

ZincX Resources Corp.

Condensed Consolidated Interim Financial Statements

For the Six Months Ended December 31, 2021 and 2020

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

ZincX Resources Corp.

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Notice of No Auditor Review

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ZincX Resources Corp.

NOTICE TO READER

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

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

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

February 28, 2022

ZincX Resources Corp.

Condensed Consolidated Interim Statements of Financial Position

As at December 31, 2021 and June 30, 2021

(Expressed in Canadian Dollars - Unaudited)

	Notes	December 31, 2021 (unaudited)	June 30, 2021 (audited)
ASSETS			
Current Assets			
Cash		\$ 1,262,131	\$ 3,066,527
Receivables	3	27,040	51,411
Prepaid Expenses		55,214	35,200
		1,344,385	3,153,138
Other assets	5	332,500	332,500
Equipment	10	121,671	137,151
Right-of-use asset	7	-	35,545
Exploration and evaluation assets	11	77,394,331	76,635,191
		\$ 79,192,887	\$ 80,293,525
LIABILITIES			
Current Liabilities			
Trades payable and accrued liabilities	6	\$ 27,853	\$ 641,847
Lease Liability	7	-	36,580
Due to related parties	14	1,401,411	1,400,839
		1,429,264	2,079,266
Government Loan	9	36,209	34,450
Deferred income tax liability		1,799,000	1,799,000
		3,264,473	3,912,716
EQUITY			
Capital stock	12	103,333,303	103,329,407
Reserves	12	15,125,609	15,127,105
Deficit		(42,530,498)	(42,075,703)
		75,928,414	76,380,809
		\$ 79,192,887	\$ 80,293,525

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	Reserves (Note 13)	Deficit	Total equity
Balance, June 30, 2020		170,336,041	\$ 101,870,548	\$ 15,130,102	\$ (41,342,152)	\$ 75,658,498
Net loss for the period		-	-	-	(354,352)	(354,352)
Balance, December 31, 2020		170,336,041	101,870,548	15,130,102	(41,696,504)	75,304,146
Flow-through private placement	12	7,500,000	1,500,000	-	-	1,500,000
Share issuance costs	12	-	(48,950)	-	-	(48,950)
Exercise of share options	12	40,100	7,809	(2,997)	-	4,812
Net loss for the period		-	-	-	(379,199)	(379,199)
Balance, June 30, 2021		177,876,141	103,329,407	15,127,105	(42,075,703)	76,380,809
Exercise of share options	12	20,000	3,896	(1,496)	-	2,400
Net loss for the period		-	-	-	(454,795)	(454,795)
Balance, December 31, 2021		177,896,141	\$ 103,333,303	\$ 15,125,609	\$ (42,530,498)	\$ 75,928,414

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,		Six months ended December 31,	
		2021	2020	2021	2020
EXPENSES					
Administration	14	\$ 15,000	\$ 15,000	\$ 30,000	\$ 30,000
Consulting	14	4,588	31,904	7,058	37,291
Depreciation of office equipment	10	268	307	536	575
Depreciation of the right-of-use asset	7	14,218	21,041	35,545	41,939
Flow-through taxes (recovery)	8	-	(2,034)	-	(1,271)
Interest Expense	7,9	1,076	1,703	2,678	3,223
Management fees	14	45,000	45,000	90,000	90,000
Marketing and public relations		533	499	6,031	997
Office and miscellaneous	14	16,216	13,057	28,456	24,514
Professional fees		3,121	822	3,518	279
Regulatory and transfer agent fees		9,438	8,583	16,254	11,303
Rent		9,694	1,781	11,475	3,562
Travel and promotion		3,866	408	7,795	80
Wages and benefits		88,341	89,822	221,892	179,073
Loss before other items		(211,359)	(227,893)	(461,238)	(421,565)
OTHER ITEMS					
Interest income		2,638	11,187	6,443	23,633
Gain on sale of marketable securities		-	2,570	-	12,280
Gain on sale of fixed asset		-	10,995	-	10,995
Adjustment for change in fair value of marketable securities	4	-	15,170	-	18,420
Other income	3	-	-	-	1,886
		2,638	39,922	6,443	67,214
Net and comprehensive loss for the period		\$ (208,721)	\$ (187,971)	\$ (454,795)	\$ (354,351)
Earnings per share					
- basic and diluted		\$ (0.001)	\$ (0.001)	\$ (0.003)	\$ (0.002)
Weighted average number of shares outstanding					
- basic and diluted		177,883,858	169,440,933	177,883,858	170,336,062

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)

	Six months ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (454,795)	\$ (354,351)
Items not affecting cash:		
Depreciation of office equipment	536	575
Depreciation of the right-of-use asset	35,545	41,939
Interest on lease liability	920	1,630
Accrued interest on Government loan	1,759	1,592
Interest accrued on investments and loan receivable	-	(22,335)
Gain on sale of marketable securities	-	(12,280)
Adjustment for change in fair value of marketable securities	-	(18,420)
Gain on sale of fixed asset	-	(10,995)
	(416,035)	(372,645)
Changes in non-cash working capital items:		
Receivables	24,371	(1,174)
Prepaid expenses	(20,015)	(12,651)
Trades payable and accrued liabilities	(38,752)	(4,300)
Due to related parties	572	(2,000)
Net cash used in operating activities	(449,859)	(392,770)
CASH FLOWS FROM INVESTING ACTIVITIES		
GIC investment, net	-	811,000
Proceeds from marketable Securities, net	-	38,145
Proceeds from sale of fixed asset	-	15,051
Equipment	(2,646)	(1,010)
Exploration and evaluation asset costs	(1,316,791)	(55,927)
Net cash from investing activities	(1,319,437)	807,259
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued on exercise of options	2,400	12
Lease payments	(37,500)	(45,000)
Net cash from financing activities	(35,100)	(44,988)
Change in cash	(1,804,396)	369,501
Cash, beginning of period	3,066,527	208,938
Cash, end of period	\$ 1,262,131	\$ 578,439

Supplemental disclosure with respect to cash flows (Note 13)

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

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the six months ended December 31, 2021 and 2020
(Expressed in Canadian Dollars - Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

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

The Company’s shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol ZNX.

The Company’s head office and principal address is Suite 2050-1055 West Georgia Street, PO Box 11121, Royal Centre, Vancouver, BC V6E 3P3. The registered and records office is Suite 400, 725 Granville Street, Vancouver, BC, V7Y 1G5.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to commence profitable operations in the future.

While the Company has been successful in obtaining its required financing in the past, mainly through the issuance of equity capital, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The condensed consolidated interim 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, 2021, the Company has a positive working capital deficiency of \$84,879 (June 30, 2021 – working capital of \$1,073,872). 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 uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic’s impact on its business, results of operations, financial position and cash flows in the future.

These financial statements were authorized for issue on February 28, 2022 by the directors of the Company.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the six months ended December 31, 2021 and 2020
(Expressed in Canadian Dollars - Unaudited)

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 condensed consolidated interim financial statements of the Company have been prepared on an accrual basis except for certain cash flow information, and are based on historical costs, except for certain financial instruments classified as financial instruments at fair value through profit and loss, 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 unless otherwise noted.

Principles of consolidation

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

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

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

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company’s annual financial statements for the year ended June 30, 2021. 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, 2021.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the six months ended December 31, 2021 and 2020
(Expressed in Canadian Dollars - Unaudited)

3. RECEIVABLES

	December 31, 2021	June 30, 2021
Government Sales Tax credits	\$ 26,489	\$ 34,848
Accrued interest (Note 6)	551	132
Other receivables	–	16,431
	\$ 27,040	\$ 51,411

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

4. MARKETABLE SECURITIES

Marketable securities consist of common shares of public companies that are measured at fair value, which is determined using quoted closing prices of the shares on the exchange where they are listed, at the end of each reporting period.

The Company's marketable securities transactions are as follows:

	December 31, 2021	June 30, 2021
<i>Common shares of public companies:</i>		
Fair value, beginning of period	\$ –	\$ 33,625
Proceeds from sales	–	(108,178)
Realized gain on sales	–	56,133
Unrealized gain	–	18,420
Fair value, end of period	\$ –	\$ –

5. OTHER ASSETS

Other assets comprise of reclamation bonds totaling \$332,500 (June 30, 2021 – \$332,500) posted as security deposits with the Government of British Columbia in relation to the Akie and Kechika Regional properties. The reclamation bonds are deposited in GICs through a financial institution and earn an average annual variable interest rate of approximately prime minus 2.20% 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).

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the six months ended December 31, 2021 and 2020
(Expressed in Canadian Dollars - Unaudited)

6. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2021	June 30, 2021
Exploration payables	\$ 1,901	\$ 577,142
Other trade payables	25,952	24,388
Accrued liabilities	-	40,317
	\$ 27,853	\$ 641,847

7. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On December 1, 2010, the Company entered into a sublease agreement with a company for its corporate office located in Vancouver, B.C. for a period of 10 years, expiring November 30, 2020, amended effective April 1, 2015, for a monthly rent of \$7,500 plus applicable taxes. On December 1, 2020, the Company entered into a new sublease agreement with the same company for its corporate office for a year, expiring November 30, 2021, for a monthly rent of \$7,500 plus applicable taxes. The Company continued a rental arrangement on a month to month basis on expiry of the sublease.

Effective July 1, 2019, the Company adopted IFRS 16 and recognized a lease liability of \$118,422 and a corresponding right-of use asset in relation to its office lease. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. On December 1, 2020, \$85,309 in lease liability and right-of-use asset were recognized in relation to its new office sublease agreement.

The following table presents the right-of-use asset for the Company:

Right-of-use asset, June 30, 2020	\$ 34,830
Addition	85,309
Depreciation	(41,939)
Right-of-use asset, December 31, 2020	78,200
Depreciation	(42,655)
Right-of-use asset, June 30, 2021	35,545
Depreciation	(35,545)
Right-of-use asset, December 31, 2021	\$ -

Depreciation is recognized on a straight line basis over the remaining lease term.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the six months ended December 31, 2021 and 2020
(Expressed in Canadian Dollars - Unaudited)

7. RIGHT-OF-USE ASSET AND LEASE LIABILITY (cont'd)

During the six months ended December 31, 2021, the Company also recognized interest expense of \$920 (2020 - \$1,630) on lease liability according to IFRS 16 requirements. Cash payments related to the office lease were \$37,500 (2020 - \$45,000).

The reconciliation of lease liability is presented in the table below:

Lease liability, July 1, 2020	\$	36,580
Additions		85,310
Interest expense		1,630
Lease payments		(45,000)
Lease liability, December 31, 2020		78,520
Interest expense		3,060
Lease payments		(45,000)
Lease liability, June 30, 2021		36,580
Interest expense		920
Lease payments		(37,500)
Lease liability, December 31, 2021	\$	-

Costs related to the short-term offsite storage leases of \$3,975 (2020 - \$3,562) were expensed.

8. FLOW-THROUGH PREMIUM LIABILITY

	December 31, 2021		June 30, 2021	
Balance, beginning of period	\$	-	\$	29,992
Recorded		-		-
Amortized		-		(29,992)
Balance, end of period	\$	-	\$	-

In April 2021, the Company completed a flow-through private placements issuing an aggregate of 7,500,000 flow-through units (Note 13(b)) at a price of \$0.20 per FT unit for gross proceeds of \$1,500,000. Each FT unit consists of one flow-through common share and one half of one common share purchase warrant. Each full warrant (Note 13 (d)) entitles the warrant holder to purchase one additional common share at a price of \$0.40 per warrant for a period of 24 months expiring April 9, 2023. The residual value of the unit offering after deducting the fair value of the common shares was \$Nil, and \$Nil was allocated to the corresponding warrants and flow-through liability.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the six months ended December 31, 2021 and 2020
(Expressed in Canadian Dollars - Unaudited)

8. FLOW-THROUGH PREMIUM LIABILITY (cont'd)

In December 2019, the Company completed a flow-through private placements issuing an aggregate of 1,016,666 flow-through shares at a price of \$0.15 per share for gross proceeds of \$152,500. The Company recorded a flow-through liability of \$29,992 in connection with the flow-through private placements, which was calculated based on an estimated premium of approximately \$0.029 per flow-through share issued.

The flow-through premium liability does not represent a cash liability to the Company, and is to be fully amortized to the statement of operations and comprehensive loss pro-rata with the amount of qualifying flow-through expenditures incurred. The flow-through agreements require the Company to renounce certain deductions for Canadian exploration expenditures incurred on the Company's resource properties.

As at December 31, 2021, the Company incurred the qualifying exploration expenditures of \$1,500,000 with respect to its 2021 flow-through commitments.

During the year ended June 30, 2021, the Company amortized the balance of the flow-through premium liability recorded in the prior year in connection with the December 2019 flow-through private placement. The Company recorded amortization of \$29,992 after incurring \$152,500 of qualifying exploration expenditures. The Company has fully renounced exploration expenditures of \$152,500 to the flow-through subscribers for calendar 2019 using the "look-back" rule and incurred the qualified exploration expenditures during its 2021 exploration programs.

When the Company uses the "look-back" rule to renounce exploration expenditures to investors before the Company actually incurs them, the Company is liable for the flow-through Part XII.6 tax ("FT Tax"). The FT Tax related to the 2019 flow-through renunciations is payable on or before February 28, 2022 as provided by the Minister of Finance's draft legislation proposed in July 2020 to support and protect the mining sector during the COVID-19 pandemic. The reconciliations of the accrued and recovered 2019 FT Tax for the period ended December 31, 2021 and June 30, 2021 are as follows:

	December 31, 2021		June 30, 2021	
Balance, beginning of period	\$	197	\$	1,271
Recovery		–		(1,074)
FT Tax paid		(197)		–
Balance, end of period	\$	–	\$	197

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Financial Statements
For the six months ended December 31, 2021 and 2020
(Expressed in Canadian Dollars - Unaudited)

9. 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 December 31, 2022 will result in a loan forgiveness of \$10,000.

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. The Company has 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 will be 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.

	December 31, 2021		June 30, 2021	
Balance, beginning of period	\$	34,450	\$	31,184
Finance expense		1,758		3,266
Balance, end of period	\$	36,208	\$	34,450

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended December 31, 2021 and 2020

(Expressed in Canadian Dollars - Unaudited)

10. EQUIPMENT

	Computers	Office equipment and furniture	License ⁽¹⁾	Vehicle ⁽¹⁾	Camp equipment and fixtures ⁽¹⁾	Camp structures and upgrades ⁽¹⁾	Total
Cost:							
At June 30, 2020	\$ 12,820	\$ 21,748	\$ 38,926	\$ 42,652	\$ 400,470	\$ 654,554	\$ 1,171,170
Acquisition	2,205	-	1,091	-	13,904	-	17,200
Disposal ⁽²⁾	-	-	-	(42,652)	-	-	(42,652)
At June 30, 2021	15,025	21,748	40,017	-	414,374	654,554	1,145,718
Acquisition	-	-	-	-	2,646	-	2,646
At December 31, 2021	\$ 15,025	\$ 21,748	\$ 40,017	\$ -	\$ 417,020	\$ 654,554	\$ 1,148,364
Accumulated depreciation:							
At June 30, 2020	\$ 12,820	\$ 16,434	\$ 36,613	\$ 38,160	\$ 319,617	\$ 579,582	\$ 1,003,226
Depreciation	1,819	1,063	1,572	436	20,304	18,743	43,937
Disposal	-	-	-	(38,596)	-	-	(38,596)
At June 30, 2021	14,639	17,497	38,185	-	339,921	598,325	1,008,567
Depreciation	107	429	508	-	9,996	7,086	18,126
At December 31, 2021	\$ 14,746	\$ 17,926	\$ 38,693	\$ -	\$ 349,917	\$ 605,411	\$ 1,026,693
Net book value:							
At June 30, 2021	\$ 386	\$ 4,251	\$ 1,832	\$ -	\$ 74,453	\$ 56,229	\$ 137,151
At December 31, 2021	\$ 279	\$ 3,822	\$ 1,324	\$ -	\$ 67,103	\$ 49,143	\$ 121,671

(1) License, vehicles, camp equipment and fixtures and camp upgrades are used for exploration and evaluation activities. Depreciation for these items of \$17,591 for the six months ended December 31, 2021 (2020 - \$20,821) has been capitalized to exploration and evaluation assets (Note 12).

Depreciation of the remaining items of \$536 (2020 - \$575) has been expensed.

(2) During the six months ended December 31, 2020, the Company sold a Vehicle for net proceeds of \$15,051, which had a carrying value of \$4,056, resulting in a gain of \$10,995.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements
For the six months ended December 31, 2021 and 2020
(Expressed in Canadian Dollars - Unaudited)

11. EXPLORATION AND EVALUATION ASSETS

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

Akie Property, British Columbia

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

Kechika Regional project, British Columbia

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

In September 2013, the Company entered into an option agreement (the "Agreement") with Teck Resources Limited ("Teck") pursuant to which Teck 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

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.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements
For the six months ended December 31, 2021 and 2020
(Expressed in Canadian Dollars - Unaudited)

11. EXPLORATION AND EVALUATION ASSETS (cont'd)

Summary of exploration expenditures incurred on various properties:

	Akie Property	Kechika Regional	Total
Acquisition Costs:			
Balance, June 30, and December 31, 2021	\$ 24,165,241	\$ 192,768	\$ 24,358,009
Deferred exploration costs:			
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
Camp equipment, depreciation (Note 10)	17,590	–	17,590
Drilling	482,635	–	482,635
Geology	77,053	–	77,053
Geophysics	103,461	63,345	166,806
Environmental studies and permit compliance	15,056	–	15,056
Balance, December 31, 2021	\$ 48,604,952	\$ 4,431,370	\$ 53,036,322
Total, June 30, 2021	\$ 72,074,398	\$ 4,560,793	\$ 76,635,191
Total, December 31, 2021	\$ 72,770,193	\$ 4,624,138	\$ 77,394,331

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, 2021, the Company did not receive BC METC compared to receiving \$65,402 of BC METC and \$185 in accumulated interest during the year ended June 30, 2021 for its fiscal 2020 exploration expenditures above the amounts renounced under its flow-through commitments.

ZINCX RESOURCES CORP.

Notes to Condensed Consolidated Interim Financial Statements
For the six months ended December 31, 2021 and 2020
(Expressed in Canadian Dollars - Unaudited)

12. CAPITAL STOCK AND RESERVES

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

During the period ended December 31, 2021, 20,000 common shares were issued pursuant to the exercise of 20,000 (Note 12(c)) stock options at a price of \$0.12 per share for total proceeds of \$2,400. In addition, a reallocation of \$1,496 (Note 12(e)) from reserves to capital stock was recorded on the exercise of these options.

During the year ended June 30, 2021, 40,100 common shares were issued pursuant to the exercise of 40,100 (Note 12(c)) stock options at an average price of \$0.12 per share for total proceeds of \$4,812. In addition, a reallocation of \$2,997 (Note 12(e)) from reserves to capital stock was recorded on the exercise of these options. This amount constitutes the fair value of options recorded at the grant or re-priced date.

In addition to the shares issued for options exercise, the Company completed a flow-through private placement of 7,500,000 flow-through units (Note 8) at a price of \$0.20 per FT unit for gross proceeds of \$1,500,000 during the year ended June 30, 2021. Each FT unit consists of one flow-through common share and one half of one common share purchase warrant. Each full warrant (Note 12(d)) entitles the warrant holder to purchase one additional common share at a price of \$0.40 per warrant for a period of 24 months expiring April 9, 2023. The Company paid cash finder's fee of \$40,000 and incurred regulatory filing fees of \$8,950 in connection with the private placements. The residual value of the unit offering after deducting the fair value of the common shares was \$Nil, and \$Nil was allocated to the corresponding warrants and flow-through liability.

(c) 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 three month period. Share options granted to directors, officers and employees of the Company vest immediately.

There were no stock options granted nor share-based compensation recorded during the three months ended December 31, 2021 and the year ended June 30, 2021.

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12. CAPITAL STOCK AND RESERVES (cont'd)

(c) Share options (cont'd)

Share option transactions are summarized as follows:

	Options Outstanding	Weighted Average Exercise Price
Outstanding, June 30, 2020	9,610,000	\$ 0.21
Exercised (Note 12(b))	(40,100)	0.12
Cancelled/ Forfeited	(1,150,000)	0.44
Outstanding, June 30, 2021	8,419,900	0.18
Exercised (Note 12(b))	(20,000)	0.12
Expired	(55,000)	0.40
Outstanding, December 31, 2021	8,344,900	\$ 0.18

Share options outstanding and exercisable at December 31, 2021 are summarized as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Life of Options (Years)	Number of Options Exercisable
40,000	\$ 0.39	December 27, 2023	1.99	40,000
104,900	\$ 0.12	December 27, 2023	1.99	104,900
3,680,000	\$ 0.23	April 10, 2025	3.28	3,680,000
60,000	\$ 0.33	July 3, 2026	4.51	60,000
700,000	\$ 0.12	July 3, 2026	4.51	700,000
110,000	\$ 0.40	September 13, 2026	4.70	110,000
395,000	\$ 0.12	September 13, 2026	4.70	395,000
80,000	\$ 0.30	February 9, 2028	6.11	80,000
650,000	\$ 0.12	February 9, 2028	6.11	650,000
2,525,000	\$ 0.12	February 6, 2030	8.11	2,545,000
8,344,900	\$ 0.18		5.16	8,344,900

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12. CAPITAL STOCK AND RESERVES (cont'd)

(d) 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, 2020	–	\$ –	–	–
Issued (Note 12(b))	3,750,000	0.40	April 9, 2023	1.52
Balance, June 30, 2021 and December 31, 2021	3,750,000	\$ 0.40		

(e) Reserves

	Options and agent warrants	Finance warrants	Treasury shares	Total
Balance, June 30 2020	\$ 10,668,946	\$ 2,204,276	\$ 2,256,880	\$ 15,130,102
Exercise of options (Note 12(b))	(2,997)	–	–	(2,997)
Balance, June 30, 2021	\$ 10,665,949	\$ 2,204,276	\$ 2,256,880	\$ 15,127,105
Exercise of options (Note 12(b))	(1,496)	–	–	(1,496)
Balance, December 31, 2021	\$ 10,664,453	\$ 2,204,276	\$ 2,256,880	\$ 15,125,609

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the six months ended December 31, 2021 included:

- exploration and evaluation assets of \$1,901 (June 30, 2021 - \$577,142) in trade payables and accrued liabilities (Note 6);
- depreciation of camp equipment and upgrades of \$17,591 (June 30, 2021 - \$41,055) included in exploration and evaluation assets (Note 10); and
- an allocation of \$1,496 (June 30, 2021 - \$2,997) from reserves to capital stock upon the exercise of stock options (Note 12(b)).

Significant non-cash transactions for the six months ended December 31, 2020 included:

- exploration and evaluation assets of \$891 (June 30, 2020 - \$893) in trade payables and accrued liabilities (Note 6);
- depreciation of camp equipment and upgrades of \$20,821 (June 30, 2020 - \$59,868) included in exploration and evaluation assets (Note 10);
- realized gain of \$10,995 on sale of fixed assets (Note 10);
- realized gain of \$12,280 on marketable securities; and
- unrealized gain of \$18,420 on marketable securities due to changes in fair value.

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14. 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 six months ended December 31, 2021 and 2020 were as follows:

December 31,	2021	2020
Consulting fees (ii)	\$ 4,000	\$ 4,000
Exploration and evaluation expenditures (geological consulting) (iii)	64,512	57,254
Management fees (i)	90,000	90,000
Other employment benefits (iv)	10,972	13,616
Total	\$ 169,484	\$ 164,870

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 six months ended December 31, 2021, the Company paid \$90,000 (2020 – \$90,000) for management fees and \$30,000 (2020 – \$30,000) for administrative fees to VCC;
- (ii) the Company paid \$4,000 (2020 - \$4,000) for consulting fees to Sircon AG, a company controlled by a director, and as at December 31, 2021, the Company owed \$2,000 (June 30, 2021 - \$2,000) to Sircon AG;
- (iii) the Company paid or accrued exploration and evaluation costs of \$64,512 (2020 - \$57,254) for geological consulting fees to a company owned by VP of Exploration of the Company, of which \$61,454 (2020 - \$44,459) was capitalized as exploration and evaluation costs and \$3,058 (2020 - \$12,795) was expensed as consulting fees;
- (iv) other employment benefits included life insurance and health benefits for the CEO and health benefits for the CFO of the Company;
- (v) the Company owed \$725 (June 30, 2021- \$153) in office expense reimbursement to VCC;
- (vi) the Company owed \$818 (June 30, 2021- \$53,059) to the CEO of the Company for reimbursement of business expenses paid on behalf of the Company, this amount was included in trade payables and accrued liabilities;
- (vii) the Company owed \$509 (June 30, 2021 - \$Nil) to the CFO of the Company for 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.

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15. 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.

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.

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 six months ended December 31, 2021. The Company is not subject to any externally imposed capital requirements.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments as at December 31, 2021 were as follows:

	<i>Fair Value through</i>	
	<i>Profit or Loss</i>	<i>Amortized Cost</i>
Financial assets		
Cash	\$ 1,262,131	\$ -
Receivables	-	551
Financial liabilities		
Trade payables and accrued liabilities	-	27,853
Due to related parties	-	1,401,411
Government Loan	-	36,209
	<u>\$ 1,262,131</u>	<u>\$ 1,466,024</u>

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.

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16. 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, 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 \$1,262,131 (June 30, 2021 - \$3,066,527). This risk is managed by using major Canadian banks that are high credit quality financial institutions as determined by rating agencies.

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes and interest accrued on GIC investments.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents. As at December 31, 2021, the Company was holding cash and of \$1,262,131 (June 30, 2021 - \$3,066,527) to settle its current liabilities of \$1,429,264 (June 30, 2021 - \$2,079,266). 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.

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16. 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.

17. 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.