ZincX Resources Corp.

Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2023 and 2022

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

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NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

February 21, 2024

ZincX Resources Corp.
Condensed Consolidated Interim Statements of Financial Position
As at December 31, 2023 and June 30, 2023
(Expressed in Canadian Dollars- Unaudited)

	Notes		December 31, 2023		June 30, 2023
			(Unaudited)		(Audited)
ASSETS					
Current Assets					
Cash		**$**	**883,354**	$	1,255,020
Receivables	3		**16,791**		7,591
Prepaid expenses			**44,607**		34,033
			944,752		1,296,644
Other assets	4		**332,500**		332,500
Equipment	7		**96,545**		110,568
Exploration and evaluation assets	8		**24,358,009**		24,358,009
		$	**25,731,806**	$	26,097,721
LIABILITIES					
Current Liabilities					
Trades payable and accrued liabilities	5	**$**	**6,575**	$	51,787
Due to related parties	11		**1,410,121**		1,403,105
			1,416,696		1,454,892
Government loan	6		**-**		38,057
			1,416,696		1,492,949
EQUITY					
Capital stock	9		**104,328,003**		103,333,303
Share subscription	9		**-**		1,000,000
Reserves	9		**15,421,088**		15,125,609
Deficit			**(95,433,981)**		(94,854,140)
			24,315,110		24,604,772
		$	**25,731,806**	$	26,097,721

Nature and continuance of operations (Note 1)

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

ZincX Resources Corp.

Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian Dollars- Unaudited)

		Share Capital										
	Note	Number of common shares		Common Shares Amount		Share Subscription		Reserves (Note 13)		Deficit		Total equity
Balance, June 30, 2022 (Restated-Note 2 &15)		**177,896,141**	**$**	**103,333,303**	**$**	**-**	**$**	**15,125,609**	**$**	**(94,289,475)**	**$**	**24,169,437**
Net loss for the period		-		-		-		-		(325,520)		(325,520)
Balance, December 31, 2022 (Restated-Note 2 &15)		**177,896,141**		**103,333,303**		**-**		**15,125,609**		**(94,614,995)**		**23,843,917**
Share subscription received	9	-		-		1,000,000		-		-		1,000,000
Net loss for the period		-		-		-		-		(239,145)		(239,145)
Balance, June 30, 2023		**177,896,141**		**103,333,303**		**1,000,000**		**15,125,609**		**(94,854,140)**		**24,604,772**
Non-brokered private placement	9	10,000,000		994,700		(1,000,000)		-		-		(5,300)
Share-based compensation	9	-		-		-		295,479		-		295,479
Net loss for the period		-		-		-		-		(579,841)		(579,841)
Balance, December 31, 2023		**187,896,141**	**$**	**104,328,003**	**$**	**-**	**$**	**15,421,088**	**$**	**(95,433,981)**	**$**	**24,315,110**

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

ZincX Resources Corp.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars- Unaudited)

	Notes	Three months ended December 31, 2023	Three months ended December 31, 2022 (Restated- Note 2&15)	Six months ended December 31, 2023	Six months ended December 31, 2022 (Restated- Note 2&15)
EXPENSES					
Administration	11	**$ 15,000**	$ 15,000	**$ 30,000**	$ 30,000
Consulting	11	**-**	500	**-**	500
Depreciation of office equipment	7	**137**	479	**274**	769
Exploration	8	**45,093**	(13,194)	**121,938**	37,059
Interest expense	6	**984**	983	**1,943**	1,942
Management fees	11	**-**	-	**-**	15,000
Marketing and public relations		**1,109**	803	**19,123**	16,924
Office and miscellaneous	11	**18,175**	17,560	**33,089**	30,882
Professional fees (recovery)		**(1,690)**	-	**(1,690)**	-
Regulatory and transfer agent fees		**10,623**	11,717	**19,001**	20,573
Rent		**16,800**	15,460	**34,500**	35,360
Share based compensation	9	**6,852**	-	**295,479**	-
Travel and promotion		**557**	449	**2,722**	550
Wages and benefits		**48,169**	70,301	**91,101**	133,903
Loss before other items		**(161,809)**	(120,058)	**(647,480)**	(323,462)
OTHER ITEMS					
Interest income		**17,131**	8,708	**36,639**	15,544
Gain on loan forgiveness	6	**10,000**	-	**10,000**	-
Other income	7	**-**	30,000	**21,000**	31,430
		27,131	38,708	**67,639**	46,974
Net and comprehensive loss for the period		$ **(134,678)**	**$** (81,350)	$ **(579,841)**	**$** (276,488)
Earnings per share - basic and diluted		$ **(0.001)**	**$** (0.001)	**$ (0.003)**	**$** (0.002)
Weighted average number of shares outstanding - basic and diluted		**188,004,837**	177,896,141	**187,624,402**	177,896,141

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

ZincX Resources Corp.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars- Unaudited)

	Notes	Six months ended December 31, 2023	2022 (Restated-Note 2 &15)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		**$ (579,841)**	$ (276,488)
Items not affecting cash:			
Depreciation of office equipment	7	**14,023**	13,768
Share-based compensation	9	**295,479**	-
Accrued interest on government loan	6	**1,943**	1,942
Gain on loan forgiveness	6	**(10,000)**	-
Changes in non-cash working capital items:			
Receivables		**(9,200)**	1,502
Prepaid expenses		**(10,575)**	12,500
Trades payable and accrued liabilities		**(45,210)**	(59,107)
Due to related parties		**7,015**	-
Net cash used in operating activities		**(336,366)**	(305,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of capital stock, net of issuance costs	9	**994,700**	-
Share subscription	9	**(1,000,000)**	-
Government loan	6	**(30,000)**	-
Net cash used in financing activities		**(35,300)**	-
Change in cash during the period		**(371,666)**	(305,883)
Cash, beginning of period		**1,255,020**	804,822
Cash, end of period		**$ 883,354**	$ 498,939
Cash paid for interest		**$ -**	$ -
Cash paid for taxes		**$ -**	$ -

Supplemental disclosure with respect to cash flows (Note 11)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

ZincX Resources Corp. (the "Company") is incorporated under the laws of the Province of British Columbia. The Company operates in one business segment, that being the exploration and evaluation of resource properties in Canada, and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and upon future profitable production.

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".

The Company's head office and principal address is Suite 2050-1055 West Georgia Street, Vancouver, BC V6E 3P3. The registered and records office is Suite 2501, 550 Burrard Street, Vancouver, BC, V6C 2B5.

These consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to commence profitable operations in the future. During the period ended December 31, 2023, the Company incurred a loss of $579,841 (2022 - $276,488). As at December 31, 2023, the Company has accumulated deficit of $95,433,981 (June 30, 2023 - $94,854,140).

While the Company has been successful in obtaining its required financing in the past, mainly through the issuance of equity capital, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. At December 31, 2023, the Company has a working capital deficiency of $471,944 (June 30, 2023 – working capital deficiency of $158,248). Management may require to seek additional sources of financing in the form of equity or debt financing in the future to maintain its operations and its exploration activities for the fiscal year. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These financial statements were authorized for issue on February 21, 2024 by the directors of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of preparation

These consolidated financial statements of the Company have been prepared on an accrual basis except for certain cash flow information, and are based on historical costs, except for certain financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary.

Principles of consolidation

These consolidated financial statements include amounts of the Company and its wholly owned subsidiary Ecstall Mining Corp. ("Ecstall"), a company incorporated under the laws of the Province of British Columbia.

Subsidiaries are corporations in which the Company is able to control the financial operating, investing and financing activities and policies, which is the authority usually connected with holding majority voting rights. The consolidated financial statements include the accounts of the Company and its controlled entity from the date on which control was acquired. Ecstall uses the same reporting period and the same accounting policies as the Company.

All inter-entity balances and transactions, including unrealized profits and losses arising from inter-company transactions, have been eliminated in full on consolidation.

Significant accounting judgements, estimates and assumptions

Exploration and evaluation assets

Upon acquiring the legal right to explore a mineral property (exploration and evaluation assets), all direct costs related to the acquisition of a mineral property are capitalized. Exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and the decision to proceed with development are recognized in profit or loss as incurred, net of recoveries.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

***Significant accounting judgements, estimates and assumptions** (cont'd)*

***Exploration and evaluation assets** (cont'd)*

Development expenditures incurred to increase or to extend the life of existing production and incurred subsequent to the development decision, are capitalized and amortized on the unit-of-production method using estimated proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to profit or loss during the period that such a determination is made.

Management reviews the facts and circumstances suggesting if the carrying amount of the exploration and evaluation assets exceeds their recoverable amount on a regular basis.

Exploration and evaluation assets -change in accounting policy

During fiscal 2023, the Company changed its accounting policy with respect to exploration and evaluation expenditures. In prior years the Company's policy was to capitalize by property all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets.

The Company has elected to change this accounting policy to now charge to operations exploration expenditures as incurred, effective with the presentation of these financial statements, on a retrospective basis. (Note 15).

Recent accounting pronouncements

Accounting standards and 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.

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's annual financial statements for the year ended June 30, 2023. It is, therefore, recommended that these condensed interim financial statements be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2023.

(Expressed in Canadian Dollars- Unaudited)

3. RECEIVABLES

	December 31, 2023	June 30, 2023
Government Sales Tax credits	$ 7,629	$ 5,617
Accrued interest (Note 4)	9,162	1,974
	$ 16,791	$ 7,591

The Company anticipates full recovery of its receivables and, therefore, no impairment has been recorded against these amounts.

4. OTHER ASSETS

Other assets comprise of reclamation bonds totaling $332,500 (June 30, 2023 – $332,500) posted as security deposits with the Government of British Columbia in relation to the Akie and Kechika Regional properties (Note 8). The reclamation bonds are deposited in GICs through a financial institution and earn an average annual variable interest rate of approximately prime minus 2.90% with a minimum of 0.25% and reinvested on an annual basis immediately at maturity. Interest accrued on the GICs is included in receivables (Note 3).

5. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2023	June 30, 2023
Exploration payables (recovery)	$ (1,575)	$ 3,140
Other trade payables	8,150	8,343
Accrued liabilities	-	40,304
	$ 6,575	$ 51,787

6. CEBA LOAN

On April 30, 2020, the Company received the Canada Emergency Business Account (“CEBA”) loan which is an interest-free loan to cover operating costs. The CEBA loan was launched by the government of Canada to support businesses by providing financing for their expenses that cannot be avoided or deferred, and assisting businesses for successful relaunch when the economy recovers from COVID-19. Repaying the balance of the loan on or before January 18, 2024, as extended from December 31, 2022 and from December 31, 2023 by the Government of Canada, will result in a loan forgiveness of $10,000.

(Expressed in Canadian Dollars- Unaudited)

6. CEBA LOAN (cont'd)

Pursuant to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the benefit of a government loan at below-market rate is treated as a government grant and measured in accordance with IFRS 9 *Financial Instruments:* the benefit of below-market rate shall be measured as the difference between initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. In fiscal 2020, the Company estimated the initial carrying value of the CEBA Loan at $30,671, using a discount rate of 10%, which was the estimated rate for a similar loan without interest-free component. The difference of $9,329 was accredited to the loan liability over the term of the CEBA Loan and offset to other income on the statement of loss and comprehensive loss. On December 31, 2022, the terms of the loan was extended for repayment on or before December 31, 2023. The Company revalued the initial carrying value of the CEBA loan at $27,764, using a discount rate of 10%, which was the estimated rate for a similar loan without interest-free component. As a result, the loan ending balance as at June 30, 2022 was changed to $34,450 and an adjustment of $3,607 was made accordingly.

During the period ended December 31, 2023, the Company accrued finance expense of $1,943 (June 30, 2023 - $3,607). On December 14, 2023, the Company repaid $30,000 of the CEBA loan and received a loan forgiveness of $10,000.

	December 31, 2023	June 30, 2023
Balance, beginning of period	$ 38,057	$ 38,057
Adjustments	-	(3,607)
Finance expense	1,943	3,607
Repayment	(30,000)	-
Loan forgiveness	(10,000)	-
Balance, end of period	$ -	$ 38,057

(Expressed in Canadian Dollars- Unaudited)

7. EQUIPMENT

	Computers	Office equipment and furniture	License(1)	Camp equipment and fixtures(1)	Camp structures and upgrades(1)	Total
Cost:						
At June 30, 2022	$ 16,906	$ 21,748	$ 41,140	$ 417,020	$ 654,554	**$ 1,151,368**
Acquisition	–	–	1,188	1,838	34,121	37,147
At June 30, 2023 and December 31, 2023	$ 16,906	$ 21,748	$ 42,328	$ 418,858	$ 688,675	**$ 1,188,515**
Accumulated depreciation:						
At June 30, 2022	$ 15,369	$ 18,347	$ 39,502	$ 359,647	$ 612,382	**$ 1,045,247**
Depreciation	1,537	681	1,787	14,420	14,275	32,700
At June 30, 2023	16,906	19,028	41,289	374,067	626,657	**1,077,947**
Depreciation	–	274	288	5,645	7,816	14,023
At December 31, 2023	$ 16,906	$ 19,302	$ 41,577	$ 379,712	$ 634,473	**$ 1,091,970**
Net book value:						
At June 30, 2023	$ –	$ 2,720	$ 1,039	$ 44,791	$ 62,018	**$ 110,568**
At December 31, 2023	$ –	$ 2,446	$ 751	$ 39,146	$ 54,202	**$ 96,545**

(1) License, camp equipment and fixtures and camp upgrades are used for exploration and evaluation activities. Depreciation for these items of $13,749 for the period ended December 31, 2023 (2022 - $12,999) has been expensed to exploration expenditures (Note 8). Depreciation of the remaining items of $274 (2022 - $769) has been expensed to operations.

(2) During the period ended December 31, 2023, the Company had other income of $21,000 (June 30, 2023- $128,714) for the use of Akie camp facilities and services of which $nil (June 30, 2023- $34,121) was capitalized.

8. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource claims. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its claims are in good standing.

Akie Property, British Columbia

The Akie property is the Company's flagship exploration project and is host to the Cardiac Creek SEDEX Zn-Pb-Ag deposit. The Company owns a 100% interest in the Akie property, which resulted from Company expenditures and the acquisition of Ecstall Mining Corporation.

Kechika Regional project, British Columbia

The Kechika Regional project, represented by a series of contiguous property blocks including Pie and Mt. Alcock, extends northwest from the Akie property. The Company owns a 100% interest in these properties, which were acquired during fiscal 2007 and 2008, including the acquisition of Ecstall, except as described below. The interest in the Mt. Alcock property is subject to a 1.0 % net smelter royalty.

In September 2013, the Company entered into an option agreement (the "Agreement') with Teck Resources Limited ("Teck") pursuant to which Teck could acquire up to a 70% interest in the Company's Pie, Cirque East and Yuen properties (the "Property"), three of the 10 regional properties that make up the Kechika Regional Project, on or before September 30, 2019.

In December 2017, Teck and Korea Zinc completed the requirements of the First Option to earn a 51% interest in the Property and in January 2018, Teck and Korea Zinc informed the Company that they would not be proceeding with the Second Option to earn an additional 19% interest in the Property. According to the terms of the Agreement, the parties will continue exploration of the Property under a Joint Venture arrangement on the 49%-51% basis, with Teck acting as the operator.

In August 2023, the Company entered into an option agreement (the "Option Agreement") with an arm's length third party (the "Optionee") based in British Columbia pursuant to which the Optionee may 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.

The Kechika North Project represents a contiguous group of claims that covers part of the Kechika Trough and is comprised of 6 properties identified by past historical exploration; named from south to north: Kwad, Weiss, Bear/Spa, Driftpile South, Saint and Thro.

(Expressed in Canadian Dollars- Unaudited)

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

Exploration and evaluation assets costs are set out below:

	Akie Property	Kechika Regional	Total
Acquisition Costs:			
Balance, June 30, 2023 and December 31, 2023	$ 24,165,241	$ 192,768	**$ 24,358,009**

The table below is a summary of exploration expenditures recognized in profit or loss for the period ended December 31, 2023 and 2022

	Akie Property	Kechika Regional	Total
Cumulative exploration expenditures			
Total balance, June 30, 2022	**$ 48,717,412**	**$ 4,431,370**	**$ 53,148,782**
Camp equipment, depreciation (Note 7)	12,999	–	12,999
Drilling	9,351	–	9,351
Geology	57,200	–	57,200
Environmental studies and permit compliance	6,539	–	6,539
METC recoverable	(49,032)	–	(49,032)
Total exploration expenditures for the period ended December 31, 2022	37,057	–	37,057
Total balance, December 31, 2022	48,754,469	4,431,370	53,185,839
Camp equipment, depreciation (Note 7)	17,483	–	17,483
Drilling	50	–	50
Geology	36,120	–	36,120
Environmental studies and permit compliance	9,867	–	9,867
Total exploration expenditures for the period ended June 30, 2023	63,520	–	63,520
Total balance, June 30, 2023	**48,817,989**	**4,431,370**	**53,249,359**

(Expressed in Canadian Dollars- Unaudited)

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

		Akie Property		Kechika Regional		Total
Camp equipment, depreciation (Note 7)		13,749		–		13,749
Drilling		1,670		–		1,670
Geology		45,244		–		45,244
Geophysics		19,406		–		19,406
Environmental studies and permit compliance		41,869		–		41,869
Total exploration expenditures for the period ended December 31, 2023		121,938		-		121,938
Total balance, December 31, 2023	**$**	**48,939,927**	**$**	**4,431,370**	**$**	**53,371,297**

The Company applies for the 20% British Columbia METC and the enhanced tax credit of an additional 10% for Mountain Pine Beetle affected areas, on qualified mining exploration costs incurred. During the period ended December 31, 2023, the Company claimed and received BC METC of $nil (June 30, 2023- $49,032) and $nil (June 30, 2023- $437) in accumulated interest for its fiscal 2021 exploration expenditures above renounced under its flow-through commitments.

9. CAPITAL STOCK AND RESERVES

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

During the period ended December 31, 2023, the Company completed a non-brokered private placement by issuing 10,000,000 common shares at a price of $0.10 per share for gross proceeds of $1,000,000. The Company also recorded share issuance costs of $5,300 in connection with the private placement.

There were no transactions affecting share capital during the year ended June 30, 2023.

(c) Share subscription received in advance

During the year ended June 30, 2023, the Company received a share subscription of $1,000,000 (2022- $Nil) in connection with the non-brokered private placement of 10,000,000 shares at a price of $0.10 per share (Note 9(b)). During the period ended December 31, 2023, the Company closed the non-brokered private placement and reclassified the subscription receipt to share capital.

(Expressed in Canadian Dollars- Unaudited)

9. CAPITAL STOCK AND RESERVES (cont'd)

(d) Share options

The Company adopted a 20% fixed share option plan whereby the Company had reserved 33,774,275 common shares under the plan. The term of any options granted under the plan is fixed by the Board of Directors and may not exceed ten years from date of grant.

The number of options granted to a consultant in a 12 month period must not exceed 2% of the issued shares of the Issuer from the date of grant. Options issued to consultants performing investor relations activities must vest in stages over 12 months with no more than 1/4 of the options vesting in any 3 months period. Share options granted to directors, officers and employees of the Company vest immediately.

During the period ended December 31, 2023, the Company granted an aggregate of 4,180,000 share options to directors, officers, employees and consultants of the Company at an exercise price of $0.10 expiring September 29, 2033. Of the 4,180,000 share options, 3,830,000 share options vested immediately and 350,000 share options were subject to vesting over a period of 24 months.

During the period ended December 31, 2023, the Company recorded share-based compensation expense of $295,479 on the vested portion of the stock options.

There were no stock options granted nor share-based compensation recorded during the years ended June 30, 2023 and 2022.

Share option transactions are summarized as follows:

	Options Outstanding	Weighted Average Exercise Price
Outstanding, June 30, 2022	8,344,900	$ 0.18
Expired	(50,000)	0.12
Outstanding, June 30, 2023	8,294,900	0.18
Granted	4,180,000	0.10
Expired	(144,900)	0.12
Outstanding, December 31, 2023	12,330,000	$ 0.15

(Expressed in Canadian Dollars- Unaudited)

9. CAPITAL STOCK AND RESERVES (cont'd)

(d) Share options (cont'd)

Share options outstanding and exercisable at September 30, 2023 are summarized as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Life of Options (Years)	Number of Options Exercisable
3,680,000	$ 0.23	April 10, 2025	1.28	3,680,000
60,000	$ 0.33	July 3, 2026	2.51	60,000
700,000	$ 0.12	July 3, 2026	2.51	700,000
110,000	$ 0.40	September 13, 2026	2.70	110,000
395,000	$ 0.12	September 13, 2026	2.70	395,000
80,000	$ 0.30	February 9, 2028	4.11	80,000
650,000	$ 0.12	February 9, 2028	4.11	650,000
2,475,000	$ 0.12	February 6, 2030	6.11	2,475,000
3,830,000	$ 0.10	September 23, 2033	9.74	3,830,000
350,000	$ 0.10	September 23, 2033	9.74	87,500
12,330,000	$ 0.15		5.42	12,067,500

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

The following weighted average assumptions were used to estimate the grant date fair values:

	December 31, 2023	June 30, 2023
Number of options granted	4,180,000	-
Risk free interest rate	4.08%	-
Expected dividend yield	0%	-
Stock price volatility	82.91%	-
Expected life of options	10 years	-
Weighted average fair value of options	$ 0.08	-
Forfeiture	0%	-

(Expressed in Canadian Dollars- Unaudited)

9. CAPITAL STOCK AND RESERVES (cont'd)

(e) Warrants

Share purchase warrants transactions are summarized as follows:

	Warrants Outstanding	Weighted Average Exercise Price		Expiry Date	Remaining Life of Warrants (Years)
Balance, June 30, 2022					
2022	3,750,000	$	0.40	April 9, 2023	0.78
Expired	(3,750,000)		0.40	April 9, 2023	-
Balance, June 30, 2023 and December 31, 2023	-	$	-		-

(f) Reserves

		Options and agent warrants		Finance warrants		Treasury shares		Total
Balance, June 30, 2022 and 2023	$	10,664,453	$	2,204,276	$	2,256,880	$	15,125,609
Share-based compensation		295,479		–		–		295,479
Balance, December 31, 2023	$	10,959,932	$	2,204,276	$	2,256,880	$	15,421,088

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the period ended December 31, 2023 included:

- exploration and evaluation expenditures of $1,575 in trade payables and accrued liabilities' recovery (June 30, 2023 - $3,140 in trade payables and accrued liabilities) (Note 5); and
- depreciation of camp equipment and upgrades of $13,749 (June 30, 2023 - $30,482) included in exploration expenses (Note 8).

Significant non-cash transactions for the period ended December 31, 2022 included:

- exploration and evaluation expenditures of $838 (June 30, 2022 - $15,978) in trade payables and accrued liabilities (Note 5);
- depreciation of camp equipment and upgrades of $12,999 (June 30, 2022 - $35,100) included in exploration expenses (Note 8); and
- an allocation of $nil (June 30, 2022 - $1,496) from reserves to capital stock upon the exercise of stock options.

(Expressed in Canadian Dollars- Unaudited)

11. RELATED PARTY TRANSACTIONS

Key management personnel includes persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and Vice President of Exploration.

The remuneration of the key management personnel during the periods ended December 31, 2023 and 2022 were as follows:

December 31,		2023		2022
Exploration and evaluation expenditures (geological consulting) (ii)	$	40,320	$	54,700
Management fees (i)		-		15,000
Administrative fees (i)		30,000		30,000
Other employment benefits (iii)		12,945		12,840
Total	$	83,265	$	112,540

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 year ended June 30, 2023, VCC agreed to extend the relief on management fees of $15,000 per month on a month to month basis.

During the period ended December 31, 2023, the Company paid $nil (2022 – $15,000) for management fees and $30,000 (2022 – $30,000) for administrative fees to VCC;

(ii) the Company paid or accrued exploration and evaluation costs of $40,320 (2022 - $54,700) 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 $11,435 (June 30, 2023 - $4,419) 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

(v) 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 December 31, 2023 and June 30, 2023.

(Expressed in Canadian Dollars- Unaudited)

12. CAPITAL MANAGEMENT

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties, and support any expansionary plans. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to be equity.

The Company's operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund their operations.

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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's overall strategy with respect to capital risk management remained unchanged during the period ended December 31, 2023. The Company is not subject to any externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments as at December 31, 2023 were as follows:

	Fair Value through Profit or Loss	*Amortized Cost*
Financial assets		
Cash	$ 883,354	$ –
Receivables	–	16,791
Other assets	–	332,500
Financial liabilities		
Trade payables and accrued liabilities	–	6,575
Due to related parties	–	1,410,121
	$ 883,354	$ 1,765,987

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash, are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, other assets, trade payables and accrued liabilities, and due to related parties approximate their fair value because of the short-term nature of these instruments.

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 $883,354 (June 30, 2023 - $1,255,020). 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. As at December 31, 2023, the Company was holding cash of $883,354 (June 30, 2023 - $1,255,020) to settle its current liabilities of $1,416,696 (June 30, 2023 - $1,454,892). Management may be required to seek additional sources of financing in the form of equity or debt financing in the future.

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.

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

a. Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is not exposed to significant interest rate risk.

b. Currency Risk
The Company operates in Canada and is therefore not exposed to significant foreign exchange risk arising from transactions denominated in a foreign currency.

c. Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors certain commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

14. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of resource properties in Canada. All of the Company's assets are located in Canada.

15. CHANGE IN ACCOUNTING POLICY

The Company had adopted a new accounting policy with respect to exploration and evaluation assets and expenditures in fiscal 2023. In prior years the Company's policy was to capitalize by property all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets.

The Company had elected to change this accounting policy to now charge to profit or loss exploration expenditures as incurred, effective with the presentation of these consolidated financial statements, on a retrospective basis.

The accounting policies in Note 2 have been applied in preparing the condensed interim consolidated financial statements for the period ended December 31, 2023. The comparative information for the period ended December 31, 2022, and the preparation of an opening statement of financial position on July 1, 2021.

In addition, these accounting policies in Note 2 had also been applied in preparing the consolidated financial statements for the year ended June 30, 2023, the comparative information for the year ended June 30, 2022, and the preparation of an opening statement of financial position on July 1, 2021. In preparing its opening statement of financial position, the Company had adjusted amounts reported previously in the financial statements. An explanation of how the transition from the amounts previously reported had affected the Company's financial position, financial performance, and cash flows was set out and disclosed. Please refer to the consolidated financial statements for the year ended June 30, 2023 and 2022, note 18 for detailed disclosures.

(Expressed in Canadian Dollars- Unaudited)

15. CHANGE IN ACCOUNTING POLICY (cont'd)

STATEMENT OF LOSS AND COMPREHENSIVE LOSS – period ended December 31, 2022

	Notes		**As previously reported December 31, 2022**		**Effect of policy change**		**Restated under new policy December 31, 2022**
Administration		$	30,000	$	-	$	30,000
Consulting			500				500
Depreciation of office equipment			769		-		769
Exploration expenses	8		-		37,059		37,059
Interest Expense			1,942		-		1,942
Management fees			15,000		-		15,000
Marketing and public relations			16,924		-		16,924
Office and miscellaneous			30,882		-		30,882
Regulatory and transfer agent fees			20,573		-		20,573
Rent			35,360		-		35,360
Travel and promotion			550		-		550
Wages and benefits			133,903		-		133,903
			(286,403)		(37,059)		(323,462)
Interest income			15,544		-		15,544
Other income			31,430				31,430
			46,974		-		46,974
Loss and comprehensive loss for the period		$	(239,429)	$	(37,059)	$	(276,488)
Loss per share							
- basic and diluted		$	(0.00)			$	(0.00)
Weighted average number of shares outstanding							
- basic and diluted			177,896,141				177,896,141

15. CHANGE IN ACCOUNTING POLICY (cont'd)

An explanation of how the transition from the amounts previously reported has affected the Company's financial position and financial performance is set out below.

(a) Statements of Loss and Comprehensive Loss – period ended December 31, 2022

(i) Exploration expenses increased to $37,059 based on net exploration for the period ended December 31, 2022, with a reclassification entry from exploration and evaluation assets.

The change in the accounting policy had no effect on the Company's statement of changes in shareholders' equity, other than the changes to deficit, as already shown and described above. Accordingly, no separate statement of changes in shareholders' equity is shown.

The changes to the statement of cash flow for the period ended December 31, 2022 are summarized as follows:

(a) Net cash used in operating activities increased to $305,883 based on allocation of net exploration expenditures from investing activities of $88,667 being reallocated.

(b) Net cash used in investing decreased by a corresponding amount as described above in note (a).