InZinc Mining

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(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, 2023 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, 2023	December 31, 2022
ASSETS		
Current		
Cash	**$ 1,230,714**	$ 1,464,808
Receivables (Note 4)	**12,299**	12,861
Prepaids and advances	**27,511**	17,627
Marketable securities (Note 5)	**503,208**	1,328,076
	1,773,732	2,823,372
Reclamation deposits (Note 6)	**40,000**	40,000
Exploration and evaluation assets (Note 6)	**498,660**	358,660
	$ 2,312,392	$ 3,222,032
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 7 and 9)	**$ 53,062**	$ 79,796
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**18,016,995**	18,001,995
Reserves – share-based (Note 8)	**246,427**	240,672
Deficit	**(16,004,092)**	(15,100,431)
	2,259,330	3,142,236
	$ 2,312,392	$ 3,222,032

Nature of operations and going concern (Note 1)

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 INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Unaudited - Expressed in Canadian Dollars)
For the three months ended

	March 31, 2023	March 31, 2022
EXPENSES		
Communication and investor relations	**$ 11,379**	$ 13,045
Exploration and evaluation expenditures (Note 6)	**35,018**	32,756
Filing and regulatory	**5,327**	3,775
Office and miscellaneous	**22,213**	14,073
Professional fees (Note 9)	**15,358**	18,115
Share-based compensation (Notes 8 and 9)	**5,755**	15,453
	(95,050)	(97,217)
Realized loss on sale of marketable securities (Note 5)	**(36,118)**	-
Unrealized gain (loss) on marketable securities (Note 5)	**(772,493)**	500,427
Net income (loss) and comprehensive income (loss) for the period	**$ (903,661)**	$ 403,210
Income (loss) per common share – basic and diluted	**$ (0.01)**	$ 0.00
Weighted average number of common shares outstanding – basic and diluted	**123,757,640**	122,445,417

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian Dollars)

	Share capital				
	Issued	Amount	Reserves – share-based	Deficit	Total
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
Share-based compensation	-	-	15,453	-	15,453
Net income (loss) for the period	-	-	-	403,210	403,210
Balance at March 31, 2022	122,152,084	$ 17,976,024	$ 260,797	$(13,224,953)	$ 5,011,868
Balance at December 31, 2022	**122,902,084**	**$ 18,001,995**	**$ 240,672**	**$(15,100,431)**	**$ 3,142,236**
Shares issued for exploration and evaluation assets	500,000	15,000	-	-	15,000
Share-based compensation	-	-	5,755	-	5,755
Net income (loss) for the period	-	-	-	(903,661)	(903,661)
Balance at March 31, 2023	**123,402,084**	**$ 18,016,995**	**$ 246,427**	**$(16,004,092)**	**$ 2,259,330**

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

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

	March 31, 2023	March 31, 2022
OPERATING ACTIVITIES		
Net income (loss) for the period	**$ (903,661)**	$ 403,210
Items not involving cash:		
Share-based compensation	**5,755**	15,453
Realized loss on sale of marketable securities	**36,118**	-
Unrealized (gain) loss on marketable securities	**772,493**	(500,427)
Changes in non-cash working capital items:		
Receivables	**562**	19,348
Prepaids and advances	**(9,884)**	(126,885)
Accounts payable and accrued liabilities	**(26,734)**	(29,411)
Cash used in operating activities	**(125,351)**	(218,712)
INVESTING ACTIVITIES		
Exploration and evaluation assets	**(125,000)**	(63,315)
Proceeds from sale of marketable securities	**16,257**	-
Cash used in investing activities	**(108,743)**	(63,315)
Change in cash during the period	**(234,094)**	(282,027)
Cash, beginning of the period	**1,464,808**	3,165,251
Cash, end of the period	**$ 1,230,714**	$ 2,883,224

Supplemental disclosure with respect to cash flows (Note 10)

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 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.

It is not possible for the Company to predict the duration or magnitude of adverse results resulting from global pandemics or war and their 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, 2022, prepared in accordance with IFRS as issued by the IASB.

2. BASIS OF PRESENTATION (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 May 30, 2023.

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 dormant Nevada corporation. 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:

<u>Economic recoverability and probability of future economic benefits of exploration and evaluation assets</u>

Management has determined that expenditures incurred on exploration and evaluation assets 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.

<u>Valuation of share-based compensation</u>

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.

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (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 is, but is 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, 2022.

New standards, interpretations and amendments to existing standards not yet effective

A number of new standards and amendments to standards and interpretations have been issued by the IASB and are effective for annual periods beginning on or after January 1, 2024 which have not been applied in preparing these condensed interim consolidated financial statements as they are not yet effective. The standards and amendments to standards that would be applicable to the consolidated financial statements of the Company are the following:

IAS 1, Presentation of Financial Statements

The amendments clarify the requirements for classifying liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. This amendment is effective for financial statements beginning on or after January 1, 2024, with early adoption permitted.

The Company is currently assessing any potential impact on the consolidated financial statements.

4. RECEIVABLES

Receivables are comprised as follows:

	March 31, 2023	December 31, 2022
GST receivable	**$ 12,299**	$ 8,102
Other	**-**	4,759
	$ 12,299	$ 12,861

(Unaudited - Expressed in Canadian dollars)

5. 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 sale of the West Desert property (Note 6). As at March 31, 2023, the Company held 12,985,000 (December 31, 2022 - 13,385,000) shares with a fair value of $503,208 (December 31, 2022 - $1,328,076). The change in the fair value of the shares resulted in an unrealized gain (loss) on marketable securities for the three months ended March 31, 2023 of $(772,493) (March 31, 2022 - $500,427). During the three months ended March 31, 2023, the Company sold 400,000 (March 31, 2022 - nil) common shares for proceeds of $16,257 (2022 - $nil) resulting in a realized loss on sale of marketable securities of $36,118 (2022 - $nil).

6. 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.

	Indy	Total
Total, December 31, 2021	$ 273,345	$ 273,345
Additions during the year:		
Cash payments	50,000	50,000
Shares issued	22,000	22,000
Staking	13,315	13,315
	85,315	85,315
Total, December 31, 2022	358,660	358,660
Additions during the period:		
Cash payments	125,000	125,000
Shares issued	15,000	15,000
	140,000	140,000
Total, March 31, 2023	**$ 498,660**	**$ 498,660**

Indy property

During the three months ended March 31, 2023, the Company completed the requirements to acquire a 100% interest in and to certain mineral claims located in central British Columbia referred to as the Indy Property ("Indy") from Pac Shield Resources Inc. ("PSR"), a private British Columbia company. The Company acquired Indy by making aggregate cash payments of $315,000, issuing 2,400,000 common shares, and completing work commitments of $2,600,000 over a six year period.

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)

6. 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 Company sold West Desert in FYE 2021 for a total of $5,071,362 ($3,318,770 in cash and 13,385,000 in common shares of America West). The Company will also receive 50% of the revenue, on a net smelter returns royalty ("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.

Exploration and evaluation expenditures

Exploration and evaluation expenditures for the three months ended March 31, 2023 are as follows:

	Indy	Total
Analytical	$ 6,282	**$ 6,282**
Drilling	11,653	**11,653**
Engineering	1,000	**1,000**
Equipment and supplies	1,583	**1,583**
Personnel	13,000	**13,000**
Room and board	1,500	**1,500**
Total, March 31, 2023	$ 35,018	**$ 35,018**

Exploration and evaluation expenditures for the three months ended March 31, 2022 are as follows:

	Indy	Total
Drilling	$ 11,652	**$ 11,652**
Equipment and supplies	964	**964**
Geochemistry	4,740	**4,740**
Geophysics	1,875	**1,875**
Personnel	12,025	**12,025**
Room and board	1,500	**1,500**
Total, March 31, 2022	$ 32,756	**$ 32,756**

Reclamation deposits

As at March 31, 2023, the Company has reclamation deposits of $40,000 (December 31, 2022 - $40,000) to cover potential disturbances on Indy.

(Unaudited - Expressed in Canadian dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

		March 31, 2023		December 31, 2022
Trade payables	$	22,387	$	47,562
Accrued liabilities		27,000		27,580
Due to related parties		3,675		4,654
	$	53,062	$	79,796

8. 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, 2023, the Company issued:

i. 500,000 common shares, valued at $15,000, pursuant to the Indy option agreement (Note 6).

During the three months ended March 31, 2022, the Company issued:

i. 400,000 common shares, valued at $22,000, pursuant to the Indy option agreement (Note 6).

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, 2023, the Company granted nil (2022 - 300,000) incentive stock options to directors, officers, and consultants, with various vesting provisions. The weighted average fair value of stock options granted during the three months ended March 31, 2023 was $nil (2022 - $0.06) per option. During the three months ended March 31, 2023, the Company expensed $5,755 (2022 - $15,453) for options granted using the graded-vesting method, which was recorded in share-based compensation.

(Unaudited - Expressed in Canadian dollars)

8. 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, 2023	For the three months ended March 31, 2022
Risk-free interest rate	**-**	1.63%
Expected option life (years)	**-**	5.0
Expected stock price volatility	**-**	163%
Expected forfeiture rate	**-**	-

Option transactions are summarized as follows:

	Number of options	**Weighted average exercise price**
Balance - December 31, 2021	6,005,000	$ 0.06
Granted	2,725,000	0.06
Exercised	(350,000)	0.05
Expired	(2,980,000)	0.07
Balance – December 31, 2022 and March 31, 2023	5,400,000	$ 0.06
Exercisable – March 31, 2023	5,025,000	$ 0.05

Options outstanding as at March 31, 2023 are as follows:

Number of options	**Exercise price**	**Expiry date**	**Contractual life remaining (years)**
100,000	$ 0.05	February 4, 2024	0.85
2,575,000	$ 0.05	June 11, 2026	3.20
300,000	$ 0.06	January 24, 2027	3.82
2,425,000	$ 0.06	June 1, 2027	4.17
5,400,000			3.63[(1)]

[(1)] weighted average

(Unaudited - Expressed in Canadian dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

Warrants

Warrant transactions are summarized as follows:

	Number of warrants		Weighted average exercise price
Balance - December 31, 2021 and December 31, 2022	3,333,331	$	0.06
Expired	(3,333,331)		0.06
Balance - March 31, 2023	-	$	-

As at March 31, 2023, there were no warrants outstanding.

9. RELATED PARTY TRANSACTIONS

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

		For the three months ended March 31, 2023		For the three months ended March 31, 2022
Professional fees	**$**	**10,500**	$	8,000
Share-based compensation		**3,482**		11,387
	$	**13,982**	$	19,387

As at March 31, 2023, included in accounts payable and accrued liabilities, are amounts owing to related parties of $3,675 (December 31, 2022 - $4,654).

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

For the three months ended March 31, 2023, the Company's significant non-cash transactions consisted of:

i. shares issued for acquisition of exploration and evaluation assets of $15,000.

For the three months ended March 31, 2022, the Company's significant non-cash transactions consisted of:

i. shares issued for acquisition of exploration and evaluation assets of $22,000

11. SEGMENTED INFORMATION

The Company operates in one industry segment being the acquisition and exploration of mineral exploration and evaluation assets in Canada.

12. 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 1 inputs.

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 March 31, 2023 to settle its current liabilities as they come due for the upcoming year.

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, 2023.

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, 2023.

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.

13. 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 three months ended March 31, 2023.