

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Condensed Consolidated Interim Financial Statements

For the Three Months Ended September 30, 2018 and 2017

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Index**Page**

Notice of No Auditor Review	3
Consolidated Interim Financial Statements	
Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statement of Changes in Equity	5
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss	6
Condensed Consolidated Interim Statements of Cash Flows	7
Notes to Condensed Consolidated Interim Financial Statements	8-24

ZincX Resources Corp.
(formerly Canada Zinc Metals Corp.)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

November 15, 2018

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2018 and June 30, 2018

(Expressed in Canadian Dollars - Unaudited)

	Note	September 30, 2018 (unaudited)	June 30, 2018 (audited)
Assets			
Current assets			
Cash		\$ 1,066,032	\$ 1,148,880
Receivables	3	94,569	45,171
Loan receivable	4	–	118,466
Prepaid expenses		175,511	65,439
Marketable securities	5	50,950	57,150
Investment	6	2,511,856	4,004,314
		3,898,918	5,439,420
Other assets	7	332,500	332,500
Equipment and leasehold improvements	10	248,169	265,438
Exploration and evaluation assets	11	74,180,752	73,068,056
		\$ 78,660,339	\$ 79,105,414
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	8	\$ 541,384	\$ 417,914
Flow-through premium liability	9	13,237	232,453
		554,621	650,367
Deferred income tax liability		1,613,000	1,613,000
Equity			
Capital stock	12	100,798,150	100,855,264
Reserves	12	14,897,529	14,472,792
Deficit		(39,202,961)	(38,479,278)
Accumulated other comprehensive loss		–	(6,731)
		76,492,718	76,842,047
		\$ 78,660,339	\$ 79,105,414

Nature and continuance of operations (Note 1)

Subsequent event (Note 17)

The accompanying notes form an integral part of these condensed consolidated interim financial statements

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian Dollars - Unaudited)

	Note	Capital Stock					Reserves (Note 12)	Deficit	Accumulated other comprehensive gain (loss)	Total Equity
		Number of common shares	Number of treasury shares	Common shares Amount	Treasury shares Amount					
Balance, June 30, 2017		163,607,783	(564,000)	\$ 100,896,175	\$ (184,381)	\$ 13,700,878	\$ (36,660,295)	\$ 12,431	\$ 77,764,808	
Treasury shares repurchased	12	–	(12,500)	–	(3,508)	–	–	–	(3,508)	
Treasury shares cancelled	12	(564,000)	564,000	(371,865)	184,381	187,484	–	–	–	
Exercise of share options	12	10,000	–	4,154	–	(1,854)	–	–	2,300	
Share-based compensation	12	–	–	–	–	1,565	–	–	1,565	
Change in fair value of securities	5	–	–	–	–	–	–	(25,312)	(25,312)	
Net loss for the period		–	–	–	–	–	(125,381)	–	(125,381)	
Balance, September 30, 2017		163,053,783	(12,500)	100,528,464	(3,508)	13,888,073	(36,785,676)	(12,881)	77,614,472	
Treasury shares repurchased	12	–	(1,816,000)	–	(524,059)	–	–	–	(524,059)	
Treasury shares cancelled	12	(1,047,000)	1,047,000	(640,762)	314,986	325,776	–	–	–	
Flow-through private placements	12	4,112,900	–	1,521,773	–	–	–	–	1,521,773	
Flow-through premium liability	9	–	–	(304,355)	–	–	–	–	(304,355)	
Share issuance costs	12	–	–	(100,903)	–	–	–	–	(100,903)	
Exercise of share options	12	50,000	–	63,628	–	(52,128)	–	–	11,500	
Share-based compensation	12	–	–	–	–	311,071	–	–	311,071	
Change in fair value of securities	5	–	–	–	–	–	–	6,150	6,150	
Net loss for the period		–	–	–	–	–	(1,693,602)	–	(1,693,602)	
Balance, June 30, 2018		166,169,683	(781,500)	101,067,845	(212,581)	14,472,792	(38,479,278)	(6,731)	76,842,047	
Treasury shares cancelled	12	(781,500)	781,500	(475,540)	212,581	262,959	–	–	–	
Exercise of share options	12	142,500	–	84,845	–	(48,820)	–	–	36,025	
Exercise of warrants	12	220,000	–	121,000	–	–	–	–	121,000	
Share-based compensation	12	–	–	–	–	210,598	–	–	210,598	
Reclassification on the adoption of IFRS 9	2	–	–	–	–	–	(6,731)	6,731	–	
Net loss for the period		–	–	–	–	–	(716,952)	–	(716,952)	
Balance, September 30, 2018		165,750,683	–	\$ 100,798,150	\$ –	\$ 14,897,529	\$ (39,202,961)	\$ –	\$ 76,492,718	

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars - Unaudited)

		Three months ended September 30,	
	Note	2018	2017
ADMINISTRATION EXPENSES			
Administration	14	\$ 15,000	\$ 15,000
Consulting		130,643	164,390
Depreciation	10	487	606
Directors fees	14	10,000	10,000
Flow-through taxes		647	–
Interest and bank charges		504	585
Investor relations		300	449
Management fees	14	88,500	88,500
Marketing		134,360	52,500
Office and miscellaneous		24,943	16,900
Regulatory fees		4,850	9,595
Rent		24,282	24,221
Share-based compensation	12	210,598	1,565
Transfer agent fees		3,219	3,748
Travel and promotion		65,771	25,698
Wages and benefits		121,372	64,458
		(835,476)	(478,215)
Interest income		23,602	26,307
Impairment allowance	4	(120,986)	–
Gain on sale of marketable securities	5	–	18,395
Adjustment for change in fair value of marketable securities	5	(6,200)	–
Other income		2,892	–
		(100,692)	44,702
Loss before income taxes		(936,168)	(433,513)
Deferred income tax recovery	9	219,216	308,132
Net loss for the period		(716,952)	(125,381)
Adjustment for change in fair value of marketable securities	5	–	(25,312)
Comprehensive loss for the period		\$ (716,952)	\$ (150,693)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		165,853,150	163,203,609

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars - Unaudited)

	Three months ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Comprehensive loss for the period	\$ (716,952)	\$ (150,693)
Items not affecting cash:		
Depreciation	487	606
Interest accrued on investments and loan receivable	(19,323)	(12,447)
Impairment allowance	120,986	–
Adjustment for change in fair value of marketable securities	6,200	25,312
Gain on sale of marketable securities	–	(18,395)
Share-based compensation	210,598	1,565
Deferred income tax recovery	(219,216)	(308,132)
Changes in non-cash working capital items:		
Receivables	(49,398)	(85,020)
Prepaid expenses	(110,072)	69,210
Trade payables and accrued liabilities	(27,865)	(382,734)
Cash used in operating activities	(804,555)	(860,728)
CASH FLOWS FROM INVESTING ACTIVITIES		
GIC investment, net	1,509,260	(189,508)
Marketable securities	–	58,525
Equipment and leasehold improvements	–	(30,363)
Exploration and evaluation asset costs	(944,578)	(1,899,499)
Cash provided by (used in) investing activities	564,682	(2,060,845)
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of share options and warrants	157,025	2,300
Common shares repurchased	–	(3,508)
Cash generated from (used in) financing activities	157,025	(1,208)
Change in cash during the period	(82,848)	(2,922,781)
Cash, beginning of period	1,148,880	4,464,425
Cash, end of period	\$ 1,066,032	\$ 1,541,644

Supplemental disclosure with respect to cash flows (Note 13)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

ZINCX RESOURCES CORP.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE AND CONTINUANCE OF OPERATIONS

ZincX Resources Corp. (the “Company”) is incorporated under the laws of the Province of British Columbia. The Company operates in one business segment, that being the exploration and evaluation of resource properties in Canada, and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and upon future profitable production.

Effective May 7, 2018, the Company changed its name from Canada Zinc Metals Corp. to ZincX Resources Corp. and commenced trading its shares on the TSX Venture Exchange (“TSX-V”) under the new name and symbol ZNX.

The Company’s head office and principal address is Suite 2050-1055 West Georgia Street, PO Box 11121, Royal Centre, Vancouver, BC V6E 3P3. The registered and records office is Suite 400, 725 Granville Street, Vancouver, BC, V7Y 1G5.

These consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. 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 commence profitable operations in the future.

While the Company has been successful in obtaining its required financing in the past, mainly through the issuance of equity capital, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The 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.

At September 30, 2018, the Company has a positive working capital position of \$3,344,297 (June 30, 2018 - \$4,789,053). Management believes the Company has sufficient working capital to maintain its operations and its exploration activities for the next fiscal year.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements were authorized for issue on November 15, 2018 by the directors of the Company.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company’s annual financial statements for the year ended June 30, 2018 except for new standards, interpretations and amendments mandatory effective for the first time from July 1, 2018 as noted below.

It is, therefore, recommended that these condensed interim financial statements be read in conjunction with the Company’s audited consolidated financial statements for the year ended June 30, 2018.

ZINCX RESOURCES CORP.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Expressed in Canadian Dollars, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Basis of preparation

These condensed consolidated interim financial statements of the Company have been prepared on an accrual basis except for certain cash flow information and are based on historical costs, except for certain financial instruments classified as financial instruments at fair value through profit and loss or available-for-sale which are stated at their fair value. The consolidated interim financial statements are presented in Canadian dollars unless otherwise noted, which is also the functional currency of the Company and its subsidiary.

The accounting policies chosen by the Company have been applied consistently to all periods presented.

Principles of consolidation

These condensed consolidated interim financial statements include amounts of the Company and its wholly owned subsidiary Ecstall Mining Corp. ("Ecstall"), a company incorporated under the laws of the Province of British Columbia and engaged in the exploration and evaluation of resource properties.

Subsidiaries are corporations in which the Company is able to control the financial operating, investing and financing activities and policies, which is the authority usually connected with holding majority voting rights. The consolidated financial statements include the accounts of the Company and its controlled entity from the date on which control was acquired. Ecstall uses the same reporting period and the same accounting policies as the Company.

All inter-entity balances and transactions, including unrealized profits and losses arising from inter-company transactions, have been eliminated in full on consolidation.

Recent accounting pronouncements

IFRS 9 - Financial Instruments ("IFRS 9")

As at July 1, 2018, the Company adopted all of the requirements of IFRS 9, which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and a new "expected credit loss model" for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The standard was effective for annual periods beginning on or after January 1, 2018.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is substantially unchanged.

As a result of adopting this standard, the Company has changed its accounting policy for financial assets retrospectively, for assets that were recognized at the date of application. An assessment has been made and the impact to the Company's consolidated financial statements was to reclassify its available-for-sale marketable securities to "fair value through profit or loss" financial asset category. The Company adopted IFRS 9 retrospectively without restatement of comparative amounts resulting in a reclassification of \$6,731 from accumulated other comprehensive loss ("AOCL") to deficit on July 1, 2018. Future changes in the fair value of these marketable securities will be recorded directly in profit or loss (Note 5). No other differences of any significance have been noted in relation to the adoption of IFRS 9.

The following are new accounting policies for financial assets under IFRS 9. All other aspects of our accounting policies for financial instruments as disclosed in Note 2 to the audited consolidated financial statements for the year ended June 30, 2018 are unaffected.

ZINCX RESOURCES CORP.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Expressed in Canadian Dollars, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Recent accounting pronouncements (cont'd)

The Company classifies its financial assets in the following categories: (i) at fair value through profit or loss ("FVTPL"), (ii) at fair value through other comprehensive income ("FVTOCI") or (iii) at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company completed an assessment of its consolidated financial instruments as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9.

	<i>Original classification IAS 39</i>	<i>New classification IFRS 9</i>
Financial assets		
Cash	Financial assets - FVTPL	Financial assets - FVTPL
Receivables	Loans and receivables - amortized cost	Loans and receivables - amortized cost
Loan receivable	Loans and receivables - amortized cost	Loans and receivables - amortized cost
Marketable securities	Available-for-sale – FVTOCI	Financial assets - FVTPL
Investments	Financial assets - FVTPL	Financial assets - FVTPL
Financial liabilities		
Trade payables and accrued liabilities	Other financial liabilities - amortized cost	Other financial liabilities - amortized cost

ZINCX RESOURCES CORP.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Expressed in Canadian Dollars, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Recent accounting pronouncements (cont'd)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. As at September 30, 2018, the Company recognized a loss allowance of \$120,986 on loan receivable (Note 4).

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

On July 1, 2018, the Company adopted IFRS 15, which supersedes IAS 18 – Revenue ("IAS 18"). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018.

The Company is a junior exploration company, and it currently does not generate any revenue from contracts with customers. Therefore, the adoption of this standard did not have any significant impact on the Company's interim financial statements.

IFRS 16 – Leases ("IFRS 16")

IFRS 16, Leases, new standard contains a single lessee accounting model, eliminating the distinction between operating and financing leases from the perspective of the lessee. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements, effective for annual reporting periods beginning on or after January 1, 2019.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. RECEIVABLES

	September 30, 2018	June 30, 2018
Government sales tax credits	\$ 80,386	\$ 44,750
Credits from suppliers	13,049	–
Accrued interest (Note 6)	1,134	421
	<u>\$ 94,569</u>	<u>\$ 45,171</u>

The Company anticipates full recovery of its receivable and, therefore, no impairment has been recorded against these amounts.

ZINCX RESOURCES CORP.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Expressed in Canadian Dollars, unless otherwise stated)

4. LOAN RECEIVABLE

During the year ended June 2017, the Company advanced \$100,000 to an operating entity (the “Debtor”) of a publicly traded company with a director now in common, under a promissory note bearing interest at a rate of 10% per annum. The loan is classified as a short-term loan receivable subsequently measured at amortized cost. The loan matured on February 25, 2017 and was extended for additional twelve months bearing the same interest rate of 10% per annum. After February 25, 2018, management agreed to extend the repayment of the loan and the accumulated interest until the Debtor finalizes a significant financing that is currently awaiting completion. At September 30, 2018, the loan receivable balance was \$120,986 (June 30, 2018 - \$118,466) including accrued interest of \$20,986 (June 30, 2018 - \$18,466). At September 30, 2018, management made the assessment of the credit risk on the loan and recognized a loss allowance of \$120,986 (2017 - \$Nil) against the amount of the loan principal and accumulated interest.

5. MARKETABLE SECURITIES

	September 30, 2018	June 30, 2018
Fair value, beginning of period	\$ 57,150	\$ 116,442
Proceeds from sales	–	(58,525)
Gains realized on sale	–	18,395
Reclassification of unrealized gains	–	(21,512)
Unrealized gains (losses)	(6,200)	2,350
Fair value, end of period	\$ 50,950	\$ 57,150

Marketable securities consist of common shares of public companies that are measured at fair value, which is determined using quoted closing prices of the shares on the exchange where they are listed, at the end of each reporting period. Effective July 1, 2018, pursuant to adoption of IFRS 9, a change in fair value of the marketable securities is included in profit and loss for the period.

6. INVESTMENTS

Investments consist of highly liquid Canadian dollar denominated non-redeemable guaranteed investment certificates (“GIC”) yielding an average fixed interest rate of 2.10% per annum with maturity dates within one year. The investments are classified as FVTPL financial assets. The counter-party is a financial institution.

At September 30, 2018, the Company held GIC investments with total principal amount of \$2,500,000 (June 30, 2018 - \$4,000,000) and accrued accumulated interest of \$11,856 (2017 - \$4,314).

During the three months ended September 30, 2018, the Company received an aggregate interest of \$9,260 (2017 - \$14,521) on redemption of its two GIC investments.

7. OTHER ASSETS

Other assets comprise of reclamation bonds totalling \$332,500 (June 30, 2018 – \$332,500) posted as security deposits with the Government of British Columbia in relation to the Akie and Kechika Regional properties. The reclamation bonds are deposited in GICs through a financial institution and earn an average annual variable interest rate of approximately 0.85% and reinvested on an annual basis immediately at maturity. Interest accrued on the GICs is included in receivables (Note 3).

ZINCX RESOURCES CORP.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Expressed in Canadian Dollars, unless otherwise stated)

8. TRADE PAYABLES AND ACCRUED LIABILITIES

	September 30, 2018	June 30, 2018
Exploration payables	\$ 452,906	\$ 301,570
Other trade payables	39,909	68,421
Accrued liabilities	48,569	47,923
	\$ 541,384	\$ 417,914

9. FLOW-THROUGH PREMIUM LIABILITY

	September 30, 2018	June 30, 2018
Balance, beginning of period	\$ 232,453	\$ 308,132
Recorded	–	304,355
Amortized	(219,216)	(380,034)
Balance, end of period	\$ 13,237	\$ 232,453

On November 3, 2017, the Company completed a flow-through private placement of 4,112,900 shares (Note 12(b)(iv)) at a price of \$0.37 per flow-through share for gross proceeds of \$1,521,773. The Company recorded a flow-through liability of \$304,355 in connection with this flow-through private placement, which was calculated based on an estimated premium of approximately \$0.07 per flow-through share issued.

The flow-through premium liability does not represent a cash liability to the Company, and are to be fully amortized to the statement of operations and comprehensive loss pro-rata with the amount of qualifying flow-through expenditures incurred. As at September 30, 2018, the Company amortized \$291,118 (June 30, 2018 - \$71,902) of the November 2017 flow-through liability after incurring \$1,455,589 (June 30, 2018 - \$359,510) of qualifying exploration expenditures.

The flow-through agreements require the Company to renounce certain deductions for Canadian exploration expenditures incurred on the Company's resource properties. The Company has fully renounced exploration expenditures of \$1,521,773 to the flow-through subscribers for calendar 2017 using the "look-back" rule and intends to incur the expenditures by December 31, 2018.

When the Company uses the "look-back" rule to renounce exploration expenditures to investors before the Company actually incurs them, the Company is liable for the flow-through Part XII.6 tax ("FT Tax"). The reconciliations of the accrued and paid FT Tax for the three months ended September 30, 2018 and the year ended June 30, 2018 are as follows:

	September 30, 2018	June 30, 2018
Balance, beginning of period	\$ 5,923	\$ 2,037
Accrued	647	5,838
FT Tax paid	–	(1,952)
Balance, end of period	\$ 6,570	\$ 5,923

ZINCX RESOURCES CORP.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Financial Statements

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

10. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Computers and software	Office equipment and furniture	Office leasehold improvements	License ⁽¹⁾	Vehicle ⁽¹⁾	Camp equipment and fixtures ⁽¹⁾	Camp structures and upgrades ⁽¹⁾	Total
Cost:								
At June 30, 2017	\$ 19,769	\$ 19,702	\$ 4,616	\$ 34,000	\$ 37,026	\$ 344,891	\$ 654,554	\$ 1,114,558
Acquisition	–	2,290	–	2,744	–	30,363	–	35,397
At June 30, 2018 and September 30, 2018	\$ 19,769	\$ 21,992	\$ 4,616	\$ 36,744	\$ 37,026	\$ 375,254	\$ 654,554	\$ 1,149,955
Accumulated depreciation:								
At June 30, 2017	\$ 17,572	\$ 13,600	\$ 4,616	\$ 23,125	\$ 33,063	\$ 232,784	\$ 476,679	\$ 801,439
Depreciation	1,208	1,449	–	6,736	1,189	28,027	44,469	83,078
At June 30, 2018	18,780	15,049	4,616	29,861	34,252	260,811	521,148	884,517
Depreciation	137	350	–	954	210	7,212	8,406	17,269
At September 30, 2018	\$ 18,917	\$ 15,399	\$ 4,616	\$ 30,815	\$ 34,462	\$ 268,023	\$ 529,554	\$ 901,786
Net book value:								
At June 30, 2018	\$ 989	\$ 6,943	\$ –	\$ 6,883	\$ 2,774	\$ 114,443	\$ 133,406	\$ 265,438
At September 30, 2018	\$ 852	\$ 6,593	\$ –	\$ 5,929	\$ 2,564	\$ 107,231	\$ 125,000	\$ 248,169

- (1) License, vehicles, camp equipment and fixtures and camp upgrades are used for exploration and evaluation activities. Depreciation for these items of \$16,782 for the three months ended September 30, 2018 (2017 - \$19,862) has been capitalized to exploration and evaluation assets (Note 11). Depreciation of the remaining items of \$487 (2017 - \$606) has been expensed.

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited, prepared by management)

11. EXPLORATION AND EVALUATION ASSETS

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

Akie Property, British Columbia

The Akie property is the Company's flagship exploration project and is host to the Cardiac Creek SEDEX Zn-Pb-Ag deposit. The Company owns a 100% interest in the Akie property, which resulted from Company expenditures and the acquisition of Ecstall Mining Corporation.

Kechika Regional project, British Columbia

The Kechika Regional project, represented by a series of contiguous property blocks including Pie and Mt. Alcock, extends northwest from the Akie property. The Company owns a 100% interest in these properties, which were acquired during fiscal 2007 and 2008, including the acquisition of Ecstall. The interest in the Mt. Alcock property is subject to a 1.0 % net smelter royalty.

In September 2013, the Company entered into an option agreement (the "Agreement") with Teck Resources Limited ("Teck") pursuant to which Teck can acquire up to a 70% interest in the Company's Pie, Cirque East and Yuen properties (the "Property"), three of the 10 regional properties that make up the Kechika Regional Project.

The Agreement outlined two options (the "Options") that are subject to certain expenditure requirements as outlined below:

Under the first Option, Teck can earn an undivided 51% interest in and to the Property by incurring a cumulative aggregate of \$3,500,000 in exploration expenditures on the Property on or before December 31, 2017 (extended from September 30, 2017), with \$500,000 in exploration expenditures to be completed on or before September 30, 2014 (incurred) and \$1,295,000 (amended from \$1,500,000 and incurred) in cumulative exploration expenditures to be completed on or before December 31, 2015 (extended from September 30, 2015).

Under the second Option, Teck may elect to acquire an additional 19% interest in the Property for a total of 70% by incurring an additional \$5,000,000 in exploration expenditures (for a total aggregate of \$8,500,000 in exploration expenditures) on the Property on or before September 30, 2019.

Teck and Korea Zinc earned a 51% interest in the Property in December 2018 by incurring cumulative aggregate exploration expenditures of \$3,054,402 on the Pie Property since September 2013 and making a cash payment of \$445,598 to the Company for the shortfall of the required expenditures. The carrying value of the optioned property has been reduced by the amount of the cash consideration received from Teck.

In January 2018, Teck and Korea Zinc informed the Company that they will not be proceeding with the Second Option to earn an additional 19% interest in the Property. According to the terms of the Agreement, the parties will continue exploration of the Property under a Joint Venture arrangement on the 49%-51% basis, with Teck acting as the operator.

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited, prepared by management)

11. EXPLORATION AND EVALUATION ASSETS (cont'd)

Summary of exploration expenditures incurred on various properties:

	Akie Property	Kechika Regional	Total
Acquisition Costs:			
Balance, June 30, 2016, and 2017	\$ 24,165,241	\$ 336,785	\$ 24,502,026
Cash in lieu of expenditures	-	(144,017)	(144,017)
Balance, June 30, 2018 and September 30, 2018	\$ 24,165,241	\$ 192,768	\$ 24,358,009
Deferred exploration costs:			
Balance, June 30, 2017	\$ 41,626,608	\$ 4,642,426	\$ 46,269,034
Camp equipment, depreciation	80,421	-	80,421
Drilling	1,910,488	-	1,910,488
Geology	114,832	13,601	128,433
Metallurgical testing	133,394	-	133,394
Preliminary Economic Assessment	290,609	-	290,609
Road repair	75,104	-	75,104
Community consultations	221,687	-	221,687
Environmental studies and permit compliance	62,334	-	62,334
Cash in lieu of expenditures	-	(301,581)	(301,581)
METC recovered	(159,876)	-	(159,876)
Balance, June 30, 2018	44,355,601	4,354,446	48,710,047
Camp equipment, depreciation	16,782	-	16,782
Drilling	975,602	-	975,602
Geology	12,187	-	12,187
Preliminary Economic Assessment	29,524	-	29,524
Community consultations	60,000	-	60,000
Environmental studies and permit compliance	18,601	-	18,601
Balance, September 30, 2018	\$ 45,468,297	\$ 4,354,446	\$ 49,822,743
Total, June 30, 2018	\$ 68,520,842	\$ 4,547,214	\$ 73,068,056
Total, September 30, 2018	\$ 69,633,538	\$ 4,547,214	\$ 74,180,752

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited, prepared by management)

12. CAPITAL STOCK AND RESERVES

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

During the three months ended September 30, 2018, the Company completed the following equity transactions:

- (i) the Company received TSX-V approval for its new NCIB application to purchase at market price up to 8,287,534 common shares, being approximately 5% of the Company's issued and outstanding common shares, through the facilities of the TSX-V. The bid commenced on August 1, 2018 and will stay open for another 12 months;

The Company cancelled and returned to its treasury 781,500 common shares of the Company that were repurchased under the NCIB prior to June 30, 2018. Upon the cancellation, \$475,540 was recorded as a reduction to capital stock for the assigned value of the shares, and \$262,959 was allocated to reserves;

- (ii) 142,500 common shares were issued pursuant to the exercise of 142,500 stock options at an average price of \$0.25 per share for total proceeds of \$36,025. In addition, a reallocation of \$48,820 from reserves to capital stock was recorded on the exercise of these options. This amount constitutes the fair value of options recorded at the original grant date; and
- (iii) 220,000 share purchase warrants issued to the agents under the December 2016 private placement were exercised at a price of \$0.55 per share for total proceeds of \$121,000.

During the year ended June 30, 2018, the Company completed the following equity transactions:

- (iv) On November 3, 2017, the Company completed a flow-through private placement of 4,112,900 flow-through shares at a price of \$0.37 per share for gross proceeds of \$1,521,773. The Company paid aggregate cash finders' fees of \$91,306 and incurred regulatory filing fees, legal fees and other expenses of \$9,597 in connection with the private placement. A flow-through premium liability of \$304,355 was recorded in connection with this private placement, which was calculated based on an estimated premium of approximately \$0.07 per flow-through share issued (Note 9);
- (v) 60,000 common shares were issued pursuant to the exercise of 60,000 stock options at a price of \$0.23 per share for total proceeds of \$13,800. In addition, a reallocation of \$53,982 from reserves to capital stock was recorded on the exercise of these options. This amount constitutes the fair value of options recorded at the original grant date;
- (vi) The Company received TSX-V approval for the renewal of its Normal Course Issuer Bid ("NCIB") application to purchase at market price up to 8,152,189 common shares, being approximately 5% of the Company's issued and outstanding common shares, through the facilities of the TSX-V. The bid commenced on August 1, 2017 and will stay open for another 12 months;

The Company repurchased 1,828,500 of its common shares under the renewed NCIB for total consideration of \$527,567 at a weighted average price of \$0.29 per share; and

1,611,000 common shares repurchased under the NCIB were cancelled and returned to the Company's treasury in fiscal 2018. Upon the cancellation, \$1,012,627 was recorded as a reduction to capital stock for the assigned value of the shares, and \$513,260 was allocated to reserves.

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited, prepared by management)

12. CAPITAL STOCK AND RESERVES (cont'd)

(c) Share options

The Company has adopted a 20% fixed share option plan whereby the Company has reserved 20,557,283 common shares under the plan. The term of any options granted under the plan is fixed by the Board of Directors and may not exceed ten years from date of grant.

The number of options granted to a consultant in a 12 month period must not exceed 2% of the issued shares of the Issuer from the date of grant. Options issued to consultants performing investor relations activities must vest in stages over 12 months with no more than 1/4 of the options vesting in any three month period. Share options granted to directors, officers and employees of the Company vest immediately.

Share options outstanding and exercisable at September 30, 2018 are summarized as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Life of Options (Years)	Number of Options Exercisable
220,000	\$ 0.25	October 31, 2018*	0.08	220,000
150,000	\$ 0.40	November 2, 2018*	0.09	150,000
50,000	\$ 0.40	October 9, 2019	1.02	50,000
240,000	\$ 0.39	January 3, 2020	1.26	60,000
25,000	\$ 0.63	January 15, 2020	1.29	25,000
545,000	\$ 0.55	November 24, 2020	2.15	545,000
5,000	\$ 0.23	November 24, 2020	2.15	5,000
600,000	\$ 0.35	June 16, 2021	2.71	600,000
75,000	\$ 0.40	November 2, 2021	3.09	75,000
1,290,000	\$ 0.39	December 27, 2023	5.24	1,290,000
3,680,000	\$ 0.23	April 10, 2025	6.53	3,680,000
860,000	\$ 0.33	July 3, 2026	7.76	860,000
1,440,000	\$ 0.40	September 13, 2026	7.96	1,440,000
1,370,000	\$ 0.30	February 9, 2028	9.37	1,370,000
10,550,000	\$ 0.32		6.18	10,370,000

* Stock options expired unexercised subsequent to September 30, 2018.

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited, prepared by management)

12. CAPITAL STOCK AND RESERVES (cont'd)

(c) Share options(cont'd)

Share option transactions are summarized as follows:

	Options Outstanding	Weighted Average Exercise Price
Outstanding, June 30, 2017	9,082,500	\$ 0.34
Granted	1,380,000	0.30
Exercised	(60,000)	0.23
Cancelled/ Forfeited	(810,000)	0.56
Outstanding, June 30, 2018	9,592,500	0.32
Granted	1,100,000	0.34
Exercised (Note 12 (b)(ii))	(142,500)	0.25
Outstanding, September 30, 2018	10,550,000	\$ 0.32

During the three months ended September 30, 2018, the Company granted an aggregate of 1,100,000 (2017 – Nil) share options to employees and consultants of the Company and recorded share-based compensation expense of \$210,598 (2017– \$1,565) for the vested portion of the share options granted.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. The following weighted average assumptions were used to estimate the following weighted average grant date fair values:

	September 30, 2018	June 30, 2018
Number of options granted	1,100,000	1,380,000
Risk free interest rate	2.07%	2.24%
Expected dividend yield	0%	0%
Stock price volatility	62.89%	70.29%
Expected life of options	6.58 years	10 years
Weighted average fair value of options	\$ 0.19	\$ 0.22
Forfeiture	0%	0%

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited, prepared by management)

12. CAPITAL STOCK AND RESERVES (cont'd)

(d) Warrants

Share purchase warrants transactions are summarized as follows:

	Warrants Outstanding	Weighted Average Exercise Price
Balance, June 30, 2017	4,707,250	\$ 0.50
Expired	(1,250,000)	0.40
Balance, June 30, 2018	3,457,250	0.54
Exercised (Note 12 (b)(iii))	(220,000)	0.55
Balance, September 30, 2018	3,237,250	\$ 0.54

The following table summarizes the warrants outstanding at September 30, 2018:

Number of Warrants	Exercise Price	Expiry Date	Remaining Life of Warrants (Years)
2,511,750	\$ 0.55	December 15, 2018	0.21
655,429	\$ 0.50	April 12, 2019	0.53
70,071	\$ 0.45	April 12, 2019	0.53
3,237,250	\$ 0.54		0.28

(d) Reserves

	Options and agent warrants	Finance warrants	Treasury shares	Total
Balance, June 30, 2017	\$ 10,015,941	\$ 2,204,276	\$ 1,480,661	\$13,700,878
Exercise of options	(53,982)	–	–	(53,982)
Share-based compensation	312,636	–	–	312,636
Cancellation of treasury shares	–	–	513,260	513,260
Balance, June 30, 2018	10,274,595	2,204,276	1,993,921	14,472,792
Exercise of options (Note 12 (b)(ii))	(48,820)	–	–	(48,820)
Share-based compensation (Note 12(c))	210,598	–	–	210,598
Cancellation of treasury shares (Note 12(b)(i))	–	–	262,959	262,959
Balance, September 30, 2018	\$ 10,436,373	\$ 2,204,276	\$ 2,256,880	\$ 14,897,529

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited, prepared by management)

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions for the three months ended September 30, 2018 included:

- exploration and evaluation assets of \$452,906 (June 30, 2018 - \$301,570) in accounts payable (Note 8);
- depreciation of camp equipment and upgrades of \$16,782 included in exploration and evaluation assets (Note 10);
- an allocation of \$48,820 from reserves to capital stock upon the exercise of stock options (Note 12(b)(ii)); and
- unrealized loss of \$6,200 on marketable securities due to changes in fair value (Note 5).

Significant non-cash transactions for the three months ended September 30, 2017 included:

- exploration and evaluation assets of \$115,609 (June 30, 2017 - \$533,283) in accounts payable (Note 8);
- recovery of exploration and evaluation assets of \$110,065 (June 30, 2017 - \$Nil) in accounts receivable (Note 3);
- equipment and leasehold improvements of \$2,500 (June 30, 2017 - \$10,000) in accounts payable;
- depreciation of camp equipment and upgrades of \$19,862 included in exploration and evaluation assets (Note 10);
- an allocation of \$1,518 from reserves to capital stock upon the exercise of stock options (Note 12(b)(i));
- unrealized loss of \$3,800 on marketable securities due to changes in fair value, which was allocated to AOCL (Note 5); and
- reclassification of previously recognized unrealized losses on marketable securities of \$21,512 from AOCL to deficit (Note 5).

14. RELATED PARTY TRANSACTIONS

Key management personnel includes persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and Vice President of Exploration.

The remuneration of the key management personnel during the three months ended September 30, 2018 and 2017 were as follows:

September 30,	2018	2017
Consulting fees (iv)	\$ 3,750	\$ 3,750
Directors fees (ii)	10,000	10,000
Exploration and evaluation expenditures (geological consulting) (v)	37,500	37,500
Management fees (i)	88,500	88,500
Other employment benefits (vii)	7,656	7,559
Share-based compensation (vi)	–	1,565
Total	\$ 147,406	\$ 148,874

- (i) Pursuant to a management and administrative services agreement amended effective July 1, 2011 and May 1, 2014 with Varshney Capital Corp. (“VCC”), a company with two common directors, the Company agreed to pay monthly management and administrative fees of \$29,500 and \$5,000, respectively.

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited, prepared by management)

14. RELATED PARTY TRANSACTIONS(cont'd)

During the three months ended September 30, 2018, the Company paid \$88,500 (2017 – \$88,500) for management fees and \$15,000 (2017 – \$15,000) for administrative fees to VCC;

- (ii) the Company paid \$10,000 (2017 - \$10,000) in directors' fees to four directors of the Company;
- (iii) the Company paid \$3,750 (2017 - \$3,750) for consulting fees to a company controlled by a director;
- (iv) the Company paid or accrued exploration and evaluation costs of \$37,500 (2017 - \$37,500) for geological consulting fees to a company owned by an officer of the Company, of which \$34,375 (2017 - \$31,250) was capitalized as exploration and evaluation costs and \$3,125 (2017 - \$6,250) was expensed as consulting fees;
- (v) share-based compensation is the fair value of share options that have been granted to directors and executive officers and the related compensation expense recognized over the vesting periods; and
- (vi) other employment benefits included life insurance and health benefits for the CEO and health benefits for the CFO of the Company.

15. CAPITAL MANAGEMENT

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties, and support any expansionary plans. 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 considers its capital to be equity.

The Company's operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund their operations. The current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital. However, the Company feels that it has sufficient working capital to continue with planned activities.

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's overall strategy with respect to capital risk management remained unchanged during the three months ended September 30, 2018. The Company is not subject to any externally imposed capital requirements.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited, prepared by management)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity).

Cash, investments, and marketable securities are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, loan receivable and trade payables and accrued liabilities approximate their fair value because of the short-term nature of these instruments. There have been no changes in these levels during the three months ended September 30, 2018.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank deposits of \$1,066,032 and short-term investments in GICs with the fair value of \$2,511,856. This risk is managed by using major Canadian banks that are high credit quality financial institutions as determined by rating agencies.

The Company's secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes and interest accrued on GIC investments.

The Company is exposed to higher credit risk on its loan receivable with the amortized balance of \$120,986 (Note 4) as it is issued under unsecured promissory note. Based on the assessment of the credit risk on the loan, the Company recognized an impairment loss allowance on this amount.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents. As at September 30, 2018, the Company was holding cash deposits of \$1,066,032 to settle current cash liabilities of \$2,511,856. Management believes it has sufficient funds to meet its current obligations as they become due and to fund its exploration projects and administrative costs.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, has exposure to these risks.

a. Interest Rate Risk

The Company is exposed to interest rate risk as its bank treasury account and other assets earn interest income at variable rates. The effect of a 10% fluctuation in interest rates may result in an increase or decrease in net loss of \$1,066.

ZincX Resources Corp.

(formerly Canada Zinc Metals Corp.)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited, prepared by management)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

b. Currency Risk

The Company operates in Canada and is therefore not exposed to significant foreign exchange risk arising from transactions denominated in a foreign currency.

c. Price risk

The Company is exposed 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 closely monitors certain commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

The Company also maintains investments in certain marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

17. SUBSEQUENT EVENT

On November 14, 2018, the Company completed a flow-through private placement of 3,120,692 flow-through shares at a price of \$0.39 per share for gross proceeds of \$1,217,070. The Company paid cash finder's fees of \$63,896 in connection with the private placement. The proceeds from the private placement will be used on exploration expenditures in calendar 2019.