ZINCX RESOURCES CORP.

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended March 31, 2021 and 2020

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

ZINCX RESOURCES CORP.

Index	Page

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.

May 31, 2021

ZINCX RESOURCES CORP.
Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2021 and June 30, 2020
(Expressed in Canadian Dollars - Unaudited)

	Notes		March 31, 2021 (unaudited)		June 30, 2020 (audited)
Assets					
Current assets					
Cash		$	985,214	$	208,938
Receivables	3		12,565		8,663
Prepaid expenses			22,628		35,670
Marketable securities	4		–		33,625
Investments	5		1,120,735		2,428,043
			2,141,142		2,714,939
Other assets	6		332,500		332,500
Equipment	11		135,144		167,944
Right-of-use asset	8		56,873		34,830
Exploration and evaluation assets	12		75,840,697		75,777,025
		$	78,506,356	$	79,027,238
Liabilities					
Current liabilities					
Trade payables and accrued liabilities	7	$	47,083	$	67,299
Lease liability	8		57,811		36,580
Due to related parties	15		1,400,686		1,400,686
Flow-through premium liability	9		27,440		29,992
			1,533,020		1,534,557
Government Loan	10		33,603		31,184
Deferred income tax liability			1,803,000		1,803,000
			3,369,623		3,368,741
Equity					
Capital stock	13		101,878,357		101,870,548
Reserves	13		15,127,105		15,130,102
Deficit			(41,868,729)		(41,342,153)
			75,136,733		75,658,497
		$	78,506,356	$	79,027,238

Nature and continuance of operations (Note 1)
Subsequent events (Note 18)

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, 2019		**169,319,375**	**$ 101,755,665**	**$ 14,893,488**	**$ (40,141,611)**	**$ 76,507,542**
Flow-through private placement	13	1,016,666	152,500	-	-	152,500
Flow-through premium liability	9	-	(29,992)	-	-	(29,992)
Share issuance costs	13	-	(7,625)	-	-	(7,625)
Share-based compensation	13	-	-	193,344	-	193,344
Net loss for the period		-	-	-	(751,768)	(751,768)
Balance, March 31, 2020		**170,336,041**	**101,870,548**	**15,086,832**	**(40,893,379)**	**76,064,001**
Share-based compensation	13	-	-	43,270	-	43,270
Net loss for the period		-	-	-	(448,774)	(448,774)
Balance, June 30, 2020		**170,336,041**	**101,870,548**	**15,130,102**	**(41,342,153)**	**75,658,497**
Exercise of share options	13	40,100	7,809	(2,997)	-	4,812
Net loss for the period		-	-	-	(526,576)	(526,576)
Balance, March 31, 2021		**170,376,141**	**$ 101,878,357**	**$ 15,127,105**	**$ (41,868,729)**	**$ 75,136,733**

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 March 31, 2021	Three months ended March 31, 2020	Nine months ended March 31, 2021	Nine months ended March 31, 2020
ADMINISTRATION EXPENSES					
Administration	15	**$ 15,000**	$ 15,000	**$ 45,000**	$ 45,000
Consulting		**5,998**	4,688	**43,289**	22,604
Depreciation of office equipment	11	**657**	452	**1,232**	1,877
Depreciation of right-of-use asset	8	**21,327**	20,898	**63,266**	62,694
Flow-through taxes (recovery)	9	**243**	509	**(1,028)**	1,033
Interest		**2,617**	1,791	**5,840**	6,889
Management fees	15	**45,000**	74,000	**135,000**	251,000
Marketing and public relations		**22,494**	499	**23,491**	1,496
Office and miscellaneous		**13,064**	21,265	**37,578**	57,204
Professional fees		**7,429**	3,156	**7,708**	4,382
Regulatory and transfer agent fees		**3,817**	7,028	**15,120**	17,400
Rent	8	**1,781**	1,781	**5,343**	5,937
Share base compensation	13	**–**	193,344	**–**	193,344
Travel and promotion		**242**	20,339	**322**	50,129
Wages and benefits		**86,359**	91,688	**265,432**	304,205
Loss before other items		**(226,028)**	(456,438)	**(647,593)**	(1,025,194)
OTHER ITEMS					
Interest income		**7,399**	8,922	**31,032**	38,587
Gain on sale of marketable securities	4	**43,853**	–	**56,133**	–
Adjustment for change in fair value of marketable securities	4	**–**	(9,200)	**18,420**	(14,950)
Gain on sale of fixed assets	11	**–**	–	**10,995**	–
Other income		**–**	–	**1,886**	8,344
		51,252	(278)	**118,466**	31,981
Loss before income taxes		**(174,776)**	(456,716)	**(529,127)**	(993,213)
Deferred income tax recovery	9	**2,551**	–	**2,551**	241,445
Net and comprehensive loss for the period		**$ (172,225)**	$ (456,716)	**$ (526,576)**	$ (751,768)
Loss per share -basic and diluted		**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of shares outstanding -basic and diluted		**170,355,697**	170,336,041	**170,342,511**	169,696,466

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	Nine months ended March 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net and comprehensive loss for the period		**$ (526,576)**	$ (751,768)
Items not affecting cash:			
Depreciation of office equipment	11	**1,232**	1,877
Depreciation of the right-of-use asset	8	**63,266**	62,694
Interest on lease liability	8	**3,421**	6,889
Accrued interest on government loan	10	**2,419**	–
Accrued interest on investments and loan receivable		**(27,910)**	(26,376)
Accrued flow-through taxes		**243**	508
Gain on sale of marketable securities	4	**(56,133)**	–
Adjustment for change in fair value of marketable securities	4	**(18,420)**	14,950
Share-based compensation		**–**	193,344
Gain on sale of fixed asset	11	**(10,995)**	–
Deferred income tax recovery		**(2,551)**	(241,445)
Changes in non-cash working capital items:			
Receivables		**(3,902)**	192,176
Prepaid expenses		**13,042**	17,903
Trade payables and accrued liabilities		**(28,906)**	(60,934)
Due to related parties		**–**	1,401,335
Cash provided by (used in) operating activities		**(591,770)**	811,153
CASH FLOWS FROM INVESTING ACTIVITIES			
GIC investment, net	5	**1,335,218**	1,533,643
Proceeds from the sale of marketable securities, net	4	**108,178**	–
Proceeds from sale of fixed asset	11	**15,051**	–
Purchase of equipment	11	**(2,205)**	(33,091)
Exploration and evaluation asset costs	12	**(25,508)**	(1,406,589)
Cash provided by investing activities		**1,430,734**	93,963
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of capital stock from private placement, net	13	**–**	144,875
Exercise of share options and warrants	13	**4,812**	–
Lease payments	8	**(67,500)**	(67,500)
Cash provided by (used in) financing activities		**(62,688)**	73,375
Change in cash during the period		**776,276**	982,491
Cash, beginning of period		**208,938**	802,671
Cash, end of period		**$ 985,214**	$ 1,785,162

Supplemental disclosure with respect to cash flows (Note 14)

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 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.

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.

At March 31, 2021, the Company has a positive working capital position of $608,122 (June 30, 2020 - $1,180,382). Management believes the Company has sufficient working capital to maintain its operations for the next fiscal year.

These financial statements were authorized for issue on May 31, 2021 by the directors of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance 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").

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 and engaged in the exploration and evaluation of resource properties.

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, 2020. 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, 2020.

3. RECEIVABLES

	March 31, 2021	June 30, 2020
Government Sales Tax credits	$ 10,753	$ 8,348
Accrued interest (Note 6)	1,812	315
	$ 12,565	$ 8,663

(Expressed in Canadian Dollars - Unaudited)

3. RECEIVABLES (cont'd)

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. Effective July 1, 2018, pursuant to adoption of IFRS 9, a change in fair value of the marketable securities is included in profit and loss for the period.

The Company's marketable securities transactions are as follows:

		March 31, 2021		June 30, 2020
Common shares of public companies:				
Fair value, beginning of period	$	33,625	$	41,875
Proceeds from sales		(108,178)		–
Realized gain on sales		56,133		–
Unrealized gain		18,420		(8,250)
Fair value, end of period	$	–	$	33,625

5. INVESTMENTS

Investments consist of highly liquid Canadian dollar denominated non-redeemable guaranteed investment certificates ("GIC") yielding an average fixed interest rate of 1.7% per annum with maturity dates within one year. The investments are classified as "fair value through profit or loss" financial assets. The counter-party is a financial institution.

At March 31, 2021, the Company held GIC investments with total principal amount of $1,100,000 (June 30, 2020 - $2,412,000) and accrued interest of $20,735 (June 30, 2020 - $16,043).

During the nine months ended March 31, 2021, the Company redeemed a net of $1,312,000 (2020 - $1,491,767) of its GIC investments and received an aggregate interest of $23,218 (2020 - $41,876) from the redemption of the GIC investments.

6. OTHER ASSETS

Other assets comprise of reclamation bonds totaling $332,500 (June 30, 2020 – $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 1.85% 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).

(Expressed in Canadian Dollars - Unaudited)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

		March 31, 2021		June 30, 2020
Exploration payables	$	9,338	$	893
Other trade payables		33,469		25,007
Accrued liabilities		4,276		41,399
	$	47,083	$	67,299

8. 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.

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 lessee'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, July 1, 2019	$	118,422
Depreciation		(62,694)
Right-of-use asset, March 31, 2020		55,728
Depreciation		(20,898)
Right-of-use asset, June 30, 2020		34,830
Addition		85,309
Depreciation		(63,266)
Right-of-use asset, December 31, 2020	**$**	**56,873**

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

During the nine months ended March 31, 2021, the Company also recognized interest expense of $3,421 (2020 - $6,889) on lease liability according to IFRS 16 requirements. Cash payments related to the office lease were $67,500 (2020 - $67,500). Costs related to the short-term offsite storage leases of $5,343 (2020 - $5,937) were expensed.

(Expressed in Canadian Dollars - Unaudited)

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

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

Lease commitments, June 30, 2019	$	127,500
Effect of discounting (10% rate) on adoption of IFRS 16		(9,078)
Lease liability, July 1, 2019		118,422
Interest expense		6,889
Lease payments		(67,500)
Lease liability, March 31, 2020		57,811
Interest expense		1,269
Lease payments		(22,500)
Lease liability, June 30, 2020		36,580
Additions		90,000
Effect of discounting (10% rate) on adoption of IFRS 16		(4,690)
Interest expense		3,421
Lease payments		(67,500)
Lease liability, March 31, 2021	**$**	**57,811**

9. FLOW-THROUGH PREMIUM LIABILITY

	March 31, 2021	June 30, 2020
Balance, beginning of period	$ 29,992	$ 241,445
Recorded	–	29,992
Amortized	(2,552)	(241,445)
Balance, end of period	$ 27,440	$ 29,992

In December 2019, the Company completed a flow-through private placements issuing an aggregate of 1,016,666 flow-through shares (Note 13(b)) 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.

As at March 31, 2021, the Company amortized $2,551 (June 30, 2020 - $Nil) of flow-through liability that was recorded in connection with the 2019 flow-through private placement after incurring $12,972 (June 30, 2020 - $Nil) 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 for income tax purposes and is required to incur the qualified exploration expenditures by December 31, 2020. In response to difficulties to accessing the field due to COVID-19, the government released a drafted legislation to extend the timelines for spending the qualified exploration expenditure by 12 months, and Part XII.6 tax adjusted accordingly. Although the drafted legislation has not yet been passed into law, the drafted legislation is expected to be passed as proposed, and Canada Revenue Agency recommends filing tax returns based on the draft legislation.

(Expressed in Canadian Dollars - Unaudited)

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

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.

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 paid 2019 FT Tax for the period ended March 31, 2021 and for the year ended June 30, 2020 are as follows:

		March 31, 2021		June 30, 2020
Balance, beginning of period	$	1,271	$	10,451
Accrued (recovery)		(1,028)		1,795
FT Tax paid		–		(10,975)
Balance, end of period	$	243	$	1,271

10. 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.

		March 31, 2021		June 30, 2020
Balance, beginning of period	$	31,184	$	–
Loan received		–		40,000
Interest free benefit		–		(9,329)
Finance expense		2,419		513
Balance, end of period	$	33,603	$	31,184

(Expressed in Canadian Dollars - Unaudited)

11. EQUIPMENT

	Computers and software	Office equipment and furniture	License[(1)]	Vehicle[(1)]	Camp equipment and fixtures[(1)]	Camp structures and upgrades[(1)]	Total
Cost:							
At June 30, 2019	$ 12,820	$ 22,065	$ 37,835	$ 37,026	$ 375,254	$ 654,554	**$ 1,139,554**
Acquisition	–	1,157	1,091	5,626	25,216	–	33,090
Disposal	–	(1,474)	–	–	–	–	(1,474)
At June 30, 2020	12,820	21,748	38,926	42,652	400,470	654,554	**1,171,170**
Acquisition	2,205	–	1,091	–	–	–	3,296
Disposal	–	–	–	(42,652)	–	–	(42,652)
At March 31, 2021	$ 15,025	$ 21,748	$ 40,017	$ –	$ 400,470	$ 654,554	**$ 1,131,814**
Accumulated depreciation:							
At June 30, 2019	$ 12,592	$ 15,515	$ 34,842	$ 35,340	$ 289,422	$ 554,500	**$ 942,211**
Depreciation	228	2,393	1,771	2,820	30,195	25,082	62,489
Disposal	–	(1,474)	–	–	–	–	(1,474)
At June 30, 2020	12,820	16,434	36,613	38,160	319,617	579,582	**1,003,226**
Depreciation	434	798	1,030	436	15,272	14,070	32,040
Disposal	–	–	–	(38,596)	–	–	(38,596)
At March 31, 2021	$ 13,254	$ 17,232	$ 37,643	$ –	$ 334,889	$ 593,652	**$ 996,670**
Net book value:							
At June 30, 2020	$ –	$ 5,314	$ 2,313	$ 4,492	$ 80,853	$ 74,972	**$ 167,944**
At March 31, 2021	$ 1,771	$ 4,516	$ 2,374	$ –	$ 65,581	$ 60,902	**$ 135,144**

(1) License, vehicles, camp equipment and fixtures and camp upgrades are used for exploration and evaluation activities. Depreciation for these items of $30,808 for the nine months ended March 31, 2021 (2020 - $44,522) has been capitalized to exploration and evaluation assets (Note 12). Depreciation of the remaining items of $1,232 (2020 - $1,877) has been expensed. During the nine months ended March 31, 2021, the Company sold a Vehicle for net proceeds of $15,051 (2020 - $Nil), which had a carrying value of $4,056, resulting in a gain of $10,995.

12. 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.

(Expressed in Canadian Dollars - Unaudited)

12. 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 March 31, 2021	$	24,165,241	$	192,768	**$**	**24,358,009**
Deferred exploration costs:						
Balance, June 30, 2019	$	46,122,514	$	4,368,025	**$**	**50,490,539**
Camp equipment, depreciation		59,868		–		59,868
Drilling		761,950		–		761,950
Geology		108,948		–		108,948
Community consultants		151,848		–		151,848
Environmental studies and permit compliance		43,724		–		43,724
METC recoverable		(197,861)		–		(197,861)
Balance, June 30, 2020		47,050,991		4,368,025		**51,419,016**
Camp equipment, depreciation (Note 11)		30,808		–		30,808
Drilling		13,124		–		13,124
Geology		71,557		–		71,557
Environmental studies and permit compliance		13,585		–		13,585
METC recoverable		(65,402)		–		(65,402)
Balance, March 31, 2021	**$**	**47,114,663**	**$**	**4,368,025**	**$**	**51,482,688**
Total, June 30, 2020	**$**	**71,216,232**	**$**	**4,560,793**	**$**	**75,777,025**
Total, March 31, 2021	**$**	**71,279,904**	**$**	**4,560,793**	**$**	**75,840,697**

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 March 31, 2021, the Company received BC METC of $65,402 (June 30, 2020 - $197,861) for its fiscal 2020 exploration expenditures above the amounts renounced under its flow-through commitments.

(Expressed in Canadian Dollars - Unaudited)

13. CAPITAL STOCK AND RESERVES

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

During the nine months ended March 31, 2021, 40,100 common shares were issued pursuant to the exercise of 40,100 (Note 13 (d)) stock options at an average price of $0.12 per share for total proceeds of $4,812. In addition, a reallocation of $2,997 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.

During the year ended June 30, 2020, the Company completed a flow-through private placement of 1,016,666 flow-through shares at a price of $0.15 per share for gross proceeds of $152,500. The Company paid cash finder's fee of $7,625 in connection with the private placement. A flow-through premium liability of $29,992 was recorded in connection with this private placement, which was calculated based on an estimated premium of approximately $0.029 per flow-through share issued (Note 9);

(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.

Share option transactions are summarized as follows:

	Options Outstanding	Weighted Average Exercise Price
Outstanding, June 30, 2019	10,170,000	$ 0.32
Granted	2,585,000	0.12
Cancelled/ Forfeited	(3,145,000)	0.38
Outstanding, June 30, 2020	9,610,000	0.21
Exercised (Note 13(b))	(40,100)	0.12
Cancelled/ Forfeited	(550,000)	0.55
Outstanding, March 31, 2021	9,019,900	$ 0.19

There were no stock options granted nor share-based compensation recorded during the nine months ended March 31, 2021.

(Expressed in Canadian Dollars - Unaudited)

13. CAPITAL STOCK AND RESERVES (cont'd)

(c) Share options (cont'd)

During the year ended June 30, 2020, the Company:

(i) granted an aggregate of 2,585,000 share options to certain employees and consultants of the Company and recorded share-based compensation expense of $193,344 for the share options granted.

(ii) repriced previously granted share options to a number of employees and consultants to acquire 1,850,000 common shares at a price between $0.30 per share and $0.40 per share, expiring between December 27, 2023 and February 9, 2028, to $0.12 per share. An additional share-based compensation expense of $43,270 was recorded in connection with the re-pricing.

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

Number of Options	Exercise Price	Expiry Date	Remaining Life of Options (Years)	Number of Options Exercisable
600,000	$ 0.35	June 16, 2021	0.21	600,000
55,000	$ 0.40	November 2, 2021	0.59	55,000
40,000	$ 0.39	December 27, 2023	2.74	40,000
104,900	$ 0.12	December 27, 2023	2.74	104,900
3,680,000	$ 0.23	April 10, 2025	4.03	3,680,000
60,000	$ 0.33	July 3, 2026	5.26	60,000
700,000	$ 0.12	July 3, 2026	5.26	700,000
110,000	$ 0.40	September 13, 2026	5.46	110,000
395,000	$ 0.12	September 13, 2026	5.46	395,000
80,000	$ 0.30	February 9, 2028	6.87	80,000
650,000	$ 0.12	February 9, 2028	6.87	650,000
2,545,000	$ 0.12	February 6, 2030	8.86	2,545,000
9,019,900	$ 0.19		5.51	9,019,900

(Expressed in Canadian Dollars - Unaudited)

13. CAPITAL STOCK AND RESERVES (cont'd)

(d) Reserves

	Options and agent warrants	Finance warrants	Treasury shares	Total
Balance, June 30, 2019	$ 10,432,332	$ 2,204,276	$ 2,256,880	$ 14,893,488
Share-based compensation (Note 13(c))	236,614	–	–	236,614
Balance, June 30 2020	10,668,946	2,204,276	2,256,880	15,130,102
Exercise of options (Note 13(b))	(2,997)	–	–	(2,997)
Balance, March 31, 2021	$ 10,665,949	$ 2,204,276	$ 2,256,880	$ 15,127,105

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the nine months ended March 31, 2021 included:

- exploration and evaluation assets of $9,338 (June 30, 2020 - $893) in accounts payable (Note 7);
- depreciation of camp equipment and upgrades of $30,808 (June 30, 2020 - $59,868) included in exploration and evaluation assets (Note 11); and
- unrealized gain of $18,420 on marketable securities due to changes in fair value (Note 4).

Significant non-cash transactions for the nine months ended March 31, 2020 included:

- exploration and evaluation assets of $8,459 (June 30, 2019 - $380,385) in accounts payable ;
- depreciation of camp equipment and upgrades of $44,522 included in exploration and evaluation assets (Note 11);
- an allocation of $29,992 from capital stock to flow-through premium liability on issuance of the flow-through shares in December 2019 (Note 9); and
- unrealized loss of $14,950 on marketable securities due to changes in fair value.

15. 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 nine months ended March 31, 2021 and 2020 were as follows:

(Expressed in Canadian Dollars - Unaudited)

15. RELATED PARTY TRANSACTIONS (cont'd)

March 31,		2021		2020
Consulting fees (ii)	$	6,000	$	9,500
Exploration and evaluation expenditures (geological consulting) (iii)		85,478		120,960
Management fees (i)		135,000		251,000
Other employment benefits (iv)		20,474		20,124
Total	$	246,952	$	401,584

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 nine months ended March 31, 2021, the Company paid $135,000 (2020 – $251,000) for management fees and $45,000 (2020 – $45,000) for administrative fees to VCC;

(ii) the Company paid or accrued $6,000 (2020 - $9,500) for consulting fees to a company controlled by a director, and $2,000 (2020 - $2,000) was due to the related company as of March 31, 2021;

(iii) the Company paid or accrued exploration and evaluation costs of $85,478 (2020 - $120,960) for geological consulting fees to a company owned by VP of Exploration of the Company, of which $68,685 (2020 - $107,520) was capitalized as exploration and evaluation costs and $16,793 (2020 - $13,440) 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; and

(v) the Company received an advance of $1,398,686 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.

16. 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.

(Expressed in Canadian Dollars - Unaudited)

16. CAPITAL MANAGEMENT (cont'd)

The current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital. However, the Company estimates that it has sufficient working capital to continue with planned activities.

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

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	Fair Value through Profit or Loss	*Amortized Cost*
Financial assets		
Cash	$ 985,214	$ –
Receivables	–	1,812
Investment	1,120,735	–
Financial liabilities		
Trade payables	–	42,807
Due to related parties	–	1,400,686
Government Loan	–	33,603
	$ 2,105,949	$ 1,478,908

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.

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.

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

iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash, investments, and marketable securities are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, loan receivable and trade payables and accrued liabilities 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 $985,214 (June 30, 2020 - $208,938) and short-term investments in GICs with the fair value of $1,120,735 (June 30, 2020 - $2,428,043). This risk is managed by using major Canadian banks that are high credit quality financial institutions as determined by rating agencies.

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

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 March 31, 2021, the Company was holding combined cash and investments of $2,105,949 (June 30, 2020 - $2,636,981) to settle its current liabilities of $1,533,020 (June 30, 2020 - $1,534,557). Management believes it has sufficient funds to meet its current obligations as they become due and to fund its exploration projects and administrative costs for the next 12 months.

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.

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.

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

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.

The Company also maintains investments in certain marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

18. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the Company completed a flow-through private placement of 7,500,000 flow-through units at a price of $0.20 per FT unit for gross proceeds of $1,500,000. Each FT unit consists of one flow-through common share and one half of one common share purchase warrant. Each full warrant 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 in connection with the private placement. All securities issued will be subject to a four-month hold period, expiring on August 10, 2021.