# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE THREE MONTHS ENDED MARCH 31, 2019

(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 three months ended March 31, 2019 have been prepared by and are the responsibility of the Company's management.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(Unaudited - Expressed in Canadian Dollars)
As at

| | **March 31, 2019** | December 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| Current | | |
| Cash (Note 4) | **$ 527,159** | $ 597,620 |
| Receivables (Note 5) | **6,750** | 40,075 |
| Prepaids | **21,090** | 19,874 |
| Marketable securities (Note 6) | **395** | 770 |
| | **555,394** | 658,339 |
| Reclamation deposits (Note 7) | **166,601** | 169,287 |
| Exploration and evaluation assets (Note 7) | **8,342,599** | 8,307,662 |
| | **$ 9,064,594** | $ 9,135,288 |
| **LIABILITIES** | | |
| Current | | |
| Accounts payable and accrued liabilities (Notes 8 and 10) | **$ 51,065** | $ 86,848 |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital (Note 9) | **17,348,969** | 17,348,969 |
| Reserves – share-based (Note 9) | **783,806** | 782,547 |
| Reserves – accumulated other comprehensive loss | **(1,894)** | (1,519) |
| Deficit | **(9,117,352)** | (9,081,557) |
| | **9,013,529** | 9,048,440 |
| | **$ 9,064,594** | $ 9,135,288 |

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved on behalf of the Board:

| *"Wayne Hubert"* | *"John Murphy"* |
|---|---|
| Wayne Hubert, Director | John Murphy, Director |

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

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

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

| | | March 31, 2019 | | March 31, 2018 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| Communication and investor relations | **$** | **2,123** | $ | 5,926 |
| Filing and regulatory | | **2,942** | | 4,029 |
| Foreign exchange loss | | **3,455** | | 719 |
| Office and miscellaneous (Note 10) | | **9,755** | | 36,417 |
| Professional fees (Note 10) | | **14,011** | | 18,810 |
| Property investigation costs | | **-** | | 22,343 |
| Rent (Note 10) | | **2,250** | | 2,250 |
| Share-based compensation (Notes 9 and 10) | | **1,259** | | 52,603 |
| Travel | | **-** | | 1,659 |
| **Loss for the period** | | **(35,795)** | | (144,756) |
| Unrealized loss on marketable securities | | **(375)** | | (666) |
| **Loss and comprehensive loss for the period** | **$** | **(36,170)** | $ | (145,422) |
| **Basic and diluted loss per common share** | **$** | **(0.00)** | $ | (0.00) |
| **Weighted average number of common shares outstanding** | | **108,885,419** | | 108,718,752 |

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

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian Dollars)

| | Share capital | | | | | |
|---|---|---|---|---|---|---|
| | Issued | Amount | Reserves – share-based | Reserves – accumulated other comprehensive loss | Deficit | Total |
| Balance at December 31, 2017 | 108,685,419 | $ 17,323,349 | $ 622,368 | $ (624) | $ (8,619,097) | $ 9,325,996 |
| Shares issued for exploration and evaluation assets | 200,000 | 29,000 | - | - | - | 29,000 |
| Share-based compensation | - | - | 52,603 | - | - | 52,603 |
| Unrealized loss on marketable securities | - | - | - | (666) | - | (666) |
| Loss for the period | - | - | - | - | (144,756) | (144,756) |
| Balance at March 31, 2018 | 108,885,419 | $17,352,349 | $ 674,971 | $ (1,290) | $(8,763,853) | $ 9,262,177 |
| | | | | | | |
| Balance at December 31, 2018 | 108,885,419 | $ 17,348,969 | $ 782,547 | $ (1,519) | $ (9,081,557) | $ 9,048,440 |
| Share-based compensation | - | - | 1,259 | - | - | **1,259** |
| Unrealized loss on marketable securities | - | - | - | (375) | - | **(375)** |
| Loss for the period | - | - | - | - | (35,795) | **(35,795)** |
| **Balance at March 31, 2019** | **108,885,419** | **$ 17,348,969** | **$ 783,806** | **$ (1,894)** | **$ (9,117,352)** | **$ 9,013,529** |

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**
(Unaudited - Expressed in Canadian Dollars)
For the three months ended

| | | **March 31, 2019** | | March 31, 2018 |
|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | |
| Loss for the period | **$** | **(35,795)** | $ | (144,756) |
| Items not involving cash: | | | | |
| Share-based compensation | | **1,259** | | 52,603 |
| Unrealized foreign exchange loss (gain) on reclamation deposit | | **2,686** | | (3,241) |
| Changes in non-cash working capital items: | | | | |
| Decrease (increase) in receivables | | **33,325** | | (4,400) |
| Increase in prepaids | | **(1,216)** | | (1,965) |
| Decrease (increase) in accounts payable and accrued liabilities | | **(1,764)** | | (158,036) |
| Cash used in operating activities | | **(1,505)** | | (259,795) |
| **CASH FROM INVESTING ACTIVITIES** | | | | |
| Exploration and evaluation assets | | **(68,956)** | | (129,133) |
| Advances | | **-** | | (102,494) |
| Cash used in investing activities | | **(68,956)** | | (231,627) |
| **Change in cash during the period** | | **(70,461)** | | (491,422) |
| **Cash, beginning of period** | | **597,620** | | 3,483,198 |
| **Cash, end of period** | **$** | **527,159** | $ | 2,991,776 |

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 head office is at 912 - 1112 West Pender Street, P.O. Box 48268, Station Bentall Centre, Vancouver, BC, V7X 1A2. The Company's registered and records office is at Suite 2300, Bentall 5, 550 Burrard Street, Box 30, Vancouver, BC, V6C 2B5. 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.

## 2. BASIS OF PREPARATION

### 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, 2018, 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 May 29, 2019.

### 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.

## 2. BASIS OF PREPARATION (cont'd…)

**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.

**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.

(Unaudited - Expressed in Canadian dollars)

## 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, 2018, except as noted below.

**New accounting policies adopted**

IFRS 16, Leases

IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts, and to record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. There was no impact on the condensed interim consolidated financial statements as a result of adopting this standard.

## 4. CASH

Cash is comprised as follows:

| | **March 31, 2019** | December 31, 2018 |
|---|---|---|
| Cash in Canadian financial institutions | **$ 522,701** | $ 579,932 |
| Cash in US financial institutions | **4,458** | 17,688 |
| | **$ 527,159** | $ 597,620 |

## 5. RECEIVABLES

Receivables are comprised as follows:

| | **March 31, 2019** | December 31, 2018 |
|---|---|---|
| GST receivable | **$ 6,750** | $ 40,075 |
| | **$ 6,750** | $ 40,075 |

## 6. MARKETABLE SECURITIES

As at March 31, 2019 the fair market value of the securities held was $395 (December 31, 2018 - $770).

## 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.

(Unaudited - Expressed in Canadian dollars)

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

### 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 18, 2016, 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 $305,000, issue a total of 2,100,000 common shares, and complete work commitments of $2,600,000, as follows:

| | Acquisition in cash | Acquisition in shares | Work commitments |
|---|---|---|---|
| March 24, 2017 (completed) | $ - | 200,000 | $ - |
| April 4, 2017 (completed) | 30,000 | - | - |
| January 29, 2018 (completed) | 25,000 | 200,000 | 75,000 |
| January 29, 2019 (Note 15) | 25,000 | 300,000 | 200,000 |
| January 29, 2020 | 25,000 | 400,000 | 325,000 |
| January 29, 2021 | 75,000 | 500,000 | 750,000 |
| January 29, 2022 | 125,000 | 500,000 | 1,250,000 |
| | $ 305,000 | 2,100,000 | $ 2,600,000 |

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.

(Unaudited - Expressed in Canadian dollars)

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

The following table represents expenditures incurred on the exploration and evaluation assets during the three months ended March 31, 2019:

| | West Desert | PX | Indy | Total |
|---|---|---|---|---|
| **Acquisition costs** | | | | |
| Balance, December 31, 2018 and March 31, 2019 | $ 394,127 | $ 35,066 | $ 148,763 | $ 577,956 |
| **Deferred exploration costs** | | | | |
| Balance, December 31, 2018 | 6,943,949 | 72,846 | 712,911 | 7,729,706 |
| Additions during the period: | | | | |
| Claims maintenance | 665 | - | - | 665 |
| Communication | 389 | - | - | 389 |
| Drilling | - | - | 18,474 | 18,474 |
| Equipment and supplies | 2,212 | - | - | 2,212 |
| Personnel | 1,595 | - | 9,750 | 11,345 |
| Room and board | 352 | - | 1,500 | 1,852 |
| | 5,213 | - | 29,724 | 34,937 |
| Balance, March 31, 2019 | 6,949,162 | - | 742,635 | 7,764,643 |
| **Total, March 31, 2019** | **$ 7,343,289** | **$ 107,912** | **$ 891,398** | **$ 8,342,599** |

(Unaudited - Expressed in Canadian dollars)

## 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, 2018:

| | West Desert | PX | Indy | Total |
|---|---|---|---|---|
| **Acquisition costs** | | | | |
| Balance, December 31, 2017 | $ 394,127 | $ - | $ 79,280 | $ 473,407 |
| Additions during the year: | | | | |
| Cash payments | - | - | 25,000 | 25,000 |
| Shares issued | - | - | 29,000 | 29,000 |
| Staking | - | 35,066 | 15,483 | 50,549 |
| | - | 35,066 | 69,483 | 104,549 |
| Balance, December 31, 2018 | 394,127 | 35,066 | 148,763 | 577,956 |
| **Deferred exploration costs** | | | | |
| Balance, December 31, 2017 | 5,330,585 | - | 76,017 | 5,406,602 |
| Additions during the year: | | | | |
| Air support | - | - | 11,165 | 11,165 |
| Analytical | 48,775 | 343 | 16,555 | 65,673 |
| Claims maintenance | 52,235 | 25,331 | - | 77,566 |
| Communication | 1,565 | - | 2,580 | 4,145 |
| Community engagement | - | - | 750 | 750 |
| Drilling | 1,059,237 | - | 336,041 | 1,395,278 |
| Engineering | 613 | - | - | 613 |
| Environmental | - | - | 596 | 596 |
| Equipment and supplies | 92,730 | - | 100,758 | 193,488 |
| Geophysics | 51,527 | 27,759 | - | 79,286 |
| Permitting | 290 | - | 3,319 | 3,609 |
| Personnel | 237,627 | 16,621 | 153,455 | 407,703 |
| Room and board | 57,811 | - | 27,189 | 85,000 |
| Travel | 10,954 | 2,792 | 7,291 | 21,037 |
| | 1,613,364 | 72,846 | 659,699 | 2,345,909 |
| Balance, December 31, 2018 | 6,943,949 | 72,846 | 735,716 | 7,752,511 |
| B.C. mineral exploration tax credit | - | - | (22,805) | (22,805) |
| Total, December 31, 2018 | $ 7,338,076 | $ 107,912 | $ 861,674 | $ 8,307,662 |

**Reclamation deposits**

As at March 31, 2019, the Company has reclamation deposits of $126,601 (December 31, 2018 - $129,287) to cover potential disturbances on West Desert and has reclamation deposits of $40,000 (December 31, 2018 - $40,000) to cover potential disturbances on Indy.

(Unaudited - Expressed in Canadian dollars)

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| Trade payables | **$ 19,763** | $ 58,221 |
| Accrued liabilities | **28,675** | 26,000 |
| Due to related parties | **2,627** | 2,627 |
| | **$ 51,065** | $ 86,848 |

## 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 three months ended March 31, 2019, there were no common shares issued.

During the three months ended March 31, 2018, the Company issued 200,000 common shares, valued at $29,000, 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 three months ended March 31, 2019, the Company granted Nil (2018 - 200,000) incentive stock options to directors, officers, and consultants, with various vesting provisions. During the three months ended March 31, 2019, the Company expensed $1,259 (2018 - $52,603), which was recorded in share-based compensation.

The weighted average fair value of stock options granted during the three months ended March 31, 2019 was $Nil (2018 - $0.153) per option.

(Unaudited - Expressed in Canadian dollars)

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

**Stock options** (cont'd…)

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

| | **For the three months ended March 31, 2019** | For the three months ended March 31, 2018 |
|---|---|---|
| Risk-free interest rate | **-** | 1.96% |
| Expected option life (years) | **-** | 3.0 |
| Expected stock price volatility | **-** | 117% |
| Expected forfeiture rate | **-** | - |

Option transactions are summarized as follows:

| | **Number of options** | **Weighted average exercise price** |
|---|---|---|
| Balance - December 31, 2017 | 6,930,000 | $ 0.113 |
| Granted | 200,000 | 0.220 |
| Balance - December 31, 2018 and March 31, 2019 | 7,130,000 | $ 0.116 |
| Exercisable - March 31, 2019 | 7,130,000 | $ 0.116 |

Options outstanding as at March 31, 2019 are as follows:

| **Number of options** | **Exercise price** | **Expiry date** | **Contractual life remaining (years)** |
|---|---|---|---|
| 1,500,000 | $ 0.135 | May 31, 2020 | 1.17 |
| 1,300,000 | 0.13 | December 20, 2020 | 1.73 |
| 200,000 | 0.22 | January 30, 2021 | 1.84 |
| 2,650,000 | 0.09 | May 31, 2021 | 2.17 |
| 500,000 | 0.11 | June 21, 2021 | 2.23 |
| 980,000 | 0.12 | October 11, 2022 | 3.53 |
| 7,130,000 | | | 2.06[1] |

[1] weighted average

(Unaudited - Expressed in Canadian dollars)

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

### Warrants

Warrant transactions are summarized as follows:

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| Balance - December 31, 2017 and 2018 and March 31, 2019 | 19,315,600 | $ 0.15 |

Warrants outstanding as at March 31, 2019 are as follows:

| Number of warrants | Exercise price | Expiry date | Contractual life remaining (years) |
|---|---|---|---|
| 17,177,100 | $ 0.15 | December 14, 2019 | 0.71 |
| 2,138,500 | 0.15 | December 20, 2020 | 0.72 |
| 19,315,600 | | | 0.71[1] |

[1] 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 related parties:

| | **For the three months ended March 31, 2019** | For the three months ended March 31, 2018 |
|---|---|---|
| Office and miscellaneous | **$ -** | $ 9,000 |
| Professional fees | **7,500** | 7,500 |
| Share-based compensation | **-** | 18,117 |
| | **$ 7,500** | $ 34,617 |

As at March 31, 2019, included in rent is $Nil (March 31, 2018 - $1,694) paid or accrued to a company formerly related by the chief financial officer.

As at March 31, 2019, included in accounts payable and accrued liabilities are amounts owing to related parties of $2,627 (December 31, 2018 - $2,627).

(Unaudited - Expressed in Canadian dollars)

## 11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the three months ended March 31, 2019, the Company's significant non-cash transactions consisted of:

i. change in fair market value of marketable securities of $375; and
ii. exploration and evaluation assets recorded in accounts payable and accrued liabilities of $12,666.

For the three months ended March 31, 2018, the Company's significant non-cash transactions consisted of:

i. shares issued for acquisition of exploration and evaluation assets of $29,000;
ii. change in fair market value of marketable securities of $666; and
iii. exploration and evaluation assets recorded in accounts payable and accrued liabilities of $54,321.

## 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:

| **March 31, 2019** | **United States** | **Canada** | **Total** |
|---|---|---|---|
| Exploration and evaluation assets | $ 7,451,201 | $ 891,398 | **$ 8,342,599** |

| December 31, 2018 | United States | Canada | Total |
|---|---|---|---|
| Exploration and evaluation assets | $ 7,445,988 | $ 861,674 | $ 8,307,662 |

## 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.

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

**Financial risk factors** (cont'd…)

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 primarily 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 three months ended March 31, 2019.

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 three months ended March 31, 2019.

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.

### 14. CAPITAL MANAGEMENT (cont'd…)

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 three months ended March 31, 2019.

### 15. SUBSEQUENT EVENTS

Subsequent to March 31, 2019, the Company:

i. issued 300,000 common shares and paid $25,000 pursuant to the Indy option agreement;
ii. signed a term sheet with Ash-ley Woods LLC ("Ash-ley"), a private limited liability company, for Ash-ley to earn a 35% interest in PX by completing an initial drill program; and
iii. issued 5,500,000 units at a price of $0.05 per unit by way of a non-brokered 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 will entitle 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 $16,500 in cash for finder's fees and issued 330,000 finder's warrants. The finder's warrants will 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.