 5.59% Zn+Pb and 8.7 g/t Ag over a true width of 19.55 metres including **8.92% Zn+Pb** and **10.3 g/t Ag** over a **true width** of **3.10 metres**.

#### A-21-155

Drill hole A-21-155 targeted the northwest area of the high-grade core proximal to historical drill holes A-07-51, A-13-107, and A-17-132. A broad envelope of mineralisation was intersected from 549.37 to 602.24 metres representing a true width of 39.67 metres that returned 5.3% Zn+Pb and 8.5 g/t Ag. Within this envelope the Cardiac Creek Zone is present from 558.56 to 602.24 metres, grading 6.20% Zn+Pb and **15.5 g/t Ag** over a true width of **32.76 metres**. Higher-grade intervals are present including **10.77% Zn+Pb** and **14.5 g/t Ag** over a true width of **5.99 metres** from 569.67 to 577.66 metres. The Footwall Zone was intersected below the Cardiac Creek Zone from 593.45 to 577.66 metres and returned 9.0% Zn+Pb and 12.3 g/t Ag over a true width of 6.59 metres.

#### A-21-156B

Drill hole A-21-156B that targeted the central portion of the deposit testing the down-dip extent of the high-grade core. Surrounding holes include A-06-35, A-15-126, and A-15-127.

A broad envelope of mineralisation was intersected from 615.05 to 675.11 metres representing a true width of 33.36 metres that returned 2.58% Zn+Pb and 4.9 g/t Ag. Within this envelope the Cardiac Creek Zone is present from 652.53 to 675.11 metres, grading 5.69% Zn+Pb and 9.0 g/t Ag over a true width of 12.60 metres. Higher-grade intervals are present including 6.88% Zn+Pb and 11.1 g/t Ag over a true width of 8.84 metres from 658.61 to 674.44 metres; and 8.96% Zn+Pb and 14.8 g/t Ag over a true width of 3.60 metres from 668.00 to 674.44 metres. The Footwall Zone intersected 7.85% Zn+Pb and 10.2 g/t Ag over a true width of 5.71 metres from 685.65 to 695.76 metres that includes 9.72% Zn+Pb and 8.9 g/t Ag over a true width of 2.18 metres from 691.91 to 695.76 metres.

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## **A-21-157**

Drill hole A-21-157 targeted the southeast strike extents of the high-grade core of the Cardiac Creek zone. Surrounding holes include A-05-33, A-06-40, and A-13-105.

A broad envelope of mineralisation was intersected from 359.30 to 412.96 metres representing a true width of 36.54 metres that returned 3.55% Zn+Pb and 6.2 g/t Ag. Within this envelope the Cardiac Creek Zone is present from 372.60 to 405.82 metres, grading 4.83% Zn+Pb and 7.7 g/t Ag over a true width of 22.61 metres. Higher-grade intervals are present including 6.84% Zn+Pb and 9.1 g/t Ag over a true width of 8.17 metres from 386.0 to 398.00 metres; and **10.62% Zn+Pb** and **15.1 g/t Ag** over a **true width of 2.52 metres** from 394.3 to 398.0 metres.

## **A-21-158**

Drill hole A-21-158 targeted an open area in the immediate vicinity of A-11-96, A-11-98 and A-14-115 along the southeast edge of the high-grade core.

A broad envelope of mineralisation was intersected from 275.50 to 305.23 metres representing a true width of 25.34 metres that returned 4.82% Zn+Pb and 7.4 g/t Ag. Within this envelope the Cardiac Creek Zone is present from 288.37 to 305.23 metres, grading 6.21% Zn+Pb and 10.3 g/t Ag over a true width of 14.38 metres. Higher-grade intervals are present including 9.09% Zn+Pb and 14.4 g/t Ag over a true width of 5.83 metres from 294.42 to 301.25 metres; The Zone hosts a total of 9 samples that grade in excess of 7% Zn and 1% Pb over an aggregate core length of 5.44 metres. Within the Cardiac Creek Zone individual zinc grades range up to 17.84% and lead grades range up to 3.21%.

## **A-21-159**

Drill hole A-21-159 targeted the southeast strike extents of the Cardiac Creek deposit's high-grade core. Surrounding holes include A-05-33, A-08-55, A-08-64.

A broad envelope of mineralisation was intersected from 386.83 to 440.75 metres representing a true width of 38.53 metres that returned 4.09% Zn+Pb and 6.9 g/t Ag. Within this envelope the Cardiac Creek Zone is present from 401.50 to 428.83 metres, grading 5.59% Zn+Pb and 8.7 g/t Ag over a true width of 19.55 metres. Higher-grade intervals are present including 6.43% Zn+Pb and 9.5 g/t Ag over a true width of 13.66 metres from 409.75 to 428.83 metres as well as 8.92% Zn+Pb, and 10.3 g/t Ag over a true width of 3.10 metres from 424.50 to 428.83 metres. A narrow Footwall Zone is present from 432.40 to 440.75 metres over a true width of 5.98 metres that returned 5.06% Zn+Pb, and 9.1 g/t Ag including 7.16% Zn+Pb, and 10.2 g/t Ag over a true width of 3.80 metres from 432.40 to 437.70 metres. The Zone hosts a total of 13 samples that grade in excess of 7% Zn and 1% Pb over an aggregate core length of 8.01 metres. Within the Cardiac Creek Zone individual zinc grades range up to 15.64% and lead grades range up to 2.95%.

Significant results from the 2021 drill program are tabulated below.

Drill Hole	From (m)	To (m)	True Width (m)*	Zn (%)	Pb (%)	Ag (g/t) <sup>(†)</sup>	Zn+Pb (%)
<b>A-21-155</b>	549.37	602.24	39.67	4.46	0.80	8.46	5.27
<b>CCZ</b>	558.56	602.24	32.76	5.24	0.96	9.61	6.20
including	559.95	586.80	20.14	5.71	1.09	10.89	6.80
including	567.28	586.80	14.64	6.56	1.29	12.56	7.86
including	569.67	586.80	12.85	6.76	1.33	12.92	8.09
including	569.67	583.67	10.50	7.16	1.42	13.25	8.58
<b>including</b>	<b>569.67</b>	<b>577.66</b>	<b>5.99</b>	<b>8.93</b>	<b>1.84</b>	<b>14.55</b>	<b>10.77</b>
FW	593.45	602.24	6.59	7.68	1.31	12.25	9.00
MS	606.11	611.11	3.75	2.17	0.34	2.60	2.51
<b>A-21-156B</b>	615.05	675.11	33.36	2.24	0.34	4.91	2.58
CCZ	652.53	675.11	12.60	4.86	0.83	9.02	5.69

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including	658.61	674.44	8.84	5.81	1.06	11.08	6.88
including	668.00	674.44	3.60	7.51	1.46	14.81	8.96
including	668.00	671.75	2.10	7.75	1.36	14.00	9.11
FW	685.65	695.76	5.71	6.60	1.25	10.15	7.85
including	691.91	695.76	2.18	8.18	1.55	8.94	9.72
<b>including</b>	<b>693.83</b>	<b>695.76</b>	<b>1.09</b>	<b>13.14</b>	<b>2.46</b>	<b>9.39</b>	<b>15.60</b>
<b>A-21-157</b>	359.30	412.96	36.54	3.02	0.53	6.23	3.55
including	369.10	405.82	25.00	3.89	0.70	7.42	4.59
<b>CCZ</b>	372.60	405.82	22.61	4.09	0.74	7.72	4.83
including	376.90	405.82	19.68	4.29	0.77	8.09	5.06
including	376.90	398.00	14.36	4.81	0.87	8.53	5.68
including	386.00	398.00	8.17	5.79	1.05	9.10	6.84
including	386.00	390.68	3.18	7.48	1.42	10.40	8.90
<b>including</b>	<b>394.30</b>	<b>398.00</b>	<b>2.52</b>	<b>9.10</b>	<b>1.52</b>	<b>15.07</b>	<b>10.62</b>
<b>A-21-158</b>	275.50	305.23	25.34	4.25	0.57	7.4	4.82
CCZ	288.37	305.23	14.38	5.52	0.69	10.3	6.21
Including	294.42	301.25	5.83	8.20	0.89	14.4	9.09
<b>A-21-159</b>	386.83	440.75	38.53	3.51	0.57	6.9	4.09
CCZ	401.50	428.83	19.55	4.79	0.80	8.7	5.59
Including	409.75	428.83	13.66	5.49	0.94	9.5	6.43
Including	424.50	428.83	3.10	7.62	1.30	10.3	8.92
FW	432.40	440.75	5.98	4.31	0.75	9.1	5.06
including	432.40	437.70	3.80	6.04	1.12	10.2	7.16

(\*) The true width in metres is calculated utilising the Geovia GEMS software package. The orientation of the mineralised horizon is estimated to have an azimuth of 130 degrees and a dip of -70 degrees. (CCZ) = Cardiac Creek Zone; (HW) = Hangingwall Zone; (FW) = Footwall Zone; (MS) = Massive Sulphide. (†) Ag values below detection were given a value half of the detection limit for the purposes of weighted averaging.

The primary objective of the 2021 drill program was to acquire mineralized Zn-Pb-Ag drill core samples for advanced metallurgical testing. This material will be used to further investigate previous metallurgical testing of the mineralization with a focus on enhancing the recoveries and boosting concentrate grades for both zinc and lead; using a state-of-the-art metallurgical testing facility owned by key strategic shareholder Tongling Non-Ferrous Metals of China (Tongling).

A total of six individual metallurgical samples were selected, two from hole A-21-156B and one from each of the remaining drill holes. Individual samples averaged 228 kilograms and the total combined weight is in excess of 1,350 kilograms.

The samples were shipped from Vancouver by air freight to the Hunan Research Institute for Non-Ferrous Metals Co. Ltd., the metallurgical laboratory located in Changsha, China. The lab will conduct the metallurgical testing on behalf of Tongling.

## Kechika Trough Target Initiative Update

Detailed work has identified numerous Areas of Interest (AOIs) of which 19 have been classified as high-priority targets. These targets have been ranked and will be assessed in future focused field programs.

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The Company has identified 19 high-priority targets from a pool of 95 AOIs across all its Kechika Trough tenure including key properties such as Akie, Pie, Mt. Alcock, and Bear/Spa. A set of district specific exploration criteria have been established from the study of past discoveries in the region (e.g. Cardiac Creek deposit, Cirque, Driftpile, etc.). Potential AOIs were assessed using these criteria and evaluated against the geological, geochemical, geophysical and geographical datasets present within the Kechika Trough Exploration Database to identify prospective AOIs. Work has been recommended representing early stage through to drill exploration targets. This evaluation also identified prospective areas on several properties that have had little to no exploration. The 19 ranked high-priority targets are located on almost every property within the district. Several target areas are classified as drill-ready while others require additional work to be upgraded. In some cases, these high-priority targets are associated with adjacent or proximal AOIs that pending exploration success could elevate their ranking.

One of the highest priority targets is the Mt. Alcock prospect located approximately 40 kilometres northwest of the Akie property and 20 kilometres northwest of Teck Resources/Korea Zinc's Cirque property. The Mt. Alcock prospect, discovered in the late 1970s, is defined by a prominent massive barite cap ("kill zone) which hosts abundant coarse-grained galena and sphalerite on surface. Limited and shallow drilling by previous operators intersected mineralisation with significant grade such as 9.30% combined Zn+Pb and 1.20 oz/t Ag over 8.8 metres in drill hole AK-89-3 including 14.20% combined Zn+Pb and 1.60 oz/t Ag over 3.6 metres hosted in Gunsteel formation shale. Facies models recently derived by the Company from close examination of the Cardiac Creek deposit can be applied to the Mt. Alcock prospect and greatly assist in vectoring future targeted drilling at depth and down dip of prospective lithology. The tenor and style of mineralization at Cardiac Creek is a close analog and serves as an exploration model going forward. Mineralization in the district, including Cirque, and Driftpile, along with historical drilling, geochemical data and geophysical EM trends all support the exploration model.

Other high-priority targets are present on the Saint and Thro properties located to the northwest of the Driftpile deposit. Targets on the Saint property are associated with a long continuous Pb soil anomaly with approximate dimensions of 3,500m x 500m with values consistently in excess of 100 ppm and localized areas where values can range up to 6,500 ppm. Historical operators recommended drilling for this target area, but it was never pursued. On the Thro property historical work outlined an approximate 600m x 600m Pb soil anomaly with values consistently in excess of 100 ppm and range up to 12,500 ppm. Rock chip samples in the vicinity were also elevated in lead and rock chips taken from a hand dug trench in 1978 returned highly anomalous Pb values in excess of 400 ppm and ranging up to 5,600 ppm. These anomalies represent some of the largest in the district and both remain untested by drilling. Almost all the known deposits in the district are associated with a distinct Pb soil signature making the targets on the Saint and Thro properties attractive drill targets.

### Permitting

The Company has been advised by the Ministry of Energy, Mines and Petroleum Resources that the surface drilling permit for the Akie property has been renewed for an additional 5-year period that now extends exploration activities to December 31<sup>st</sup>, 2026.

The Company has also filed an annual Statement of Cost with the Ministry of Energy, Mines and Low Carbon Innovation based on exploration expenditures incurred during the 2021 drill program. The filing has extended the entire contiguous claim package in good standing to September 13, 2030.



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## 2020 Exploration Program

### Permitting

The Company has been advised by the Ministry of Energy, Mines and Petroleum Resources that the four Kechika regional drill permits on the Pie, Yuen, Mt. Alcock, and Kechika North properties have been renewed for an additional 5-year period, until November 28, 2025.

## 2019 Exploration Program

### 2019 Akie Drilling program

The 2019 exploration program was designed to achieve several key objectives including: additional close spaced drill intersections within the current resource model, extend the high-grade core of the Cardiac Creek deposit, and collect geotechnical and structural data. To achieve these objectives, the Company completed 4 HQ diameter diamond drill holes totaling 2,347 metres.

The 2019 drill program returned impressive results characteristic of the high-grade core. Significant results from the 2019 drill holes are tabulated below.

Drill Hole	From (m)	To (m)	True Width (m)*	Zn (%)	Pb (%)	Ag (g/t) <sup>t</sup>	Zn+Pb (%)
A-19-150	480.75	537.14	38.18	6.14	1.15	10.8	7.29
CCZ	490.89	537.14	31.38	7.20	1.38	12.4	8.58
including	502.31	537.14	23.68	8.40	1.64	14.0	10.04
including	502.31	518.45	10.94	10.85	2.23	16.9	13.08
A-19-151	560.00	608.80	30.85	4.91	0.98	9.7	5.89
CCZ	<b>568.42</b>	<b>594.40</b>	<b>16.37</b>	<b>8.10</b>	<b>1.67</b>	<b>15.5</b>	<b>9.77</b>
including	571.15	593.75	14.24	8.88	1.86	16.7	10.74
including	<b>575.75</b>	<b>591.50</b>	<b>9.91</b>	<b>9.09</b>	<b>1.98</b>	<b>17.9</b>	<b>11.07</b>
FW	603.30	608.80	3.51	2.70	0.45	5.0	3.15
A-19-153	443.00	532.50	50.71	7.93	1.44	14.2	9.37
CCZ	<b>454.00</b>	<b>507.25</b>	<b>30.14</b>	<b>11.47</b>	<b>2.32</b>	<b>19.7</b>	<b>13.78</b>
including	466.78	507.25	22.93	14.29	2.95	24.1	17.24
including	480.75	506.59	14.65	16.20	3.39	27.0	19.59
including	<b>490.00</b>	<b>506.59</b>	<b>9.41</b>	<b>19.22</b>	<b>3.77</b>	<b>30.1</b>	<b>22.99</b>
FW	518.82	532.50	7.81	6.56	0.25	11.8	6.81
A-19-154	349.03	425.67	24.32	5.78	1.10	11.3	6.88
CCZ	<b>349.03</b>	<b>410.50</b>	<b>19.50</b>	<b>6.96</b>	<b>1.34</b>	<b>13.3</b>	<b>8.30</b>
including	353.19	390.91	11.97	8.56	1.69	15.4	10.25
including	353.19	377.71	7.78	10.55	2.06	18.5	12.61

(\*) The true width in metres is calculated utilising the Geovia GEMS software package. The orientation of the mineralised horizon is estimated to have an azimuth of 130 degrees and a dip of -70 degrees. (CCZ) = Cardiac Creek Zone; (HW) = Hangingwall Zone; (FW) = Footwall Zone; (MS) = Massive Sulphide. (t) Ag values below detection were given a value half of the detection limit for the purposes of weighted averaging. Hole A-19-152 was abandoned due to excessive deviation and restarted as hole A-19-153.

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## **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 program was conceived 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. The Company is currently working on a new and updated underground permit application to extend the duration date of the existing permit to 2025.
- 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.
- Continue to evaluate high priority greenfield targets.
- Continue to 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.
- The next planned phase of exploration on the optioned properties is expected to include drill testing of key high priority targets.



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Summary of exploration expenditures incurred on various properties:

	Akie Property	Kechika Regional	Total
<b>Acquisition Costs:</b>			
<b>Balance, June 30, 2022, and December 31, 2022</b>	\$ 24,165,241	\$ 192,768	\$ <b>24,358,009</b>
<b>Deferred exploration costs:</b>			
<b>Balance, June 30, 2021</b>	\$ 47,909,157	\$ 4,368,025	\$ <b>52,277,182</b>
Camp equipment, depreciation (Note 9)	35,100	–	35,100
Drilling	497,127	–	497,127
Geology	133,037	–	133,037
Geophysics	103,461	63,345	166,806
Community consultations	235	–	235
Assessment reporting	1,500	–	1,500
Metallurgy	11,193	–	11,193
Environmental studies and permit compliance	26,602	–	26,602
<b>Balance, June 30, 2022</b>	<b>48,717,412</b>	<b>4,431,370</b>	<b>53,148,782</b>
Camp equipment, depreciation (Note 9)	12,999	–	12,999
Drilling	9,352	–	9,352
Geology	57,200	–	57,200
Environmental studies and permit compliance	6,539	–	6,539
METC recoverable	(49,032)	-	(49,032)
<b>Balance, December 31, 2022</b>	<b>\$ 48,754,470</b>	<b>\$ 4,431,370</b>	<b>\$ 53,185,840</b>
<b>Total, June 30, 2022</b>	<b>\$ 72,882,653</b>	<b>\$ 4,624,138</b>	<b>\$ 77,506,791</b>
<b>Total, December 31, 2022</b>	<b>\$ 72,919,711</b>	<b>\$ 4,624,138</b>	<b>\$ 77,543,849</b>

## Results of Operations

### Six months ended December 31, 2022 and 2021

During the six months ended December 31, 2022, the Company reported a net and comprehensive loss of \$239,429 or \$0.00 per share compared to \$454,795 or \$0.00 per share during the same period last year, a decrease in net loss of \$215,366. The overall decrease in net loss was primarily attributable to a decrease in overall general and administrative expenses of \$174,835.

Overall general and administrative expenses decreased by \$174,835 during the six months ended December 31, 2022 as compared to the same period of the previous fiscal year due to the following decreases in operating expenses:

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- Consulting fees decreased by \$6,558 due to less consulting services engaged.
- Depreciation of the right-of-use assets decreased by \$35,545 as the Company's lease arrangement for the right-of-use asset expired in the prior year. No new right-of-use asset was recognized in the current period.
- Management fees decreased by \$75,000 as a result of a relief in management fees effective August 1, 2022 for a period of six months.
- Wages and benefits decreased by \$87,989 primarily due to the Company not having the retroactive payment of salaries for the Company's exploration staff in the current period.

In addition to the decrease of general and administrative expenses, interest income, and other items also contributed to the decrease in net loss:

- Interest income increased by \$9,101 mainly in connection with the accrued interest on the reclamation bonds;
- Other income increased by \$31,430 from camp rental to an external party.

Offsetting the decrease in expense were increases in:

- Rent by \$23,885 for the Company's office and offsite storage rentals. The Company elected not to recognize right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets. Consequently, the rent payments of \$2,860 (2021 - \$3,795) and \$32,500 (2021 - \$7,500) associated with the lease of the external storage facility and office space, respectively, were classified as operating rent expenses and charged directly to the statement of loss and comprehensive loss;
- Marketing and public relations by \$10,893 as the Company increased its marketing and promotion services during the current period.

### Three Months Ended December 31, 2022 and 2021

During the three months ended December 31, 2022, the Company reported a net and comprehensive loss of \$94,544 or \$0.001 per share compared to \$208,721 or \$0.001 per share during the same period last year, a decrease in net loss of \$114,177. The overall decrease in net loss was primarily attributable to a decrease in overall general and administrative expenses of \$78,107.

Overall general and administrative expenses decreased by \$78,107 during the three months ended December 31, 2022 as compared to the same period of the previous fiscal year primarily due to a decrease in management fees by \$45,000 as a result of a relief in management fees effective August 1, 2022 for a period of six months and a decrease in depreciation of the right-of-use assets by \$14,218 as the Company's lease arrangement for the right-of-use asset expired in the prior year. No new right-of-use asset was recognized in the current period.

### **Liquidity and Capital Resources**

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. Management may require to seek additional sources of

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financing in the form of equity or debt financing in the future. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

At December 31, 2022, the Company reported working capital deficiency of \$849,912 compared to working capital deficiency of \$589,136 at June 30, 2020, representing a decrease in working capital of \$260,776. The decrease in working capital was a result of lower general operating activities and exploration expenditures incurred during the period.

Net cash decreased by \$305,883 from \$804,822 at June 30, 2022 to \$498,939 at December 31, 2022 primarily due to lower operating and exploration activities.

During the period ended December 31, 2022, the Company utilized its cash and cash equivalents as follows:

- (a) the Company used \$217,216 of its cash in operating activities compared to spending \$449,859 in fiscal 2021;
- (b) exploration expenditures during the period were \$88,667 compared to \$1,316,791 in fiscal 2021;
- (c) \$nil (2021 - \$2,646) was used for the purchase of camp fixtures and office furniture; and
- (d) \$nil (2021 - \$37,500) was paid in lease payments for its corporate office.

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

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	December 31, 2022	June 30, 2022
Government Sales Tax credits	\$ 2,961	\$ 8,693
Interest accrued on reclamation deposits	4,763	553
Trade receivables	49,469	-
Prepaid expenses	48,988	61,488

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Current liabilities as at December 31, 2022 consisted of the following:

- trade payables and accrued liabilities of \$56,346 (June 30, 2022- \$65,986), which mainly consisted of trade payables and accrued liabilities and were paid subsequent to December 31, 2022;
- due to related parties of \$1,398,686 (June 30, 2022 - \$1,398,686) consisting of an advance of \$1,398,686 (June 30, 2022 - \$1,398,686) received from Tongling, a significant shareholder of the Company, for the Akie Property's drill program.

The other sources of funds potentially available to the Company are through the exercise of outstanding stock options. 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

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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.

## *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 \$498,939 (June 30, 2022 - \$804,822). 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 and interest accrued on GIC investments.

## *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 December 31, 2022, the Company was holding cash and of \$498,939 (June 30, 2022 - \$804,822) to settle its current liabilities of \$1,455,032 (June 30, 2022 - \$1,464,672). Management may require to seek additional sources of financing in the form of equity or debt financing in the future. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

## *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.

## *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 Company is not exposed to significant interest rate risk.

## *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.

## *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.

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## Transactions with Related Parties

Key management personnel include 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 periods ended December 31, 2022 and 2021 were as follows:

December 31,	2022	2021
Consulting fees (ii)	\$ -	\$ 4,000
Exploration and evaluation expenditures (geological consulting) (iii)	54,700	64,512
Management fees (i)	15,000	90,000
Administrative fees (i)	30,000	30,000
Other employment benefits (iv)	12,840	14,041
Total	\$ 112,540	\$ 202,553

Transactions with key management and other related party transactions:

- (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. Effective August 1, 2022, VCC provided a six-month relief on management fees of \$15,000 per month expiring January 31, 2023.

During the period ended December 31, 2022, the Company paid \$15,000 (2021 – \$90,000) for management fees and \$30,000 (2021 – \$30,000) for administrative fees to VCC;

- (ii) the Company paid \$nil (2021 - \$4,000) for consulting fees to Sircon AG, a company controlled by a director and as at December 31, 2022, the Company owed \$nil (June 30, 2022 - \$2,000) to Sircon AG;
- (iii) the Company paid or accrued exploration and evaluation costs of \$54,700 (2021 - \$64,512) for geological consulting fees to a company owned by VP of Exploration of the Company, of which \$54,200 (2021 - \$61,454) was capitalized as exploration and evaluation costs and \$500 (2021 - \$3,058) was expensed as consulting fees;
- (iv) other employment benefits included life insurance and health benefits for the CEO and health benefits for the CFO of the Company;
- (v) the Company owed \$nil (June 30, 2022- \$490) in office expense reimbursement to VCC;
- (vi) the Company owed \$nil (June 30, 2022 - \$1,497) to the CEO of the Company for exploration and office expenses paid on behalf of the Company. This amount was included in trade payables and accrued liabilities;
- (vii) the Company received an advance of \$1,398,686 in fiscal year 2020 from a significant shareholder, Tongling Non-Ferrous Metals ("Tongling"), to fund a drill program on the Akie Property. 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.

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### Changes in Accounting Policies including Initial Adoption

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 February 24, 2023:**

Authorized: Unlimited common shares without par value

Issued and outstanding: 177,896,141

Stock options: 8,344,900

Warrants 3,750,000

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](http://www.sedar.com).

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

"Peeyush Varshney"

Peeyush Varshney  
Director