Zenith Exploration Inc.

(Formerly 1040442 B.C. Ltd.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

For the Three Months Ended October 30, 2018 and 2017

(Expressed in Canadian Dollars)

These unaudited condensed consolidated interim financial statements of Zenith Exploration Inc. (formerly 1040442 B.C. Ltd.) for the three months ended October 31, 2018, have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

Zenith Exploration Inc.
(Formerly 1040442 B.C. Ltd.)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Notes		October 31, 2018		July 31, 2018
ASSETS					
Current assets					
Cash		$	398,466	$	448,984
Receivable for share subscriptions	5		89,186		-
Goods and services tax receivable			5,823		3,077
Advances to suppliers			4,901		-
			498,376		452,061
Exploration and evaluation assets	3		333,571		333,571
TOTAL ASSETS		**$**	**831,947**	**$**	**785,632**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Accounts payable and accrued liabilities		$	26,774	$	25,560
Loans payable	4		-		14,512
TOTAL LIABILITIES			**26,774**		**40,072**
SHAREHOLDERS' EQUITY					
Share capital	5		931,477		821,577
Deficit			(126,304)		(76,017)
TOTAL SHAREHOLDERS' EQUITY			**805,173**		**745,560**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**831,947**	**$**	**785,632**

Nature and continuance of operations (Note 1)
Subsequent events (Note 8)

Approved by the Board of Directors and authorized for issue on December 20, 2018:

"Brent Hahn"	*"Barry Hartley"*
Brent Hahn, Director	Barry Hartley, Director

Zenith Exploration Inc.
(Formerly 1040442 B.C. Ltd.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three months ended October 31, 2018	2017
Expenses		
Office and miscellaneous	373	300
Professional fees	$ 23,945	$ 2,218
Project generation	9,618	-
Regulatory fees	13,919	2,690
Shareholder information	1,614	-
Transfer agent	818	1,000
	$ (50,287)	**$ (6,208)**
Other Income		
Gain on forgiveness of debt	-	724
Loss and comprehensive loss for the period	**$ (50,287)**	**$ (5,484)**
Loss per share – basic and diluted	**$ (0.00)**	**$ (0.01)**
Weighted average number of common shares outstanding	**24,791,976**	**396,601**

See accompanying notes to the condensed consolidated interim financial statements.

Zenith Exploration Inc.
(Formerly 1040442 B.C. Ltd.)
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

		Share capital			
	Notes	Number of shares	Amount	Deficit	Total
Balance at July 31, 2017		**396,601**	**$ 7,932**	**$ (16,652)**	**$ (8,720)**
Loss for the period		-	-	(5,484)	(5,484)
Balance at October 31, 2017		**396,601**	**$ 7,932**	**$ (22,136)**	**$ (14,204)**
Balance at July 31, 2018		**24,511,601**	**$ 821,577**	**$ (76,017)**	**$ 745,560**
Private placement	5	1,121,500	112,150	-	112,150
Share issuance costs	5	-	(2,250)	-	(2,250)
Loss for the period		-	-	(50,287)	(50,287)
Balance at October 31, 2018		**25,633,101**	**$ 931,477**	**$ (126,304)**	**$ 805,173**

Zenith Exploration Inc.
(Formerly 1040442 B.C. Ltd.)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Three months ended October 31, 2018	2017
Operating activities		
Loss for the period	$ (50,287)	$ (5,484)
Item not involving cash:		
Gain on forgiveness of debt	-	(724)
Changes in non-cash working capital items:		
Goods and services tax receivable	(2,746)	(78)
Advances to suppliers	(4,901)	-
Accounts payable and accrued liabilities	1,214	(1,883)
Net cash flows used in operating activities	(56,720)	(8,169)
Financing activities		
Proceeds on issuance of common shares, net	20,714	-
Loans from related parties	(14,512)	8,169
Net cash flows from financing activities	6,202	8,169
Change in cash	(50,518)	-
Cash, beginning of period	448,984	-
Cash, end of period	**$ 398,466**	**$ -**

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature and continuance of operations

Zenith Exploration Inc. (formerly 1040442 B.C. Ltd.) (the "Company") was incorporated on June 19, 2015, under the laws of the Province of British Columbia, Canada. On October 4, 2017, the Company changed its name to Zenith Exploration Inc. The Company is a resource exploration company that is acquiring and exploring mineral properties.

The head office, principal address, records office and registered address of the Company are located at 1080 - 789 West Pender Street, Vancouver BC. On October 11, 2018, the Company commenced trading on the Canadian Securities Exchange (the "Exchange") under the trading symbol "ZX".

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At October 31, 2018, the Company had not yet achieved profitable operations, had accumulated losses of $126,304 (July 31, 2018 - $76,017) since its inception, has working capital of $471,602 (July 31, 2018 - $411,989) and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful results from its business activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors.

2. Significant accounting policies and basis of preparation

These condensed consolidated interim financial statements were approved and authorized for issue on December 20, 2018 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards
These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. As a result, these condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2018.

Basis of preparation
These condensed consolidated interim financial statements of the Company have been prepared on a historical cost basis except for certain financial assets measured at fair value. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise specified. The financial statements of the Company reflect the consolidation of the financial results of the wholly owned entities controlled since existed.

(Unaudited - Expressed in Canadian Dollars)

2. Significant accounting policies and basis of preparation (cont'd)

Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its controlled subsidiaries. Details of controlled subsidiaries are as follows:

		Percentage owned*	
	Country of incorporation	**October 31, 2018**	**July 31, 2018**
High Point Exploration Inc.	Canada.	100%	N/A
Top Explorations Inc.	Canada	100%	N/A

*Percentage of voting power is in proportion to ownership.

New accounting standards and interpretations

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of August 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. 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 unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on August 1, 2018.

2. Significant accounting policies and basis of preparation (cont'd)

New accounting standards and interpretations *(cont'd)*

Financial instruments *(cont'd)*

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the condensed consolidated interim statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the condensed consolidated interim statements of loss and comprehensive loss in the period in which they arise.

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 Company measures the loss allowance for the financial asset 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 Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the condensed consolidated interim statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the condensed consolidated interim statements of loss and comprehensive loss.

Accounting standards issued but not yet applied

Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual

2. Significant accounting policies and basis of preparation (cont'd)

Accounting standards issued but not yet applied (cont'd)

periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company continues to assess the impact of adopting this standard on its consolidated financial statements.

3. Exploration and evaluation assets

Scotch Creek Property

On November 14, 2017, the Company entered into a definitive agreement to purchase eight (8) mineral claims covering 1,384.12 hectares comprising the Scotch Creek Property in the Kamloops Mining Division of British Columbia. In connection with the Scotch Creek Property agreement, the Company and vendors have also executed a royalty deed agreement pursuant to the terms and consideration of which the vendors shall receive a net smelter return royalty of 2% from the Company. Two directors of the Company are vendors of the property.

In consideration for a 100% undivided interest in the property, the Company issued 15,000,000 common shares for total consideration of $300,000.

Lac Matchi Property

On December 12, 2017, the Company entered into an option agreement with Doctors Investment Group Ltd ("the Optionor"). The Optionor granted the Company the sole and exclusive option to acquire a 100% right, title and interest in and to the property, which is located in the Province of Quebec. In order to exercise the option and to maintain the option in good standing, the Company must:

(a) Pay to the Optionor:
  - (i) $20,000 in cash upon the execution of this agreement (paid);
  - (ii) an additional $10,000 in cash on or before the date that is twelve (12) months after the Effective Date ("Effective Date" means the date of the Final Exchange Bulletin giving notice of the approval by the Exchange of the listing of the Company's shares on the facilities of the Exchange and the acceptance by the Exchange of this option agreement and the transactions contemplated by this agreement);
  - (iii) an additional $25,000 in cash on or before the date that is twelve (12) months after the Effective Date;
  - (iv) an additional $250,000 in cash on or before the date that is twenty-four (24) months after the Effective Date;

(b) Issue and deliver to the Optionor:
  - (i) 200,000 shares within five (5) business days of the Effective Date (not issued as at October 31, 2018 – See Note 8);
  - (ii) 100,000 shares on or before the date that is six (6) months after the Effective Date;
  - (iii) 500,000 shares on or before the date that is twelve (12) months after the Effective Date;
  - (iv) 750,000 shares on or before the date that is twenty-four (24) months after the Effective Date; and

(c) Incur expenditures on the property as follows:
  - (i) $250,000 on or before the date that is fourteen (14) months after the Effective Date;
  - (ii) $750,000 ($1,000,000 total) on or before the date that is twenty-eight (28) months after the Effective Date.

(Unaudited - Expressed in Canadian Dollars)

3. Exploration and evaluation assets (cont'd)

Lac Matchi Property (cont'd)

The Company shall maintain in good standing the claims or other interests comprising the property by the doing and filing of assessment work or the making of payments in lieu.

4. Loans payable

Loan transactions for the period ended October 31, 2018 are as follows:

		October 31, 2018		July 31, 2018
Balance, beginning of period	$	14,512	$	3,227
Loan receipts		9,372		11,285
Loan repayments		(23,884)		-
Balance, end of period	$	-	$	14,512

5. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At October 31, 2018, there were 25,633,101 issued and fully paid common shares.

Share issuances

On October 9, 2018, the Company completed a private placement comprised of 1,125,150 common shares of the Company at a price of $0.10 per share for total proceeds of $112,150. As at October 31, 2018 proceeds of $89,186 were not yet received and are included in receivable for share subscriptions in the statement of financial position.

Stock options

The Company has not issued any stock options and no stock options are outstanding as at October 31, 2018.

Warrants

The Company has not issued any warrants and no warrants are outstanding as at October 31, 2018.

6. Related party transactions

During the three months ended October 31, 2018, the Company received a loan in the amount of $9,372 from a director of the Company and made total repayments to directors of $23,884. As at October 31, 2018, loans from related parties are $Nil (July 31, 2018 - $14,512). See Note 4.

7. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 is not exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

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.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial liabilities included in the statement of financial position are as follows:

	October 31, 2018	July 31, 2018
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	$ 26,774	$ 25,560
Loans payable	-	14,512
	$ 26,774	$ 40,072

8. Subsequent events

(i) On December 7, 2018, the Company granted 2,563,310 stock options to certain directors and officers of the Company at an exercise price of $0.05 for a period of five years.

(ii) On November 15, 2018, the Company entered into a purchase agreement to acquire 100% interest in a certain mineral property (the “Golden Girl Property”) located in B.C. Return Royalty. In consideration for a 100% interest in the Golden Girl Property, the Company paid $1,000 and issued 200,000 common shares to the vendor. The agreement is subject to a 1% net smelter return royalty.

(iii) On November 15, 2018, the Company entered into a purchase agreement to acquire 100% interest in a certain mineral property (the “Mantle Property”) located in B.C. In consideration for a 100% interest in the Mantle Property, the Company paid $1,000 and issued 200,000 common shares to the vendor. The agreement is subject to a 1% net smelter return royalty.

(iv) On December 20, 2018, the Company issued 200,000 common shares pursuant to the option agreement for the Lac Matchi property.