CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE

THREE MONTHS ENDED MARCH 31, 2018

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements for InZinc Mining Ltd. for the three months ended March 31, 2018 have been prepared by and are the responsibility of the Company's management.

The auditor of InZinc Mining Ltd. has not performed a review of the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

	March 31, 2018	December 31, 2017
ASSETS		
Current		
Cash *(Note 4)*	$ 2,991,776	$ 3,483,198
Receivables (*Note 5*)	17,754	13,354
Prepaids	17,765	15,800
Marketable securities (*Note 6*)	999	1,665
	3,028,294	3,514,017
Advances (*Note 7*)	102,494	-
Reclamation deposit (*Note 7*)	122,289	119,048
Exploration and evaluation assets (*Note 7*)	6,092,463	5,880,009
	$ 9,345,540	$ 9,513,074
LIABILITIES		
Current		
Accounts payable and accrued liabilities (*Note 8)*	$ 83,363	$ 187,078
SHAREHOLDERS' EQUITY		
Share capital *(Note 9)*	17,352,349	17,323,349
Reserves - share-based *(Note 9)*	674,971	622,368
Reserves - accumulated other comprehensive loss	(1,290)	(624)
Deficit	(8,763,853)	(8,619,097)
	9,262,177	9,325,996
	$ 9,345,540	$ 9,513,074

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 LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
EXPENSES		
Communication and investor relations	**$ 5,926**	$ 28,553
Filing and regulatory	**4,029**	6,031
Foreign exchange loss	**719**	1,181
Office and miscellaneous *(Note 10)*	**36,417**	25,846
Professional fees *(Note 10)*	**18,810**	12,911
Property investigation costs	**22,343**	-
Rent *(Note 10)*	**2,250**	2,250
Share-based compensation *(Notes 9 and 10)*	**52,603**	20,636
Travel	**1,659**	19,051
	(144,756)	(116,459)
Interest income	**-**	645
Loss for the period	**(144,756)**	(115,814)
Unrealized loss on marketable securities	**(666)**	(166)
Loss and comprehensive loss for the period	**$ (145,422)**	$ (115,980)
Basic and diluted loss per common share	**$ (0.00)**	$ (0.00)
Weighted average shares outstanding	**108,718,752**	72,670,975

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)

	Shares Issued	Share Capital	Reserves - Share-based	Reserves - Accumulated Other Comprehensive Loss	Deficit	Total
Balance December 31, 2016	**72,655,419**	**$ 14,033,941**	**$ 374,353**	**$ (415)**	**$ (8,126,512)**	**$ 6,281,367**
Shares issued for exploration and evaluation assets	200,000	48,000	-	-	-	48,000
Options exercised	500,000	90,000	(40,000)	-	-	50,000
Share-based compensation	-	-	20,636	-	-	20,636
Unrealized loss on marketable securities	-	-	-	(166)	-	(166)
Loss for the period	-	-	-	-	(115,814)	(115,814)
Balance March 31, 2017	**73,355,419**	**$ 14,171,941**	**$ 354,989**	**$ (581)**	**$ (8,242,326)**	**$ 6,284,023**
Balance 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 March 31, 2018	**108,885,419**	**$ 17,352,349**	**$ 674,971**	**$ (1,290)**	**$ (8,763,853)**	**$ 9,262,177**

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, 2018	**March 31, 2017**
OPERATING ACTIVITIES		
Loss for the period	**$ (144,756)**	$ (115,814)
Items not involving cash:		
Share-based compensation	**52,603**	20,636
Unrealized foreign exchange loss (gain) on reclamation deposit	**(3,241)**	1,109
Change in operating assets and liabilities:		
Decrease (increase) in receivables	**(4,400)**	27,859
Increase in prepaids	**(1,965)**	(4,491)
Increase (decrease) in accounts payable and accrued liabilities	**(158,036)**	3,617
Cash used in operating activities	**(259,795)**	(69,084)
FINANCING ACTIVITY		
Proceeds from option exercise	**-**	50,000
Cash provided by financing activity	**-**	50,000
INVESTING ACTIVITIES		
Exploration and evaluation assets	**(129,133)**	(5,804)
Advances	**(102,494)**	-
Cash used in investing activities	**(231,627)**	(5,804)
Change in cash during the period	**(491,422)**	(22,888)
Cash, beginning of period	**3,483,198**	482,729
Cash, end of period	**$ 2,991,776**	$ 459,841

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 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 current year.

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 ("IFRIC"s). 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, 2017, prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on May 30, 2018.

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 PRESENTATION (continued)

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 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 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 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.

<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.

<u>Income taxes</u>

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

2. BASIS OF PRESENTATION (continued)

Significant judgement

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these 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, 2017, except as noted below.

New accounting policies adopted

IFRS 9, "Financial Instruments"

Effective January 1, 2018, the Company retrospectively adopted IFRS 9, "Financial Instruments". IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, "Financial Instruments: Recognition and Measurement". Prior periods were not restated and there was no material impact to the Company's condensed interim consolidated financial statements as a result of transitioning to IFRS 9.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and financial assets. The impact of IFRS 9 on the classification and measurement of financial assets and financial liabilities is set out below.

Classification and measurement of financial assets and liabilities

Under IFRS 9, financial assets, on initial recognition, are recognized at fair value and subsequently classified and measured at: amortized cost; fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). IFRS 9 eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The classification of financial assets depends on the purpose for which the financial assets were acquired. The Company's financial assets which consist of cash, receivables, advances, and reclamation deposit are classified as amortized cost. Financial assets are classified as current assets or non-current assets based on their maturity date. Cash has changed classification from FVTPL to amortized cost. The carrying value is equal to its fair value given the short-term nature of the asset, therefore, there is no change in the carrying value as a result of the change in classification. Marketable securities are classified as FVOCI.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, and, as such, the Company's accounting policy with respect to financial liabilities is substantially unchanged. The Company's financial liabilities which consist of accounts payable and accrued liabilities are classified as amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting policies adopted (continued)

IFRS 9, "Financial Instruments" (continued)

Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The ECL model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in the statement of income (loss) for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through the statement of income (loss) to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The Company's financial assets measured at amortized cost are subject to the ECL model. The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Company's financial assets given the nature of the items and that receivables are substantially all current and there is a minimal level of default.

IFRS 15, "Revenue from Contracts with Customers"

IFRS 15 establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. There was no impact on the condensed interim consolidated financial statements as a result of adopting this standard.

New and amended IFRS pronouncements

The following new standards, amendments to standards and interpretations applicable to the Company are not yet effective and have not been applied in preparing these condensed interim consolidated financial statements.

IFRS 16, "Leases"

IFRS 16, "Leases" replaces IAS 17, "Leases". The new standard 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. The standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The Company does not intend to early adopt IFRS 16.

(Unaudited - Expressed in Canadian Dollars)

4. CASH

Cash is comprised as follows:

	March 31, 2018	December 31, 2017
Cash in Canadian financial institutions	$ 2,991,650	$ 3,482,798
Cash in US financial institutions	126	400
Total cash	$ 2,991,776	$ 3,483,198

5. RECEIVABLES

Receivables are comprised as follows:

	March 31, 2018	December 31, 2017
GST receivable	$ 11,643	$ 8,023
Other receivables	6,111	5,331
	$ 17,754	$ 13,354

6. MARKETABLE SECURITIES

As at March 31, 2018 the fair market value of the securities held was $999 (December 31, 2017 - $1,665).

7. EXPLORATION AND EVALUATION ASSETS

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

West Desert Property

The Company holds a 100% interest in various mining claims and a mineral lease referred to as the West Desert property, 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 the property into production.

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 one hundred percent (100%) interest in and to certain mineral claims located in the central British Columbia referred to as the Indy Property (“Indy”).

(Unaudited - Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Indy Property (continued)

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	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 (continued)

The following table represents expenditures incurred on the exploration and evaluation assets during the three months ended March 31, 2018:

	West Desert	Indy	Total
Acquisition costs			
Balance, December 31, 2017	$ 394,127	$ 79,280	$ 473,407
Additions during the period:			
Cash payments	-	25,000	25,000
Shares issued	-	29,000	29,000
Staking	-	944	944
	-	54,944	54,944
Balance, March 31, 2018	394,127	134,224	528,351
Deferred exploration costs			
Balance, December 31, 2017	5,330,585	76,017	5,406,602
Additions during the period:			
Claim maintenance	387	-	387
Communication	388	-	388
Drilling	18,114	-	18,114
Engineering	601	-	601
Equipment and supplies	9,878	-	9,878
Geophysics	50,476	-	50,476
Permitting	-	2,500	2,500
Personnel	45,702	5,750	51,452
Room and board	16,816	-	16,816
Travel	6,898	-	6,898
	149,260	8,250	157,510
Balance, March 31, 2018	5,479,845	84,267	5,564,112
Total, March 31, 2018	$ 5,873,972	$ 218,491	$ 6,092,463

Advances

The Company has advances of $102,494 (December 31, 2017 - $Nil) for future exploration costs on the West Desert property.

Reclamation deposit

The Company has reclamation bonds of $122,289 (December 31, 2017- $119,048) to cover potential disturbances on the West Desert property.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	March 31, 2018	December 31, 2017
Trade payables	$ 60,363	$ 131,762
Accrued liabilities	20,000	20,000
Due to related parties	3,000	35,316
Total	$ 83,363	$ 187,078

(Unaudited - Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES

Common shares

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

During the three months ended March 31, 2018, the Company issued:
i. 200,000 common shares, valued at $29,000, pursuant to the Indy option agreement (Note 7).

During the three months ended March 31, 2017, the Company issued:
ii. 200,000 common shares, valued at $48,000, pursuant to the Indy option agreement; and
iii. 500,000 common shares, for proceeds of $50,000, pursuant to the exercise of stock options.

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, 2018, the Company granted 200,000 (2017 - Nil) incentive stock options to consultants, with various vesting provisions. During the three months ended March 31, 2018, the Company expensed $52,603 (2017 - $20,636), which was recorded in share-based compensation.

The weighted average fair value of stock options granted during the three months ended March 31, 2018 was $0.153 (2017 - $Nil) per option.

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

	Three months ended March 31, 2018	Three months ended March 31, 2017
Risk free interest rate	1.96%	-
Expected life (years)	3.0	-
Expected volatility	117%	-
Dividend yield	-	-

(Unaudited - Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (continued)

Stock options (continued)

Option transactions are summarized as follows:

	Number of Options	Exercise Price ($)
Balance - December 31, 2016	5,350,000	0.096[1]
Granted during the year	3,780,000	0.129[1]
Exercised during the year	(850,000)	0.100
Expired during the year	(1,350,000)	0.100
Balance - December 31, 2017	6,930,000	0.113[1]
Granted during the period	200,000	0.220[1]
Balance - March 31, 2018	7,130,000	0.116[1]
Exercisable	5,390,000	0.109[1]

[1] weighted average

Options outstanding as at March 31, 2018 are as follows:

Number of Options	Exercise Price ($)	Expiry Date	Contractual life remaining (years)
1,500,000	0.135	May 31, 2020	2.17
1,300,000	0.13	December 20, 2020	2.73
200,000	0.22	January 30, 2021	2.84
2,650,000	0.09	May 31, 2021	3.17
500,000	0.11	June 21, 2021	3.23
980,000	0.12	October 11, 2022	4.53
7,130,000			3.06[1]

[1] weighted average

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Exercise Price ($)
Balance - December 31, 2016	4,513,700	0.30[1]
Issued during the year	19,315,600	0.15
Expired during the year	(4,513,700)	0.30[1]
Balance - December 31, 2017 and March 31, 2018	19,315,600	0.15

[1] weighted average

(Unaudited - Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (continued)

Warrants (continued)

Warrants outstanding as at March 31, 2018 are as follows:

Number of Warrants	Exercise Price ($)	Expiry Date	Contractual life remaining (years)
17,177,100	0.15	December 14, 2019	1.71
2,138,500	0.15	December 20, 2019	1.72
19,315,600			1.71[1]

[1] weighted average

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the three months ended March 31, 2018:

Summary of key management personnel compensation

The Company defines key management personnel as its directors and officers.

	For the three months ended March 31, 2018	2017
Short-term benefits paid or accrued:		
Office and miscellaneous	$ 9,000	$ 9,000
Professional fees	7,500	9,000
Share-based compensation	18,117	17,442
	$ 34,617	$ 35,442

Included in rent is $1,694 (March 31, 2017 - $2,250) paid or accrued to a company related by the CFO.

Included in accounts payable and accrued liabilities are amounts owing to related parties of $3,000 (December 31, 2017 - $35,316).

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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.

For the three months ended March 31, 2017, the Company's significant non-cash transactions consisted of:

i. shares issued for acquisition of exploration and evaluation assets of $48,000;
ii. change in fair market value of marketable securities of $166; and
iii. allocation of reserves on exercise of options of $40,000.

(Unaudited - Expressed in Canadian Dollars)

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:

	United States	Canada	Total
March 31, 2018			
Exploration and evaluation assets	$ 5,873,972	$ 218,491	$ 6,092,463
December 31, 2017			
Exploration and evaluation assets	$ 5,724,712	$ 155,297	$ 5,880,009

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, advances, reclamation deposit, and accounts payable and accrued liabilities approximates their carrying values.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity 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 significant receivables are due from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal.

Liquidity risk

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% change in interest rates would result in a nominal difference for the three months ended March 31, 2018.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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, 2018.

Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, options and warrants.

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions.