

# ZincX Resources Corp.

Interim MD&A - Quarterly Highlights

For the three months ended September 30, 2024 and 2023

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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 three months ended September 30, 2024. The Quarterly Highlights have been prepared by management as of November 21, 2024 and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the three months ended September 30, 2024 and 2023, the audited consolidated financial statements and related notes thereto of the Company for the years ended June 30, 2024 and 2023, 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, 2024 and 2023 of the Company.

The Company’s shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol ZNX. The Company’s shares also trade in U.S. under the ticker symbol “ZNCXF” and on the Frankfurt Exchange under the symbol “M9R”.

## 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.

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*”

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*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 kilometers 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 the Cirque Operating Corporation (a 50/50 joint venture with Teck Resources Limited (TSX: TECK.B) and Korea Zinc Co. Ltd) to jointly explore the Pie Option Properties on a 49%-51% joint venture basis, with Teck acting as the operator. The Cirque Operating Corporation acquired 51% interest in the Pie Properties by incurring cumulative aggregate exploration expenditures of \$3,500,000 by December 31, 2017.

In August 2023, the Company announced that the Kechika North Project had been optioned to an arm's-length third party (the "Optionee") based in British Columbia. The Optionee has been provided an option to acquire 100% ownership of 103 contiguous mineral claims that make up the Kechika North Project; the northern extension of the Company's contiguous, district-scale land holdings that cover 140 kilometers northward from the Company's flagship Akie Property. The deal grants the Optionee an option to acquire an undivided 100% legal and beneficial right, title and interest in and to the Kechika North Project for a cash payment of \$3 million dollars; to be made within two (2) years from the effective date of the agreement.

## **Overall performance**

### **2024 Exploration Program**

The Company did not conduct exploration activities on any project in the 2024 field season due to difficult market conditions. The Company is evaluating plans for the 2025 exploration season across its highly prospective base metal projects in the Kechika Trough. The Company's efforts will remain focused on its flagship Akie property that hosts the premier Cardiac Creek Zn-Pb-Ag deposit and prioritize future exploration efforts on the highly prospective Mt. Alcock property located approximately 40 kilometers to the northwest of Akie.

The Company had advised on April 30, 2024 that Teck Resources Limited ("Teck") would be using the Akie exploration camp to stage exploration drilling on their adjacent Cirque JV Project. The Akie exploration camp is a road accessible, trailer camp with facilities to support up to 50 persons. The camp was last used in 2023 to host Kwadacha Natural Resources Ltd. Partnership (KNRLP), the economic development and natural resources arm of the Kwadacha Nation.

On August 19, 2024 the Company advised that ZincX and Teck had entered into an agreement whereby Teck will conduct advanced metallurgical test work on select drill core from the Company's 100% owned Cardiac Creek deposit on the Akie project.

Under the agreement, Teck representatives mobilized to the Akie camp to examine and select drill core to build two composites for metallurgical test work. The selected samples were shipped to ALS Labs for sample preparation and hardness tests. After completion of ALS-related tests; the samples were shipped to Teck's research facility in Trail, British Columbia to initiate flotation tests.

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The metallurgical test work is to be at Teck's sole expense. In exchange, ZincX grants to Teck the right to use the metallurgical data to advance their understanding of Cardiac Creek metallurgy and recoveries from previous metallurgical testing completed by ZincX. It is expected to take up to 12 weeks to complete the testing after the samples are shipped. A technical report of the results will require up to an additional four weeks to complete.

## **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 kilometers 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.

## **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 meters. 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.

### Kechika Trough Target Initiative Update

Detailed work has identified numerous Areas of Interest (AOIs) of which 19 have been classified as high-priority targets across the 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 based on the study of past discoveries in the region (e.g. Cardiac Creek deposit, Cirque, Driftpile, etc.).

One of the highest priority targets is the Mt. Alcock prospect located approximately 40 kilometers 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 mineralization with significant grade such as 9.30% combined Zn+Pb and 1.20 oz/t Ag over 8.8 meters in drill hole AK-89-3 including 14.20% combined Zn+Pb and 1.60 oz/t Ag over 3.6 meters hosted in Gunsteel formation shale. Facies models recently derived by the Company from close examination

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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.

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, 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.

## **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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Exploration and evaluation assets costs are set out below:

	Akie Property	Kechika Regional	Total
<b>Acquisition Costs:</b>			
<b>Balance, June 30, 2024 and September 30, 2024</b>	\$ 24,165,241	\$ 192,768	<b>\$ 24,358,009</b>

The table below is a summary of exploration expenditures recognized in profit or loss for the period ended September 30, 2023 and 2024

	Akie Property	Kechika Regional	Total
<b>Cumulative exploration expenditures</b>			
<b>Total balance, June 30, 2023</b>	<b>\$ 48,817,989</b>	<b>\$ 4,431,370</b>	<b>\$ 53,249,359</b>
Camp equipment, depreciation (Note 7)	6,875	–	6,875
Drilling	3,170	–	3,170
Geology	25,084	–	25,084
Geophysics	19,406	–	19,406
Environmental studies and permit compliance	22,310	–	22,310
Total exploration expenditures for the period ended September 30, 2023	76,845	–	76,845
<b>Total balance, September 30, 2023</b>	<b>48,894,834</b>	<b>4,431,370</b>	<b>53,326,204</b>
Camp equipment, depreciation (Note 7)	21,096	–	21,096
Camp operating and maintenance	50	–	50
Drilling	(487)	–	(487)
Geology	63,308	–	63,308
Environmental studies and permit compliance	32,702	–	32,702
METC recoverable	(12,162)	–	(12,162)
Total exploration expenditures for the period ended June 30, 2024	104,507	–	104,507
<b>Total balance, June 30, 2024</b>	<b>48,999,341</b>	<b>4,431,370</b>	<b>53,430,711</b>
Camp equipment, depreciation (Note 7)	5,633	–	5,633
Camp operating and maintenance	12,961	–	12,961
Drilling	6,842	–	6,842
Geology	23,160	–	23,160
Environmental studies and permit compliance	34,429	–	34,429
Total exploration expenditures for the period ended September 30, 2024	83,025	–	83,025
<b>Total balance, September 30, 2024</b>	<b>\$ 49,082,366</b>	<b>\$ 4,431,370</b>	<b>\$ 53,513,736</b>

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## Results of Operations

### *Three months ended September 30, 2024 and 2023*

During the period ended September 30, 2024, the Company reported a loss of \$115,469 or \$0.00 per share compared to a loss of \$445,163 or \$0.00 per share in fiscal 2024, a decrease in net loss of \$329,694. The decrease in net loss was primarily a result of a decrease in share-based compensation expense on the vested portion of stock options granted to various officers, directors and consultants and an increase in other income for the use of the Company's Akie camp facilities and services by another exploration company during current period.

#### Interest income and other items

Income reported for the period ended September 30, 2024 included interest earned on the Company's cash deposits and short-term GIC investments of \$10,733 (2023 - \$19,508), and recoveries of \$58,000 (2023 - \$21,000) for rental of the Company's Akie camp facilities and services by third parties.

#### General and administration expenses

The following expense categories contributed to the decrease in operating expenses by \$301,469 in fiscal 2024:

- Share-based compensation expense decreased by \$285,049 on the vested portion of the 4,180,000 stock options granted to various officers, directors and consultants;
- Professional fees decreased by \$12,296 as a result of a partial reversal of accrued audit fees for fiscal 2024;
- Regulatory and transfer agent fees decreased by \$6,073 as the Company discontinued its listing on the OTCQB in fiscal 2024.
- Wages and benefits decreased by \$3,517 due to a reduction in payroll costs.

Offsetting the decrease in expenses were increases in:

- Exploration expenses increased by \$6,180 as a result of additional exploration activities incurred in the current year.
- Marketing and public relations by \$3,139 as the Company incurred higher promotional costs to increase investor awareness.

## 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 September 30, 2024, the Company reported working capital deficiency of \$877,205 compared to working capital of \$757,200 at June 30, 2024, representing a decrease in working capital of \$120,005. The decrease

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in working capital was a result of general operating activities and exploration expenditures incurred during the year.

Net cash decreased by \$151,073 from \$688,552 at June 30, 2024 to \$537,479 at September 30, 2024 primarily due to the operating and exploration activities.

During the period ended September 30, 2024, the Company utilized its cash and cash equivalents as follows:

- (a) the Company used \$137,216 of its cash in operating activities compared to \$152,961 in fiscal 2024;
- (b) the Company spent \$13,857 (2023- \$nil) to acquire exploration equipment;
- (c) the Company spent \$nil (2023- \$5,000) on share issuance cost in connection to the completion of a non-brokered private placement consisting of 10,000,000 common shares at a price of \$0.10 per share in fiscal 2024.

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

	September 30, 2024	June 30, 2024
Government Sales Tax credits	\$ 6,036	\$ 2,307
Interest accrued on reclamation deposits	5,370	2,246
Prepaid expenses	42,024	24,795

Current liabilities as at September 30, 2024 consisted of the following:

- trade payables and accrued liabilities of \$61,295 (June 30, 2024- \$75,929), which mainly consisted of trade payables and accrued liabilities and were paid subsequent to period ended September 30, 2024;
- due to related parties of \$1,406,819 (2023- \$1,399,171) which mainly consisted of an advance of \$1,398,686 received from Tongling, a significant shareholder of the Company, for the Akie Property's 2021 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 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.



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## *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 \$537,479 (June 30, 2024 - \$688,552). 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 September 30, 2024, the Company was holding cash of \$537,479 (June 30, 2024 - \$688,552) to settle its current liabilities of \$1,468,114 (June 30, 2024 - \$1,475,100). 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.

## **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.



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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 years ended September 30, 2024 and 2023 were as follows:

September 30,		2024		2023
Exploration and evaluation expenditures (geological consulting) (ii)	\$	20,160	\$	20,160
Administrative fees (i)		15,000		15,000
Other employment benefits (iii)		6,473		6,473
Share based compensation (v)		2,044		146,401
Total	\$	43,677	\$	188,034

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 September 30, 2024, VCC agreed to extend the relief on management fees of \$15,000 per month on a month to month basis.

During the period ended September 30, 2024, the Company paid \$15,000 (2023 - \$15,000) for administrative fees to VCC;

- (ii) The Company paid or accrued exploration and evaluation costs of \$20,160 (2023 - \$20,160) for geological consulting fees to a company owned by VP of Exploration of the Company. This amount was included in exploration expenses;
- (iii) Other employment benefits included life insurance and health benefits for the CEO and health benefits for the CFO of the Company;
- (iv) The Company owed \$8,133 (June 30, 2024 - \$484) to the CEO of the Company for office expenses paid on behalf of the Company.
- (v) The Company recorded share-based compensation expense of \$2,044 (2023 - \$146,401) on the vested portion of the stock options granted to directors and officers of the Company.
- (vi) 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, which remains payable as at September 30, 2024 and June 30, 2024.

## 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, 2024.

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## Summary of outstanding share data as at November 21, 2024:

Authorized: Unlimited common shares without par value

Issued and outstanding: 187,896,141

Stock options: 12,330,000

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