



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2022**

**(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, 2022 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, 2022	December 31, 2021
<b>ASSETS</b>		
Current		
Cash (Note 4)	\$ 2,771,907	\$ 3,165,251
Receivables (Note 5)	20,799	36,976
Prepays and advances	72,996	19,142
Marketable securities (Note 6)	1,374,166	1,110,646
	<b>4,239,868</b>	4,332,015
Reclamation deposits (Note 7)	40,000	40,000
Exploration and evaluation assets (Note 7)	358,660	273,345
	<b>\$ 4,638,528</b>	<b>\$ 4,645,360</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Notes 8 and 10)	\$ 177,345	\$ 74,155
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	17,996,995	17,954,024
Reserves – share-based (Note 9)	327,390	245,344
Share agreement (Note 9)	5,000	-
Deficit	(13,868,202)	(13,628,163)
	<b>4,461,183</b>	4,571,205
	<b>\$ 4,638,528</b>	<b>\$ 4,645,360</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, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>EXPENSES</b>				
Communication and investor relations	\$ 9,666	\$ 7,541	\$ 22,711	\$ 9,701
Exploration and evaluation expenditures (Note 7)	278,528	14,748	311,284	16,653
Filing and regulatory	6,817	7,397	10,592	10,826
Foreign exchange loss (gain)	(292)	6,125	(173)	7,702
Office and miscellaneous	18,681	18,126	32,635	28,718
Professional fees (Note 10)	17,878	120,020	35,993	129,020
Property investigation	-	2,151	-	2,151
Share-based compensation (Notes 9 and 10)	123,470	74,353	138,923	74,940
	(454,748)	(250,461)	(551,965)	(279,711)
Gain on exploration and evaluation assets (Note 7)	-	208,941	-	208,941
Unrealized gain (loss) on marketable securities (Note 6)	(236,907)	-	263,520	-
<b>Loss for the period</b>	<b>(691,655)</b>	<b>(41,520)</b>	<b>(288,445)</b>	<b>(70,770)</b>
Unrealized loss on marketable securities (Note 6)	-	250	-	208
<b>Loss and comprehensive loss for the period</b>	<b>\$ (691,655)</b>	<b>\$ (41,270)</b>	<b>\$ (288,445)</b>	<b>\$ (70,562)</b>
<b>Loss per common share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>122,639,996</b>	<b>122,152,084</b>	<b>122,543,244</b>	<b>120,231,642</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	Share agreement	Deficit	Total
	Issued	Amount					
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
Share 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>\$ -</b>	<b>\$(16,970,110)</b>	<b>\$ 1,218,645</b>
Balance at December 31, 2021	122,152,084	\$ 17,954,024	\$ 245,344	\$ -	\$ -	\$(13,628,163)	\$ 4,571,205
Shares issued for exploration and evaluation assets	400,000	22,000	-	-	-	-	22,000
Shares issued for option exercise	250,000	20,971	(8,471)	-	-	-	12,500
Share agreement	-	-	-	-	5,000	-	5,000
Share-based compensation	-	-	138,923	-	-	-	138,923
Allocation of expired options	-	-	(48,406)	-	-	48,406	-
Loss for the period	-	-	-	-	-	(288,445)	(288,445)
<b>Balance at June 30, 2022</b>	<b>122,552,084</b>	<b>\$ 17,996,995</b>	<b>\$ 327,390</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$(13,868,202)</b>	<b>\$ 4,461,183</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, 2022	June 30, 2021
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (288,445)	\$ (70,770)
Items not involving cash:		
Share-based compensation	138,923	74,940
Foreign exchange	-	3,921
Unrealized gain on marketable securities	(263,520)	-
Gain on exploration and evaluation assets	-	(208,941)
Changes in non-cash working capital items:		
Receivables	16,177	(4,308)
Prepays and advances	(53,854)	9,884
Accounts payable and accrued liabilities	103,190	112,288
Cash used in operating activities	(347,529)	(82,986)
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(63,315)	(35,000)
Option agreement on exploration and evaluation assets	-	602,430
Cash used in investing activities	(63,315)	567,430
<b>FINANCING ACTIVITIES</b>		
Proceeds from share issue	12,500	200,000
Proceeds from share agreement	5,000	-
Share issue costs	-	(1,750)
Cash provided by financing activities	17,500	198,250
<b>Change in cash during the period</b>	<b>(393,344)</b>	<b>682,694</b>
<b>Cash, beginning of the period</b>	<b>3,165,251</b>	<b>270,214</b>
<b>Cash, end of the period</b>	<b>\$ 2,771,907</b>	<b>\$ 952,908</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 raised capital in the previous periods through private placements of its common shares and from the sale of the West Desert property, with the result that the current working capital balance is an amount that management estimates is sufficient to further operations for the upcoming twelve months.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. COVID-19 adversely affected workforces, economies, and financial markets globally. 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 it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its ongoing effects on the Company's business or results of operations or its ability to raise funds.

## 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, 2021, 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 26, 2022.

### 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 was the 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 estimates (cont'd...)

#### Marketable securities

The Company's marketable securities have a hold period of one year (from issue) and cannot be actively traded. Accordingly, as part of the valuation a discount is applied based on a valuation model to account for the lack of marketability. The model requires the input of subjective assumptions including expected price volatility. Changes in the input assumptions could materially affect the fair value estimate.

### 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, 2021.

## 4. CASH

Cash is comprised as follows:

	June 30, 2022	December 31, 2021
Cash in Canadian financial institutions	\$ 2,767,124	\$ 3,165,241
Cash in US financial institutions	4,783	10
	<b>\$ 2,771,907</b>	<b>\$ 3,165,251</b>

## 5. RECEIVABLES

Receivables are comprised as follows:

	June 30, 2022	December 31, 2021
GST receivable	\$ 20,799	\$ 32,668
British Columbia Mining Tax Credit	-	4,308
	<b>\$ 20,799</b>	<b>\$ 36,976</b>

## 6. MARKETABLE SECURITIES

In fiscal 2021, the Company received 13,385,000 common shares of American West Metals Limited (“American West”), with a fair value of \$1,752,592, pursuant to the option agreement on the West Desert property (Note 7). The shares become free trading on December 2, 2022. As at June 30, 2022, the Company held 13,385,000 (December 31, 2021 - 13,385,000) shares with a fair value of \$1,374,166 (December 31, 2021 - \$1,110,646). The fair value of the common shares was calculated using the market price, adjusted for a discount of 20.3% (December 31, 2021 - 28%). The discount was determined using a valuation model which incorporated, among other things, a volatility of 75% (December 31, 2021 - 75%). The change in the fair value of the shares resulted in an unrealized gain on marketable securities for the six months ended June 30, 2022 of \$263,520 (2021 - \$nil).

In fiscal 2021, the Company disposed of its investment in public company common shares for proceeds of \$nil, resulting in a loss of \$2,289. The change in the market value of the shares resulted in the recording of other comprehensive gain of \$270 in fiscal 2021. In fiscal 2021, the Company reclassified \$1,728 from other comprehensive loss for disposal of marketable securities.

## 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	Indy	Total
Total, December 31, 2020	\$ 394,127	\$ 218,763	\$ 612,890
Additions during the year:			
Cash payments	-	35,000	35,000
Shares issued	-	18,000	18,000
Staking	-	1,582	1,582
	-	54,582	54,582
Option payment received	(394,127)	-	(394,127)
Total, December 31, 2021	-	273,345	273,345
Additions during the period:			
Cash payments	-	50,000	50,000
Shares issued	-	22,000	22,000
Staking	-	13,315	13,315
	-	85,315	85,315
<b>Total, June 30, 2022</b>	<b>\$ -</b>	<b>\$ 358,660</b>	<b>\$ 358,660</b>

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

### West Desert property

The Company held 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 was 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 April 15, 2021, amended September 25, 2021, the Company entered into an option agreement (the "Option Agreement") with American West, a private Australian company, pursuant to which the Company granted an 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 paid USD \$500,000 on the effective date; paid USD \$125,000 on signing the amendment; paid \$1,000,000, paid USD \$1,225,000, and issued 13,385,000 shares of American West upon American West completing the listing of its shares on the Australian Securities Exchange through an initial public offering. In fiscal 2021, America West satisfied the terms of the amended Option Agreement and the West Desert property was transferred to America West. The Company will also receive 50% of the revenue, on a NSR basis, from the sale of indium mined from West Desert subject to American West's right to reduce this NSR interest to 25% by paying the Company USD \$5,000,000 in cash at any time prior to the first sale of indium from the property. In fiscal 2021, a total of \$5,071,362 was received (\$3,318,770 in cash and \$1,752,592 in common shares of America West), of which \$394,127 was recorded as option payment received on evaluation and exploration assets and the balance of \$4,677,235 was recorded as a gain on exploration and evaluation assets.

### 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 (completed)	50,000	400,000	400,000
January 31, 2023	125,000	500,000	1,250,000
	\$ 315,000	2,400,000	\$ 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.

# InZinc Mining Ltd.

Notes to the Condensed Interim Consolidated Financial Statements  
(Unaudited - Expressed in Canadian dollars)  
For the six months ended June 30, 2022

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

### Exploration and evaluation expenditures

Exploration and evaluation expenditures for the six months ended June 30, 2022 are as follows:

	Indy	Total
Communication	\$ 808	\$ 808
Drilling	23,305	23,305
Equipment and supplies	25,116	25,116
Geochemistry	6,600	6,600
Geophysics	205,189	205,189
Personnel	43,300	43,300
Room and board	6,966	6,966
<b>Total, June 30, 2022</b>	<b>\$ 311,284</b>	<b>\$ 311,284</b>

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>

### Reclamation deposits

As at June 30, 2022, the Company has reclamation deposits of \$40,000 (December 31, 2021 - \$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, 2022	December 31, 2021
Trade payables	\$ 157,085	\$ 41,229
Accrued liabilities	12,910	31,674
Due to related parties	7,350	1,252
	<b>\$ 177,345</b>	<b>\$ 74,155</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, 2022, the Company issued:

- i. 400,000 common shares, valued at \$22,000, pursuant to the Indy option agreement (Note 7); and
- ii. 250,000 common shares, pursuant to the exercise of options, for proceeds of \$12,500.

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 in cash for fees; and
- ii. 400,000 common shares, valued at \$18,000, pursuant to the Indy option agreement (Note 7).

As at June 30, 2022, the Company had received \$5,000 pursuant to the exercise of 100,000 options for which shares have yet to be issued.

### 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, 2022, the Company granted 2,725,000 (2021 - 2,675,000) incentive stock options to directors, officers, and consultants, with various vesting provisions. The weighted average fair value of stock options granted during the six months ended June 30, 2022 was \$0.06 (2021 - \$0.04) per option. During the six months ended June 30, 2022, the Company expensed \$138,923 (2021 - \$74,940) for options granted using the graded-vesting method, which was recorded in share-based compensation.

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, 2022</b>	For the six months ended June 30, 2021
Risk-free interest rate	<b>2.72%</b>	0.80%
Expected option life (years)	<b>5.0</b>	4.9
Expected stock price volatility	<b>164%</b>	159%
Expected forfeiture rate	-	-

# InZinc Mining Ltd.

Notes to the Condensed Interim Consolidated Financial Statements  
(Unaudited - Expressed in Canadian dollars)  
For the six months ended June 30, 2022

## 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, 2020	6,680,000	\$	0.09
Granted	2,675,000		0.05
Expired	(3,350,000)		0.10
Balance - December 31, 2021	6,005,000		0.06
Granted	2,725,000		0.06
Exercised	(350,000)		0.05
Expired	(2,000,000)		0.05
Balance – June 30, 2022	6,380,000	\$	0.07
Exercisable – June 30, 2022	5,855,000	\$	0.07

Options outstanding as at June 30, 2022 are as follows:

Number of options	Exercise price	Expiry date	Contractual life remaining (years)
980,000	\$ 0.12	October 11, 2022	0.28
100,000	\$ 0.05	February 4, 2024	1.60
2,575,000	\$ 0.05	June 11, 2026	3.95
300,000	\$ 0.06	January 24, 2027	4.57
2,425,000	\$ 0.06	June 1, 2027	4.92
6,380,000			3.75 <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, 2020	3,080,000	\$	0.09
Granted	3,333,331		0.06
Expired	(3,080,000)		0.09
Balance - December 31, 2021 and June 30, 2022	3,333,331	\$	0.06

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

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

Warrants outstanding as at June 30, 2022 are as follows:

<b>Number of warrants</b>	<b>Exercise price</b>	<b>Expiry date</b>	<b>Contractual life remaining (years)</b>
3,333,331	\$ 0.06	February 18, 2023	0.64
3,333,331			0.64

**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, 2022</b>	<b>For the six months ended June 30, 2021</b>
Professional fees	\$ 18,500	\$ 11,000
Share-based compensation	118,408	56,065
	<b>\$ 136,908</b>	<b>\$ 67,065</b>

As at June 30, 2022, included in accounts payable and accrued liabilities, are amounts owing to related parties of \$7,350 (December 31, 2021 - \$1,252).

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

For the six months ended June 30, 2022, the Company's significant non-cash transactions consisted of:

- i. shares issued for acquisition of exploration and evaluation assets of \$22,000;
- ii. allocation of fair value of exercised options from reserves to share capital of \$8,471; and
- iii. allocation of expired options from reserves to deficit of \$48,406.

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

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

## 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, 2022	United States	Canada	Total
Exploration and evaluation assets	\$ -	\$ 358,660	\$ 358,660

  

December 31, 2021	United States	Canada	Total
Exploration and evaluation assets	\$ -	\$ 273,345	\$ 273,345

## 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.

The fair value of cash, receivables, reclamation deposits, and accounts payable and accrued liabilities approximates their carrying values. Marketable securities are measured at fair value using level 2 inputs with valuation assumptions as described in Note 6.

### 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. The Company has sufficient cash as at June 30, 2022 to settle its current liabilities as they come due.

**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)****Financial risk factors (cont'd...)**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, 2022.

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, 2022.

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. The Company's marketable securities are exposed to price risk.

**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 property in which the Company currently has an interest is 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, 2022.