

ZincX Resources Corp.

MANAGEMENT DISCUSSION AND ANALYSIS

For the years ended June 30, 2021 and 2020

1.1 Date

This Management Discussion and Analysis (“MD&A”) of ZincX Resources Corp. (the “Company” or “ZincX”) has been prepared by management as of October 25, 2021 and should be read in conjunction with the consolidated audited financial statements and related notes thereto of the Company for the years ended June 30, 2021 and 2020, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”).

The Company’s shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol ZNX and in Frankfurt under the symbol “M9R”. The Company has recently 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”. The Company will continue to trade on the TSX-V and Frankfurt under its existing symbol.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the issuer, including potential business or mineral property acquisitions and negotiation and closing of future financings. The issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions.

These forward-looking statements include statements regarding the success of exploration activities, permitting timelines, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors including but not limited to changes in commodity prices and, particularly, zinc prices, access to skilled personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

1.2 Overall Performance

The Company was incorporated under the laws of the Province of British Columbia on February 10, 1988. The Company operates in one business segment, that being the exploration and development of mineral properties in Canada. As at the date hereof, the Company has mining interests in properties located in British Columbia.

Significant events and operating highlights for the year ended June 30, 2021 and up to the date of these MD&A:

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.Geol 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. The report 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 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 to December 31, 2017.

Overall performance

2021 Exploration Program

2021 Akie Drilling Program

The 2021 planned drill program consisted of three holes totaling approximately 2,000 metres of drilling with a primary objective of acquiring mineralised drill core sample material for advanced metallurgical testing. The holes will target specific areas of the deposit to provide material representative of the deposit across its strike and width. This material will be used to further investigate the metallurgical response of the mineralisation with a focus on enhancing the recoveries and boosting concentrate grades for both zinc and lead; using state-of-the-art metallurgical testing facility owned by Tongling Non-Ferrous Metals of China (Tongling).

The Company's 2021 drill program on the Cardiac Creek Zn-Pb-Ag deposit was successfully concluded in late July. Strict budget control and faster than anticipated drilling allowed the Company to complete 2 additional holes totalling 850 metres over and above the original planned drill program of 3 holes totalling 1,850 metres. A total of 2,670 metres of drilling were completed in 5 holes on the Cardiac Creek deposit as a result.

Drill hole A-21-155 targeted the northwestern edge of the high-grade core, A-21-156B targeted the down-dip extension of the high-grade core in the central area of the deposit, and A-21-157 targeted the southeastern edge of the high-grade core. The additional two "bonus" holes were drilled off the same drill pad as A-21-157; at different collar orientations and designed as infill holes in the immediate vicinity along the south eastern edge of the high-grade core. Drill hole A-21-158 was drilled up-dip to a depth of 314.96 metres. Drill hole A-21-159 was drilled down-dip and completed to a depth of 532.0 metres.

A total of 641 samples including standard QA/QC samples were collected from the drill holes. The samples have been submitted for analysis at Bureau Veritas in Vancouver, British Columbia. Results for all drill holes are currently pending.

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.

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 serve 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.

Ground Based Gravity Survey

The Company has engaged Simcoe Geosciences Ltd. of Stouffville, Ontario to conduct a ground-based gravity survey over select targets on the Akie and Mt. Alcock properties. The primary goal is to enhance and infill the existing airborne gravity data gathered previously over the linear corridor from Akie north to Mt Alcock with a specific focus on the surface expression of the Cardiac Creek deposit and the lightly drilled Zn-Pb-Ag rich barite cap at Mt. Alcock.

The survey will take advantage of the known density contrast between the barite rich Zn-Pb-Ag SEDEX style sulphide mineralisation and the black siliceous shale host rocks of the Gunsteel Formation. The Company has an extensive physical property database from Cardiac Creek drill core that has been used to test and design for geophysical surveys.

The program will consist of approximately 10.5 line-kilometres on two grids, one at Akie centered on the strike length of the Cardiac Creek deposit; and one centered on the main barite zone at Mt. Alcock. Line spacing will be approximately 100 to 200 metres and gravity readings will be taken every 50 metres.

2020 Exploration Program

2020 Akie Drilling & Field Exploration Programs

On June 25, 2020, the Company and strategic partner Tongling Non-Ferrous Metals of China (Tongling) agreed to defer the planned drilling and subsequent metallurgical testing program until the 2021 exploration season due to COVID19.

Kechika Trough Target Generation

Another core objective of the Company has been to unlock and maximize the value of its extensive Kechika Trough tenure holdings which stretch 140 strike-kilometres north of the Akie property. The Company previously completed a massive digital compilation program incorporating data from 35 years of mineral exploration conducted in the Kechika Trough. Currently, the database exceeds 155 GB in size and includes over 1,250 rock samples, 1,775 silt samples, 24,000 soil samples, and 13,875 meters of drilling. Collectively this work represents in excess of \$7.3 million dollars in historical exploration expenditures. The Company completed a district wide reinterpretation of the geology in 2020 incorporating both historical and recent geological mapping efforts combined with the high-resolution satellite imagery. This dataset coupled with the geophysical and imagery datasets will form the basis of the ongoing geological modelling. Detailed analysis was initiated in 2020 using the integrated database to interpret, model and ultimately prioritize areas of interest for further exploration

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. Drilling on these properties had previously been permitted with a renewal occurring in December 2015, extending the expiry date until December 31st 2019.

These drill permits cover high-priority drill-ready targets on the largest tenure holdings within the Kechika Trough and will allow additional drill testing to take place at a measured pace as new anomalies are identified and confirmed as drill targets.

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. A summary of the 2019 drill program is provided below.

The 2019 drill program returned impressive results characteristic of the high-grade core. Hole **A-19-153** returned an intercept of 30.14 metres (true width) grading 13.78% Zn+Pb, and 19.7g/t Ag that includes a high-grade core interval of 22.99% Zn+Pb, and 30.1g/ Ag over a true width of 9.44 metres. Hole **A-19-154** returned 8.30% Zn+Pb and 13.3 g/t Ag over a true width of 19.50 metres including 10.25% Zn+Pb and 15.4 g/t Ag over a true width of 11.97 metres. Along the southeast edge of the high-grade core **A-19-151** returned 16.37 metres (true width) grading 9.77% Zn+Pb and 15.5 g/t Ag. Higher-grade intervals are present including 10.74% Zn+Pb and 16.74 g/t Ag over a true width of 14.24 metres. Significant results from the 2019 drill holes are tabulated below.

Geotechnical and structural data was collected from all the 2019 drill holes above, throughout and below the Cardiac Creek Zone. The data collected would be directly applicable to any future engineering studies or design as related to the proposed underground program.

On November 14, 2019, the Company received a new permit approving a geotechnical drill program on the Akie Project designed to provide critical site-specific engineering data to confirm site selection for mine infrastructure including the mill, powerplant/maintenance, camp, and tailings sites identified in the Company's 2018 independent Preliminary Economic Assessment ("PEA") report on the Cardiac Creek

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deposit. The drilling will collect lithological and soil data, hydraulic and conductivity data and provide samples for laboratory testing of material and strength characteristics and water quality samples to support ongoing baseline environmental programs.

This program could be completed over a 6 to 8 week period at the start of an exploration season and would run parallel with the Company's ongoing exploration drilling programs on the Cardiac Creek deposit. The new permit is valid until November of 2022.

Drill Hole	From (m)	To (m)	True Width (m)*	Zn (%)	Pb (%)	Ag (g/t) [†]	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	568.42	594.40	16.37	8.10	1.67	15.5	9.77
including	571.15	593.75	14.24	8.88	1.86	16.7	10.74
including	575.75	591.50	9.91	9.09	1.98	17.9	11.07
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	454.00	507.25	30.14	11.47	2.32	19.7	13.78
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	490.00	506.59	9.41	19.22	3.77	30.1	22.99
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	349.03	410.50	19.50	6.96	1.34	13.3	8.30
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. (†) 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.

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 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 continued drill testing of the highest priority targets.

Summary of exploration expenditures incurred on various properties:

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	Akie Property	Kechika Regional	Total
Acquisition Costs:			
Balance, June 30, 2020 and 2021	\$ 24,165,241	\$ 192,768	\$ 24,358,009
Deferred exploration costs:			
Balance, June 30, 2019	\$ 46,122,514	\$ 4,368,025	\$ 50,490,539
Camp equipment, depreciation	59,868	–	59,868
Drilling	761,950	–	761,950
Geology	108,948	–	108,948
Community consultants	151,848	–	151,848
Environmental studies and permit compliance	43,723	–	43,723
METC recoverable	(197,861)	–	(197,861)
Balance, June 30, 2020	47,050,990	4,368,025	51,419,015
Camp equipment, depreciation	41,055	–	41,055
Drilling	660,220	–	660,220
Geology	109,748	–	109,748
Community consultants	75,235	–	75,235
Road repairs	2,862	–	2,862
Environmental studies and permit compliance	34,449	–	34,449
METC recoverable	(65,402)	–	(65,402)
Balance, June 30, 2021	\$ 47,909,157	\$ 4,368,025	\$ 52,277,182
Total, June 30, 2020	\$ 71,216,231	\$ 4,560,793	\$ 75,777,024
Total, June 30, 2021	\$ 72,074,398	\$ 4,560,793	\$ 76,635,191

1.3 Selected Annual Information

The following is a summary of certain financial information concerning the Company for each of the last three most recently completed financial years.

	Years ended June 30,		
	2021	2020	2019
Interest and other income	\$ 53,106	\$ 68,444	\$ 96,282
Net Loss	\$ (733,550)	\$ (1,200,542)	\$ (1,655,602)
Loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)
Total assets	\$ 80,293,525	\$ 79,027,238	\$ 78,840,827
Total long-term liabilities	\$ 1,833,450	\$ 1,834,184	\$ 1,608,000
Cash dividends declared per share for each class of share	\$ Nil	\$ Nil	\$ Nil

1.4 Results of Operations

Years ended June 30, 2021 and 2020

During the year ended June 30, 2021, the Company reported a net loss of \$733,550 or \$0.00 per share compared to a loss before a comprehensive loss of \$1,200,542 or \$0.01 per share in fiscal 2020, a decrease in net loss of \$466,992. The decrease in net loss was primarily a result of decreases in general and administrative expenses by \$400,985, increases in gain on sale of marketable securities of \$56,133, and increases in gain on sale of fixed asset of \$10,995.

The Company's consolidated net loss for the year ended June 30, 2021 not factoring in non-cash transactions of share-based compensation expense, depreciation of office equipment, depreciation of right-of-use asset, accrued flow-through taxes, gain on sale of fixed asset, gain on sale of marketable securities, adjustment for change in fair value of marketable securities and deferred income tax recovery of flow-through liabilities, was \$766,688 (2020 - \$914,115), representing a decrease of \$147,427.

Interest income and other items

Income reported for the year ended June 30, 2021 included interest income earned on the Company's cash deposits and short-term GIC investments of \$36,968 (2020 - \$50,771), sale of marketable securities \$56,133 (2020 - \$Nil), sale of fixed asset \$10,995 (2020 - \$Nil), recoveries of \$1,886 (2020 - \$Nil) from a VAT recovery on travel expenses in Europe, and recoveries of \$14,252 (2020 - \$8,344) for the use of the Company's Akie camp facilities and services by another exploration company during the 2021 summer drilling program. The Company also recognized an accounting gain on adjustment for change in fair value of marketable securities of \$18,420 (2020 - loss of \$8,250).

The deferred tax recovery of \$33,992 (2020 - \$46,445) recognized during the year primarily resulted from sales of marketable securities.

General and administration expenses

The following expense categories contributed to the decrease in operating expenses by \$400,985 in fiscal 2021:

- Stock-based compensation decreased by \$236,614 as no options were granted during the current year;
- Management fees decreased by \$116,000 due to a reduction in management fees starting March 2020 (*see 1.9 Transactions with Related Parties*);
- Office and miscellaneous expenses decreased by \$20,604 due the Company's cost savings initiative;
- Flow-through taxes decreased by \$2,869 due to a recovery of \$1,271 flow-through taxes expensed in the last fiscal year and only \$197 of taxes accrued in the current year as Canada Revenue Agency recommends filing tax returns based on the drafted legislation to extend the timeline for spending the qualified exploration expenditure by 12 months;
- Travel and promotion decreased by \$53,584 as a result of government-imposed travel restrictions and event restrictions as part of its COVID 19 safety measures; and
- Wages and benefits decreased by \$36,478 as a result of reduced salaries of its staff due to limitations to access mine sites as a result of government imposed COVID 19 safety measures.

Offsetting the decrease in loss were increases in consulting expenses for services engaged to assist with

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the Company's listing application on the OTCQB market, and increases in marketing and public relations for business development and shareholder awareness.

There were no changes in administrative fees during the comparative years.

The Company has 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 \$7,124 (2020 - \$7,717) associated with the lease of the external storage facility were classified as operating rent expenses and charged directly to the statement of loss and comprehensive loss.

Three months ended June 30, 2021 and 2020

During the three months ended June 30, 2021, the Company reported a net loss of \$206,974 or \$0.00 per share compared to a loss of \$448,774 or \$0.00 per share during the same quarter in fiscal 2020, a decrease in net loss of \$241,800. The decrease in net loss was primarily a result of a deferred income tax recovery of flow through liabilities and sale of marketable securities compared to a deferred tax expense of \$195,000 in the comparative period last fiscal year.

During the three months ended June 30, 2021, total general and administration expenses were \$258,603 compared to \$281,987 during the same quarter in fiscal 2020, representing a decrease of \$23,384.

The decrease in total general and administration expenses in the comparative quarters was primarily due to decreases in stock-based compensation of \$43,270 as no options were granted during the current fiscal year. Other decreases included travel and promotion expenses of \$3,777 as a result of government-imposed travel restrictions and event restrictions as part of its COVID 19 safety measures. Offsetting the decrease in losses were increases in marketing and public relations for business development and shareholder awareness.

There were no significant variations in other operating expenses over the comparative quarters.

1.5 Summary of Quarterly Results

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight reported quarters:

Quarter ended	Interest and other income	Net and comprehensive loss	Loss per share
June 30, 2021	\$ 20,188	\$ (206,974)	\$ (0.00)
March 31, 2021	7,399	(172,225)	(0.00)
December 31, 2020	11,187	(187,971)	(0.00)
September 30, 2020	14,332	(166,380)	(0.00)
June 30, 2020	21,513	(448,774)	(0.00)
March 31, 2020	8,922	(456,716)	(0.00)
December 31, 2019	11,249	(298,717)	(0.00)

September 30, 2019	26,760	3,666	(0.00)
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The increase in interest and other income reported for the quarter ended June 30, 2021 resulted from cost recoveries charged to another exploration company for the use of the Company's Akie camp facilities and services by another exploration company during the 2021 summer drilling program.

The increase in loss for the quarter ended June 30, 2020 was primarily a result of a deferred income tax expense of \$195,000.

The increase in loss for the quarter ended March 31, 2020 was due to share-based compensation expense of \$193,343 recorded for 2,585,000 shares options granted to directors, officers, and consultants of the Company during the period.

The income reported for the quarter ended September 30, 2019 was a result of a deferred income tax recovery of \$240,359 as a result of amortization of the flow through premium liabilities recorded in connection with the 2018 flow through private placements, and \$8,344 of other income earned for the use of the Company's Akie camp facilities and helicopter services by another exploration company during the 2019 summer drilling program, as well as reduction in corporate advisory consulting fees, marketing, travelling, and promotional expenses.

1.6/1.7 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 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 June 30, 2021, the Company reported working capital of \$1,073,872 compared to \$1,180,382 at June 30, 2020, representing a decrease in working capital of \$106,510. The decrease in working capital was a result of general operating activities and exploration expenditures incurred during the year.

Net cash increased by \$2,857,589 from \$208,938 at June 30, 2020 to \$3,066,527 at June 30, 2021 primarily due to redemption of investments and proceeds from a private placement.

During the year ended June 30, 2021, the Company utilized its cash and cash equivalents as follows:

- (a) the Company used \$830,074 of its cash in operating activities compared to receiving \$458,940 in fiscal 2020;
- (b) exploration expenditures during the year were \$240,862 compared to \$1,248,100 in fiscal 2020;
- (c) the Company received a METC refund of \$65,402 (2020 - \$197,861) with accumulated interest of \$185 (2020 - \$3,569) during the year for exploration expenditures incurred above the expenditures renounced to flow-through subscribers;
- (d) \$17,200 (2020 - \$33,090) was used for the purchase of camp fixtures and office furniture;
- (e) the Company received proceeds of \$15,051 (2020 - \$Nil) from the sale of a fixed asset;

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- (f) the Company redeemed \$2,412,000 (2020 - \$91,767) of its GIC investments and received an aggregate interest of \$44,634 (2020 - \$41,876) on the redemption or maturity of its GICs;
- (g) \$1,500,000 (2020 - \$152,500) in gross proceeds was raised through a private placement, all of which committed to flow-through agreements with investors. \$40,000 (2020 - \$Nil) of finder's fee and \$8,950 (2020 - \$7,625) of regulatory filing fees in share issuance costs were paid in connection with the private placement;
- (h) aggregate of 40,100 (2020 - Nil) stock options were exercised by employees and consultants of the Company for total gross proceeds of \$4,812 (2020 - Nil); and
- (i) the Company received proceeds of \$108,178 (2020 - \$Nil) from the sale of marketable securities.

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

	June 30, 2021	June 30, 2020
Government Sales Tax credits	\$ 34,848	\$ 8,348
Interest accrued on reclamation deposits	132	315
Trade receivables	16,431	–
Prepaid expenses	35,200	35,670
Marketable securities at fair value	–	33,625
GIC investments	–	2,428,043

As at June 30, 2021, all of the Company's GIC investments matured compared to holding principal amounts of \$2,412,000 and accrued interest of \$16,043 at June 30, 2020. The GIC investments yielded fixed interest rates of 1.7% – 2.38% and were fully redeemable.

Current liabilities as at June 30, 2021 consisted of the following:

- trade payables and accrued liabilities of \$641,716 (2020 - \$67,299), which mainly consisted of trade payables and accrued liabilities and were paid subsequent to June 30, 2021;
- current portion of lease liability of \$36,580 (2020 - \$36,580) recognized in relations to the Company's office lease;
- due to related parties of \$1,400,839 consisting of an advance of \$1,398,686 received from Tongling, a significant shareholder of the Company, for the Akie Property's drill program, \$153 in office expense reimbursement owed to a company with two common directors of the Company, and \$2,000 in consulting fees owed to a company owned by a director of the Company; and
- flow-through premium liability of \$Nil compared to \$29,992 in the prior fiscal year recorded in connection with the December 2019 flow-through private placements. The flow-through premium liability does not represent cash liability to the Company.

In early February 2021, the Company received a BC METC refund of \$65,402 for exploration expenditures incurred in fiscal 2020 above the expenditures renounced to flow-through subscribers. The amount of the 2020 BC METC claim was not included in the statements of the financial position of the Company as at June 30, 2020 pending a review and approval by the tax authorities.

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 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 \$3,066,527 (2020 - \$208,938) and short-term investments in GICs of \$Nil (2020 - \$2,428,043). 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. Recoverable explorations costs recorded as other receivables were collected to the period ended June 30, 2021.

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 June 30, 2021, the Company was holding combined cash and GIC deposits of \$3,066,527 (2020 - \$2,636,981) to settle its current liabilities of \$2,079,266 (2020 - \$1,534,557). 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.

1.8 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

1.9 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 years ended June 30, 2021 and 2020 were as follows:

	2021	2020
Consulting fees (ii)	\$ 8,000	\$ 11,500
Exploration and evaluation expenditures (geological consulting) (iii)	117,734	151,200
Management fees (i)	180,000	296,000
Share-based compensation	–	150,711
Other employment benefits (iv)	27,333	26,314
Total	\$ 333,067	\$ 635,725

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. During the year ended June 30, 2021, the Company paid \$180,000 (2020 – \$296,000) for management fees and \$60,000 (2020 – \$60,000) for administrative fees to VCC;
- (ii) the Company paid \$8,000 (2020 - \$11,500) for consulting fees to a company controlled by a director;
- (iii) the Company paid or accrued exploration and evaluation costs of \$117,734 (2020 - \$151,200) for geological consulting fees to a company owned by the VP of Exploration of the Company, of which \$98,959 (2020 - \$137,256) was capitalized as exploration and evaluation costs and \$18,775 (2020 - \$13,944) 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;

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- (v) the Company owed \$2,000 (2020 - \$2,000) in consulting fees to Sircon AG, a company controlled by a director of the Company;
- (vi) the Company owed \$152 (2020 - \$Nil) in office expense reimbursement to VCC;
- (vii) the Company owed \$53,059 (2020 - \$Nil) 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; and
- (viii) 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.

1.10 Fourth Quarter

During the fourth quarter ended June 30, 2021, the Company:

- accrued \$40,000 for the fiscal 2021 year-end audit; and
- completed a flow-through private placement of 7,500,000 flow-through units at a price of \$0.20 per FT unit for gross proceeds of \$1,500,000.

Subsequent to June 30, 2021, the Company:

- commenced trading on OTCQB Market; and
- successfully concluded the Akie 2021 drill program of a 5-hole program totalling to 2,670 metres.

1.11 Proposed Transactions

The Company does not have any proposed transactions as at June 30, 2021 other than as disclosed elsewhere in this document.

1.12 Critical Accounting Estimates

Not applicable to venture issuers.

1.13 Changes in Accounting Policies including Initial Adoption

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our significant accounting policies are set out in Note 2 of the audited consolidated financial statements of the Company for the year ended June 30, 2021.

1.14 Financial Instruments and Other Instruments

The Company’s financial instruments as at June 30, 2021 were as follows:

	<i>Fair Value through Profit or Loss</i>	<i>Amortized Cost</i>
Financial assets		
Cash	\$ 3,066,527	\$ –
Receivables	–	16,563

Financial liabilities

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Trade payables	–	641,847
Due to related parties	–	1,400,839
Government loan	–	34,450
	<u>\$ 3,066,527</u>	<u>\$ 2,093,699</u>

Unless otherwise disclosed their carrying values approximate their fair values due to the short-term nature of these instruments.

1.15 Other Requirements

Summary of outstanding share data as at October 25, 2021:

(1)	Authorized: Unlimited common shares without par value	
(2)	Issued and outstanding	170,876,141
(3)	Stock options	8,419,900
(4)	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.

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

"Peeyush Varshney"

Peeyush Varshney
Director