



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2021**

**(Unaudited - Expressed in Canadian Dollars)**

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

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

The accompanying unaudited condensed interim consolidated financial statements for InZinc Mining Ltd. for the six months ended June 30, 2021 have been prepared by and are the responsibility of the Company's management.

# InZinc Mining Ltd.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

As at

	June 30, 2021	December 31, 2020
<b>ASSETS</b>		
Current		
Cash (Note 4)	\$ 952,908	\$ 270,214
Receivables (Note 5)	5,663	1,355
Prepays	11,807	21,691
Marketable securities (Note 6)	499	291
	<b>970,877</b>	293,551
Reclamation deposits (Note 7)	157,570	160,853
Exploration and evaluation assets (Note 7)	271,763	612,890
	<b>\$ 1,400,210</b>	<b>\$ 1,067,294</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Notes 8 and 10)	\$ 181,565	\$ 50,277
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	17,957,135	17,713,150
Reserves – share-based (Note 9)	233,410	477,262
Reserves – accumulated other comprehensive loss	(1,790)	(1,998)
Deficit	(16,970,110)	(17,171,397)
	<b>1,218,645</b>	1,017,017
	<b>\$ 1,400,210</b>	<b>\$ 1,067,294</b>

Nature of operations and going concern (Note 1)

Approved on behalf of the Board:

*“Wayne Hubert”*

Wayne Hubert, Director

*“John Murphy”*

John Murphy, Director

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

# InZinc Mining Ltd.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited - Expressed in Canadian Dollars)

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<b>EXPENSES</b>				
Communication and investor relations	\$ 7,541	\$ 3,882	\$ 9,701	\$ 4,967
Exploration and evaluation expenditures (Note 7)	14,748	13,173	16,653	16,231
Filing and regulatory	7,397	4,809	10,826	7,696
Foreign exchange loss (gain)	6,125	5,566	7,702	(5,767)
Office and miscellaneous	18,126	12,430	28,718	21,779
Professional fees (Note 10)	120,020	22,259	129,020	31,259
Property investigation	2,151	-	2,151	-
Share-based compensation (Notes 9 and 10)	74,353	4,626	74,940	11,708
	<b>(250,461)</b>	<b>(66,745)</b>	<b>(279,711)</b>	<b>(87,873)</b>
Gain on exploration and evaluation assets (Note 7)	208,941	-	208,941	-
<b>Loss for the period</b>	<b>(41,520)</b>	<b>(66,745)</b>	<b>(70,770)</b>	<b>(87,873)</b>
Unrealized gain (loss) on marketable securities	250	21	208	(125)
<b>Loss and comprehensive loss for the period</b>	<b>\$ (41,270)</b>	<b>\$ (66,724)</b>	<b>\$ (70,562)</b>	<b>\$ (87,998)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>122,152,084</b>	<b>115,085,419</b>	<b>120,231,642</b>	<b>114,964,540</b>

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

# InZinc Mining Ltd.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited - Expressed in Canadian Dollars)

	Share capital		Reserves – share-based	Reserves – accumulated other comprehensive loss	Deficit	Total
	Issued	Amount				
Balance at December 31, 2019	114,685,419	\$ 17,705,150	\$ 722,469	\$ (1,998)	\$ (17,226,211)	\$ 1,199,410
Shares issued for exploration and evaluation assets	400,000	8,000	-	-	-	8,000
Share-based compensation	-	-	11,708	-	-	11,708
Allocation of expired options	-	-	(146,130)	-	146,130	-
Unrealized loss on marketable securities	-	-	-	(125)	-	(125)
Loss for the period	-	-	-	-	(87,873)	(87,873)
Balance at June 30, 2020	115,085,419	\$ 17,713,150	\$ 588,047	\$ (2,123)	\$ (17,167,954)	\$ 1,131,120
Balance at December 31, 2020	115,085,419	\$ 17,713,150	\$ 477,262	\$ (1,998)	\$ (17,171,397)	\$ 1,017,017
Shares issued for cash	6,666,665	200,000	-	-	-	200,000
Shares issued for exploration and evaluation assets	400,000	18,000	-	-	-	18,000
Shares issue costs	-	(20,750)	-	-	-	(20,750)
Share-based compensation	-	-	74,940	-	-	74,940
Allocation of expired options	-	-	(272,057)	-	272,057	-
Allocation of expired warrants	-	46,735	(46,735)	-	-	-
Unrealized gain on marketable securities	-	-	-	208	-	208
Loss for the period	-	-	-	-	(70,770)	(70,770)
<b>Balance at June 30, 2021</b>	<b>122,152,084</b>	<b>\$ 17,957,135</b>	<b>\$ 233,410</b>	<b>\$ (1,790)</b>	<b>\$ (16,970,110)</b>	<b>\$ 1,218,645</b>

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

# InZinc Mining Ltd.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in Canadian Dollars)  
For the six months ended

	June 30, 2021	June 30, 2020
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (70,770)	\$ (87,873)
Items not involving cash:		
Share-based compensation	74,940	11,708
Foreign exchange	3,921	(5,933)
Gain on exploration and evaluation assets	(208,941)	-
Changes in non-cash working capital items:		
Receivables	(4,308)	(824)
Prepays	9,884	(682)
Accounts payable and accrued liabilities	112,288	(382)
Cash used in operating activities	(82,986)	(83,986)
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(35,000)	(25,000)
Option agreement on exploration and evaluation assets	602,430	-
Cash provided by (used in) investing activities	567,430	(25,000)
<b>FINANCING ACTIVITIES</b>		
Proceeds from share issue	200,000	-
Share issue costs	(1,750)	-
Cash provided by financing activities	198,250	-
<b>Change in cash during the period</b>	<b>682,694</b>	<b>(108,986)</b>
<b>Cash, beginning of the period</b>	<b>270,214</b>	<b>431,146</b>
<b>Cash, end of the period</b>	<b>\$ 952,908</b>	<b>\$ 322,160</b>

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

## 1. NATURE OF OPERATIONS AND GOING CONCERN

InZinc Mining Ltd. (the "Company") was incorporated on October 24, 1997 under the laws of British Columbia and was continued under the Canada Business Corporations Act in June 2002. The Company's registered and records office is at Suite 2300, Bentall 5, 550 Burrard Street, Box 30, Vancouver, BC, V6C 2B5. The Company's head office is at P.O. Box 48268, Station Bentall Centre, Vancouver, BC, V7X 1A2. The Company is listed on the TSX Venture Exchange ("TSX-V") under the trading symbol IZN.

The Company's principal business activities include the acquisition and exploration of mineral exploration and evaluation assets in the United States and Canada. The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and upon future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. 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 develop profitable operations. These condensed interim 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.

The continuance of the Company's operations is dependent on obtaining sufficient additional financing in order to realize the recoverability of the Company's investments in exploration and evaluation assets which is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals. Management closely monitors metal commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur. The Company will be required to raise funding to continue operations in the upcoming year. These material uncertainties may cast significant doubt as to the ability of the Company 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 have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date there has been significant stock market volatility, significant volatility in foreign exchange markets, and restrictions on the conduct of business in many jurisdictions and the global movement of people. There remains ongoing uncertainty surrounding COVID-19 and the extent of the impacts that it may have on the Company's ability to develop and bring its properties into production, which could have an adverse impact on the Company's business, results of operations, financial position and cash flows.

## 2. BASIS OF PRESENTATION

### Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020, prepared in accordance with IFRS as issued by the IASB.

**2. BASIS OF PREPARATION (cont'd...)****Approval of the financial statements**

These condensed interim consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on August 27, 2021.

**Basis of presentation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Functional and presentation currency**

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the parent and of its subsidiary.

**Basis of consolidation**

These condensed interim consolidated financial statements of the Company include the accounts of the Company and its wholly-owned subsidiary, N.P.R. (US) Inc., a Nevada corporation, the principal activity of which is exploration in the United States. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances have been eliminated upon consolidation.

**Significant estimates**

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates are made when applying accounting policies. The critical estimates that have the most significant effects on the amounts recognized in the condensed interim consolidated financial statements are as follows:

**Economic recoverability and probability of future economic benefits of exploration and evaluation assets**

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.



## 2. BASIS OF PREPARATION (cont'd...)

### Significant estimates (cont'd...)

#### Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

### Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are, but are not limited to, as follows:

#### Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

## 3. SIGNIFICANT ACCOUNTING POLICIES

There have been no significant changes to the Company's significant accounting policies from those disclosed in the consolidated financial statements for the year ended December 31, 2020.

## 4. CASH

Cash is comprised as follows:

	<b>June 30, 2021</b>	December 31, 2020
Cash in Canadian financial institutions	\$ 952,636	\$ 269,063
Cash in US financial institutions	272	1,151
	<b>\$ 952,908</b>	<b>\$ 270,214</b>

## 5. RECEIVABLES

Receivables are comprised as follows:

	<b>June 30, 2021</b>	December 31, 2020
GST receivable	\$ 5,663	\$ 1,355
	<b>\$ 5,663</b>	<b>\$ 1,355</b>

## 6. MARKETABLE SECURITIES

As at June 30, 2021, the fair market value of the securities held was \$499 (December 31, 2020 - \$291).

## 7. EXPLORATION AND EVALUATION ASSETS

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

	West Desert	PX	Indy	Total
Total, December 31, 2019	\$ 394,127	\$ 35,066	\$ 185,763	\$ 614,956
Additions during the year:				
Cash payments	-	-	25,000	25,000
Shares issued	-	-	8,000	8,000
	-	-	33,000	33,000
Write-off of exploration and evaluation asset	-	(35,066)	-	(35,066)
Total, December 31, 2020	394,127	-	218,763	612,890
Additions during the period:				
Cash payments	-	-	35,000	35,000
Shares issued	-	-	18,000	18,000
	-	-	53,000	53,000
Option payment received	(394,127)			(394,127)
<b>Total, June 30, 2021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 271,763</b>	<b>\$ 271,763</b>

### West Desert property

The Company holds a 100% interest in various mining claims and a mineral lease referred to as the West Desert property ("West Desert"), located in Utah, USA. The property is subject to a 1.5% net smelter returns royalty ("NSR") and a future cash payment of \$1,000,000, upon the completion of a financing necessary to bring West Desert into production.

On June 1, 2021, the Company entered into an option agreement (the "Option Agreement") with American West Metals Limited ("American West"), a private Australian company, pursuant to which the Company granted an option ("Option"), subject to an indium royalty in favour of the Company, to earn a 100% interest in West Desert. To earn its interest, American West is required to pay USD \$500,000 on the effective date (the "Effective Date") (received); pay \$1,000,000 within 30 days of American West listing its shares on the Australian Securities Exchange ("ASX") or 12 months after the Effective Date, whichever is earlier; pay USD \$1,500,000 upon the announcement by American West to the ASX of a completed Prefeasibility Study for West Desert or 24 months after the Effective Date, whichever is earlier; and issue \$2,500,000 by way of shares of American West. During the six months ended, \$602,430 (USD \$500,000) was received, of which \$394,127 was recorded as option payment received in evaluation and exploration assets and the balance of \$208,941 was recorded as a gain on exploration and evaluation assets.

## 7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

### PX property

The Company held a 100% interest in various mining claims referred to as the PX property ("PX"), located in Utah, USA. In fiscal 2020, management decided to discontinue exploration on PX and, accordingly, wrote off the carrying value of \$35,066.

### Indy property

On October 17, 2016, subsequently amended April 2, 2020, the Company entered into an option agreement with Pac Shield Resources Inc. ("PSR"), a private British Columbia company, to acquire a 100% interest in and to certain mineral claims located in the central British Columbia referred to as the Indy Property ("Indy").

To acquire Indy, the Company must make cash payments totaling \$315,000, issue a total of 2,400,000 common shares, and complete work commitments of \$2,600,000, as follows:

	Acquisition in cash	Acquisition in shares	Work commitments
January 31, 2017 (completed)	\$ 30,000	200,000	\$ -
January 31, 2018 (completed)	25,000	200,000	75,000
January 31, 2019 (completed)	25,000	300,000	200,000
January 31, 2020 (completed)	25,000	400,000	325,000
January 31, 2021 (completed)	35,000	400,000	350,000
January 31, 2022	50,000	400,000	400,000
January 31, 2023	125,000	500,000	1,250,000
	<b>\$ 315,000</b>	<b>2,400,000</b>	<b>\$ 2,600,000</b>

In addition, a \$500,000 cash payment and the issuance of 500,000 shares of the Company will be made to PSR if the Company files a technical report establishing a 500,000,000 pound zinc resource on the property. A further \$500,000 cash payment will be made to PSR should the Company file a technical report establishing a 750,000,000 pound zinc resource on the property.

The property is subject to a 1.0% NSR held by PSR (the "PSR NSR") and a 1.5% NSR held by Kerry Curtis, non-executive Chairman of the Board and a director of the Company and a director and the controlling shareholder of PSR. On exercise of the option and prior to completion of a feasibility study on the property, the Company has the right to purchase the PSR NSR for \$1,500,000.

### Exploration and evaluation expenditures

Exploration and evaluation expenditures for the six months ended June 30, 2021 are as follows:

	West Desert	Indy	Total
Claims maintenance	\$ 633	\$ -	\$ 633
Equipment and supplies	2,068	-	2,068
Personnel		11,000	11,000
Room and board	452	2,500	2,952
<b>Total, June 30, 2021</b>	<b>\$ 3,153</b>	<b>\$ 13,500</b>	<b>\$ 16,653</b>

# InZinc Mining Ltd.

Notes to the Condensed Interim Consolidated Financial Statements  
(Unaudited - Expressed in Canadian dollars)  
For the six months ended June 30, 2021

## 7. EXPLORATION AND EVALUATION ASSETS (cont'd...)

### Exploration and evaluation expenditures (cont'd...)

Exploration and evaluation expenditures for the six months ended June 30, 2020 are as follows:

	West Desert	PX	Indy	Total
Analytical	\$ 222	\$ -	\$ -	\$ 222
Claims maintenance	3,547	-	500	4,047
Communication	684	-	-	684
Equipment and supplies	2,877	-	-	2,877
Personnel	2,457	-	1,750	4,207
Room and board	1,194	-	3,000	4,197
<b>Total, June 30, 2020</b>	<b>\$ 10,981</b>	<b>\$ -</b>	<b>\$ 5,250</b>	<b>\$ 16,231</b>

### Reclamation deposits

As at June 30, 2021, the Company has reclamation deposits of \$117,570 (December 31, 2020 - \$120,853) to cover potential disturbances on West Desert and has reclamation deposits of \$40,000 (December 31, 2020 - \$40,000) to cover potential disturbances on Indy.

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	June 30, 2021	December 31, 2020
Trade payables	\$ 65,478	\$ 27,227
Accrued liabilities	109,000	22,000
Due to related parties	7,087	1,050
	<b>\$ 181,565</b>	<b>\$ 50,277</b>

## 9. SHARE CAPITAL AND RESERVES

### Authorized share capital

The Company has authorized share capital of unlimited common shares without par value.

**9. SHARE CAPITAL AND RESERVES (cont'd...)**

**Issued share capital**

During the six months ended June 30, 2021, the Company issued:

- i. 6,666,665 units at a price of \$0.03 per unit by way of a non-brokered private placement for total proceeds of \$200,000. Each unit was comprised of one common share and one-half of one share purchase warrant, which entitles the holder of each whole warrant to acquire an additional common share of the Company at a price of \$0.06 per common share, for a period of 24 months from the date of issue. The Company recorded a total of \$20,750 for fees; and
- ii. 400,000 common shares, valued at \$18,000, pursuant to the Indy option agreement (Note 7).

During the six months ended June 30, 2020, the Company issued:

- i. 400,000 common shares, valued at \$8,000, pursuant to the Indy option agreement (Note 7).

**Stock options**

The Company grants stock options to employees and consultants as compensation for services, pursuant to its incentive Share Option Plan (the "Plan"). Options issued must have an exercise price greater than or equal to the "Discounted Market Price" of the Company's stock on the grant date. Options have a maximum expiry period of up to five years from the grant date and vest at such time as may be determined by the Board of Directors at the date of the grant. Options granted to consultants performing investor relations activities shall vest in stages over a 12-month period with a maximum of one-quarter of the options vesting in any three month period. The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date.

During the six months ended June 30, 2021, the Company granted 2,675,000 (2020 - Nil) incentive stock options to directors, officers, and consultants, with various vesting provisions. During the six months ended June 30, 2021, the Company expensed \$74,940 (2020 - \$11,708), which was recorded in share-based compensation.

The weighted average fair value of stock options granted during the six months ended June 30, 2021 was \$0.04 (2020 - \$Nil) per option.

The fair value of stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

	<b>For the six months ended June 30, 2021</b>	For the six months ended June 30, 2020
Risk-free interest rate	<b>0.80%</b>	-
Expected option life (years)	<b>4.9</b>	-
Expected stock price volatility	<b>159%</b>	-
Expected forfeiture rate	-	-

**9. SHARE CAPITAL AND RESERVES (cont'd...)**

**Stock options (cont'd...)**

Option transactions are summarized as follows:

	Number of options		Weighted average exercise price
Balance - December 31, 2019	9,480,000	\$	0.10
Expired	(2,800,000)		0.13
Balance - December 31, 2020	6,680,000	\$	0.09
Granted	2,675,000		0.05
Expired	(3,350,000)		0.10
Balance - June 30, 2021	6,005,000	\$	0.06
Exercisable - June 30, 2021	5,305,000	\$	0.06

Options outstanding as at June 30, 2021 are as follows:

Number of options	Exercise price	Expiry date	Contractual life remaining (years)
2,350,000	\$ 0.05	May 30, 2022	0.92
980,000	\$ 0.12	October 11, 2022	1.28
100,000	\$ 0.05	February 4, 2024	2.60
2,575,000	\$ 0.05	June 11, 2026	4.95
6,005,000			2.73 <sup>(1)</sup>

<sup>(1)</sup> weighted average

**Warrants**

Warrant transactions are summarized as follows:

	Number of warrants		Weighted average exercise price
Balance - December 31, 2019 and 2020	3,080,000	\$	0.09
Granted	3,333,331		0.06
Expired	(3,080,000)		0.09
Balance - June 30, 2021	3,333,331	\$	0.06

## 9. SHARE CAPITAL AND RESERVES (cont'd...)

### Warrants (cont'd...)

Warrants outstanding as at June 30, 2021 are as follows:

Number of warrants	Exercise price	Expiry date	Contractual life remaining (years)
3,333,331	\$ 0.06	February 18, 2023	1.64
3,333,331			1.64 <sup>(1)</sup>

<sup>(1)</sup> weighted average

## 10. RELATED PARTY TRANSACTIONS

The Company defines key management personnel as its directors and officers. The Company entered into the following transactions with key management personnel:

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Professional fees	\$ 11,000	\$ 6,000
Share-based compensation	56,065	7,463
	\$ 67,065	\$ 13,463

As at June 30, 2021, included in accounts payable and accrued liabilities are amounts owing to related parties of \$7,087 (December 31, 2020 - \$1,050).

## 11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the six months ended June 30, 2021, the Company's significant non-cash transactions consisted of:

- shares issued for acquisition of exploration and evaluation assets of \$18,000;
- change in fair market value of marketable securities of \$208;
- allocation of expired options from reserves to deficit of \$272,057;
- allocation of expired warrants from reserves to share capital \$46,735; and
- share issue costs included in accounts payable and accrued liabilities \$19,000.

For the six months ended June 30, 2020, the Company's significant non-cash transactions consisted of:

- shares issued for acquisition of exploration and evaluation assets of 8,000;
- allocation of expired options from reserves to deficit of \$146,130; and
- change in fair market value of marketable securities of \$125.

## 12. SEGMENTED INFORMATION

The Company operates in one industry segment being the acquisition and exploration of mineral exploration and evaluation assets. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets and are all located as follows:

June 30, 2021	United States	Canada	Total
Exploration and evaluation assets	\$ -	\$ 271,763	\$ 271,763

  

December 31, 2020	United States	Canada	Total
Exploration and evaluation assets	\$ 394,127	\$ 218,763	\$ 612,890

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

Marketable securities are measured at fair value using level 1 inputs. The fair value of cash, receivables, reclamation deposits, and accounts payable and accrued liabilities approximates their carrying values.

### Financial risk factors

The Company is exposed to a variety of financial risks by virtue of its activities including credit, liquidity, interest rate, foreign currency, and price risk.

#### Credit risk

The Company is exposed to industry credit risks arising from its cash holdings and receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's receivables are due from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal.

#### Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital and financing to continue its operations and discharge its commitments as they become due.

#### 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 market interest rates. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% change in interest rates would result in a nominal difference for the six months ended June 30, 2021.



**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payables and accrued liabilities that are denominated in United States Dollars. A 10% change in foreign exchange rates would result in a nominal difference for the six months ended June 30, 2021.

Price risk

The Company has limited exposure 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.

**14. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. 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 defines capital that it manages as share capital, options and warrants.

The properties in which the Company currently has an interest are in the exploration stage, as such the Company has historically relied on the equity markets to fund its activities.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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 is not subject to externally imposed capital restrictions.

There has been no significant change in the Company's objectives, policies, and processes for managing its capital during the six months ended June 30, 2021.