



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2020**

**(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, 2020 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, 2020	December 31, 2019
<b>ASSETS</b>		
Current		
Cash (Note 4)	\$ 322,160	\$ 431,146
Receivables (Note 5)	3,066	2,242
Prepays	18,914	18,232
Marketable securities (Note 6)	166	291
	<b>344,306</b>	451,911
Reclamation deposits (Note 7)	169,394	163,461
Exploration and evaluation assets (Note 7)	<b>8,581,083</b>	8,531,852
	<b>\$ 9,094,783</b>	\$ 9,147,224
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Notes 8 and 10)	\$ 30,536	\$ 30,918
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	17,713,150	17,705,150
Reserves – share-based (Note 9)	588,047	722,469
Reserves – accumulated other comprehensive loss	(2,123)	(1,998)
Deficit	<b>(9,234,827)</b>	(9,309,315)
	<b>9,064,247</b>	9,116,306
	<b>\$ 9,094,783</b>	\$ 9,147,224

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, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>EXPENSES</b>				
Communication and investor relations	\$ 3,882	\$ 8,216	\$ 4,967	\$ 10,339
Filing and regulatory	4,809	7,788	7,696	10,730
Foreign exchange loss (gain)	5,566	2,650	(5,767)	6,105
Office and miscellaneous	12,430	14,387	21,779	26,392
Professional fees (Note 10)	22,259	18,139	31,259	32,150
Share-based compensation (Notes 9 and 10)	4,626	20,285	11,708	21,544
Travel	-	10,697	-	10,697
<b>Loss for the period</b>	<b>(53,572)</b>	<b>(82,162)</b>	<b>(71,642)</b>	<b>(117,957)</b>
Unrealized gain (loss) on marketable securities	21	(84)	(125)	(459)
<b>Loss and comprehensive loss for the period</b>	<b>\$ (53,551)</b>	<b>\$ (82,246)</b>	<b>\$ (71,767)</b>	<b>\$ (118,416)</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>115,085,419</b>	<b>111,150,254</b>	<b>114,964,540</b>	<b>110,024,093</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, 2018	108,885,419	\$ 17,348,969	\$ 782,547	\$ (1,519)	\$ (9,081,557)	\$ 9,048,440
Shares issued for cash	5,500,000	275,000	-	-	-	275,000
Shares issued for exploration and evaluation assets	300,000	12,000	-	-	-	12,000
Shares issue costs	-	(42,810)	5,485	-	-	(37,325)
Share-based compensation	-	-	21,544	-	-	21,544
Unrealized loss on marketable securities	-	-	-	(459)	-	(459)
Loss for the period	-	-	-	-	(117,957)	(117,957)
<b>Balance at June 30, 2019</b>	<b>114,685,419</b>	<b>\$ 17,593,159</b>	<b>\$ 809,576</b>	<b>\$ (1,978)</b>	<b>\$ (9,199,514)</b>	<b>\$ 9,201,243</b>
Balance at December 31, 2019	114,685,419	\$ 17,705,150	\$ 722,469	\$ (1,998)	\$ (9,309,315)	\$ 9,116,306
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	-	-	-	-	(71,642)	(71,642)
<b>Balance at June 30, 2020</b>	<b>115,085,419</b>	<b>\$ 17,713,150</b>	<b>\$ 588,047</b>	<b>\$ (2,123)</b>	<b>\$ (9,234,827)</b>	<b>\$ 9,064,247</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, 2020	June 30, 2019
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (71,642)	\$ (117,957)
Items not involving cash:		
Share-based compensation	11,708	21,544
Unrealized foreign exchange loss (gain) on reclamation deposit	(5,933)	5,158
Changes in non-cash working capital items:		
Receivables	(824)	30,086
Prepays	(682)	6,261
Accounts payable and accrued liabilities	(3,126)	(29,074)
Cash used in operating activities	(70,499)	(83,982)
<b>CASH FROM INVESTING ACTIVITY</b>		
Exploration and evaluation assets	(38,487)	(129,446)
Cash used in investing activity	(38,487)	(129,446)
<b>CASH FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	-	275,000
Share issue costs	-	(17,874)
Cash provided by financing activities	-	257,126
<b>Change in cash during the period</b>	<b>(108,986)</b>	<b>43,698</b>
<b>Cash, beginning of period</b>	<b>431,146</b>	<b>597,620</b>
<b>Cash, end of period</b>	<b>\$ 322,160</b>	<b>\$ 641,318</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. Management estimates it has sufficient funds to operate for the upcoming twelve months.

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. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

## 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, 2019, prepared in accordance with IFRS as issued by the IASB.

### 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 26, 2020.

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

**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.



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

**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, 2019.

**4. CASH**

Cash is comprised as follows:

	<b>June 30, 2020</b>	December 31, 2019
Cash in Canadian financial institutions	\$ 317,054	\$ 426,196
Cash in US financial institutions	5,106	4,950
	<b>\$ 322,160</b>	<b>\$ 431,146</b>

**5. RECEIVABLES**

Receivables are comprised as follows:

	<b>June 30, 2020</b>	December 31, 2019
GST receivable	\$ 3,066	\$ 2,242
	<b>\$ 3,066</b>	<b>\$ 2,242</b>

**6. MARKETABLE SECURITIES**

As at June 30, 2020 the fair market value of the securities held was \$166 (December 31, 2019 - \$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 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.

### PX property

The Company holds a 100% interest in various mining claims referred to as the PX property ("PX"), located in Utah, USA.

### 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	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.

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

The following table represents expenditures incurred on the exploration and evaluation assets during the six months ended June 30, 2020:

	West Desert	PX	Indy	Total
<b>Acquisition costs</b>				
Balance, December 31, 2019	\$ 394,127	\$ 35,066	\$ 185,763	\$ 614,956
Additions during the period:				
Cash payments	-	-	25,000	25,000
Shares issued	-	-	8,000	8,000
	-	-	33,000	33,000
Balance, June 30, 2020	394,127	35,066	218,763	647,956
<b>Deferred exploration costs</b>				
Balance, December 31, 2019	7,003,002	84,689	1,049,920	8,137,611
Additions during the period:				
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	4,194
	10,981	-	5,250	16,231
Balance, June 30, 2020	7,013,983	84,689	1,055,170	8,153,842
<b>BC mineral exploration tax credit</b>				
Balance, December 31, 2019 and June 30, 2020	-	-	(220,715)	(220,715)
<b>Total, June 30, 2020</b>	<b>\$ 7,408,110</b>	<b>\$ 119,755</b>	<b>\$ 1,053,218</b>	<b>\$ 8,581,083</b>

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

The following table represents expenditures incurred on the exploration and evaluation assets during the year ended December 31, 2019:

	West Desert	PX	Indy	Total
<b>Acquisition costs</b>				
Balance, December 31, 2018	\$ 394,127	\$ 35,066	\$ 148,763	\$ 577,956
Additions during the year:				
Cash payments	-	-	25,000	25,000
Shares issued	-	-	12,000	12,000
	-	-	37,000	37,000
Balance, December 31, 2019	394,127	35,066	185,763	614,956
<b>Deferred exploration costs</b>				
Balance, December 31, 2018	6,943,949	72,846	735,716	7,752,511
Additions during the year:				
Air support	-	-	35,416	35,416
Analytical	-	-	18,447	18,447
Claims maintenance	48,265	11,843	-	60,108
Communication	1,433	-	1,843	3,276
Drilling	-	-	75,230	75,230
Engineering	-	-	14,035	14,035
Equipment and supplies	5,709	-	17,516	23,225
Geochemistry	-	-	3,400	3,400
Personnel	2,388	-	117,389	119,777
Room and board	1,258	-	28,156	29,414
Travel	-	-	2,772	2,772
	59,053	11,843	314,204	385,100
Balance, December 31, 2019	7,003,002	84,689	1,049,920	8,137,611
<b>BC mineral exploration tax credit</b>				
Balance, December 31, 2018	-	-	(22,805)	(22,805)
Additions during the year:				
Cash received	-	-	(197,910)	(197,910)
Balance, December 31, 2019	-	-	(220,715)	(220,715)
<b>Total, December 31, 2019</b>	<b>\$ 7,397,129</b>	<b>\$ 119,755</b>	<b>\$ 1,014,968</b>	<b>\$ 8,531,852</b>

**Reclamation deposits**

As at June 30, 2020, the Company has reclamation deposits of \$129,394 (December 31, 2019 - \$123,461) to cover potential disturbances on West Desert and has reclamation deposits of \$40,000 (December 31, 2019 - \$40,000) to cover potential disturbances on Indy.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are comprised of the following:

	<b>June 30, 2020</b>	December 31, 2019
Trade payables	\$ 28,486	\$ 9,771
Accrued liabilities	1,000	20,000
Due to related parties	1,050	1,147
	<b>\$ 30,536</b>	<b>\$ 30,918</b>

**9. SHARE CAPITAL AND RESERVES**

**Authorized share capital**

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

**Issued share capital**

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).

During the six months ended June 30, 2019, the Company issued:

- i. 5,500,000 units at a price of \$0.05 per unit by way of a private placement for total proceeds of \$275,000. 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 \$0.10 per common share, for a period of 24 months from the date of issue. The Company paid a total of \$37,325 in cash for finder and legal fees and issued 330,000 warrants, valued at \$5,485. The agent's warrants entitle the holder of each whole warrant to acquire an additional common share of the Company at a price of \$0.05 per common share, for a period of 24 months from the date of issue; and
- ii. 300,000 common shares, valued at \$12,000, 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, 2020, the Company granted Nil (2019 - 2,350,000) incentive stock options to directors, officers, and consultants, with various vesting provisions. During the six months ended June 30, 2020, the Company expensed \$11,708 (2019 - \$21,544), which was recorded in share-based compensation.

The weighted average fair value of stock options granted during the six months ended June 30, 2020 was \$Nil (2019 - \$0.024) per option.

# InZinc Mining Ltd.

Notes to Condensed Interim Consolidated Financial Statements  
(Unaudited - Expressed in Canadian dollars)  
For the six months ended June 30, 2020

## 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, 2018	7,130,000	\$	0.12
Granted	2,350,000		0.05
Balance - December 31, 2019	9,480,000	\$	0.10
Expired	(1,500,000)		0.135
Balance - June 30, 2020	7,980,000	\$	0.09
Exercisable - June 30, 2020	7,980,000	\$	0.09

Options outstanding as at June 30, 2020 are as follows:

Number of options	Exercise price	Expiry date	Contractual life remaining (years)
1,300,000	\$ 0.13	December 20, 2020	0.47
200,000	0.22	January 30, 2021	0.59
2,650,000	0.09	May 31, 2021	0.92
500,000	0.11	June 21, 2021	0.98
2,350,000	0.05	May 30, 2022	1.92
980,000	0.12	October 11, 2022	2.28
7,980,000			1.30 <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, 2018	19,315,600	\$	0.15
Granted	3,080,000		0.09
Expired	(19,315,600)		0.15
Balance - December 31, 2019 and June 30, 2020	3,080,000	\$	0.09

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

**Warrants (cont'd...)**

Warrants outstanding as at June 30, 2020 are as follows:

<b>Number of warrants</b>	<b>Exercise price</b>	<b>Expiry date</b>	<b>Contractual life remaining (years)</b>
2,750,000	\$ 0.10	May 29, 2021	0.91
330,000	0.05	May 29, 2021	0.91
3,080,000			0.91 <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:

	<b>For the six months ended June 30, 2020</b>	<b>For the six months ended June 30, 2019</b>
Professional fees	\$ 6,000	\$ 13,500
Share-based compensation	7,463	17,681
	<b>\$ 13,463</b>	<b>\$ 31,181</b>

As at June 30, 2020, included in accounts payable and accrued liabilities are amounts owing to related parties of \$1,050 (December 31, 2019 - \$1,147).

**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

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

- i. shares issued for acquisition of exploration and evaluation assets of \$8,000;
- ii. allocation of expired options from reserves to deficit of \$146,130;
- iii. change in fair market value of marketable securities of \$125; and
- iv. exploration and evaluation assets recorded in accounts payable and accrued liabilities of \$5,092.

For the six months ended June 30, 2019, the Company's significant non-cash transactions consisted of:

- i. shares issued for acquisition of exploration and evaluation assets of \$12,000;
- ii. fair value of warrants issued as finder's fees of \$5,485;
- iii. change in fair market value of marketable securities of \$459;
- iv. exploration and evaluation assets recorded in accounts payable and accrued liabilities of \$127,346; and
- v. share issue costs recorded in accounts payable and accrued liabilities of \$19,451.

## 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, 2020	United States	Canada	Total
Exploration and evaluation assets	\$ 7,527,865	\$ 1,053,218	\$ 8,581,083

---

December 31, 2019	United States	Canada	Total
Exploration and evaluation assets	\$ 7,516,884	\$ 1,014,968	\$ 8,531,852

## 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.

Cash and marketable securities are measured at fair value using level 1 inputs. The value of 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, 2020.



**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)****Financial risk factors (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, 2020.

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, 2020.