

Zenith Exploration Inc.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
For the Nine Months Ended April 30, 2019 and 2018
(Expressed in Canadian Dollars)

These unaudited condensed consolidated interim financial statements of Zenith Exploration Inc. for the nine months ended April 30, 2019, have been prepared by management and approved by the Board of Directors.

Zenith Exploration Inc.**Condensed Consolidated Interim Statements of Financial Position**

(Unaudited - Expressed in Canadian Dollars)

		April 30,	July 31,
	Notes	2019	2018
ASSETS			
Current assets			
Cash		\$ 168,988	\$ 448,984
Receivables		23,429	3,077
Prepaid expenses and advances		11,394	-
		203,811	452,061
Exploration and evaluation assets	3	478,503	333,571
TOTAL ASSETS		\$ 682,314	\$ 785,632
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 24,768	\$ 25,560
Loans payable	4	-	14,512
TOTAL LIABILITIES		24,768	40,072
SHAREHOLDERS' EQUITY			
Share capital	5	1,147,897	821,577
Contributed surplus		71,901	-
Deficit		(562,252)	(76,017)
TOTAL SHAREHOLDERS' EQUITY		657,546	745,560
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 682,314	\$ 785,632

Nature and continuance of operations (Note 1)

Approved by the Board of Directors and authorized for issue on June 24, 2019:

"Brent Hahn"

Brent Hahn, Director

"Barry Hartley"

Barry Hartley, Director

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

	Note	Three months ended April 30,		Nine months ended April 30,	
		2019	2018	2019	2018
Expenses					
Consulting fees	6	\$ -	\$ 12,500	\$ 10,000	\$ 20,000
Management fees	6	20,000	-	220,000	-
Office and miscellaneous		31	27	442	568
Professional fees		15,801	5,481	52,857	14,278
Project generation		-	-	9,618	-
Regulatory fees		1,949	7,666	18,362	10,482
Share-based payments	5,6	71,901	-	138,655	-
Shareholder information		-	-	1,614	-
Transfer agent		-	-	1,955	1,956
		\$ (109,682)	\$ (25,674)	\$ (453,503)	\$ (47,284)
Other Items					
Property impairment	3	(32,732)	-	(32,732)	-
Gain on forgiveness of debt		-	-	-	724
Loss and comprehensive loss for the period		\$ (142,414)	\$ (25,674)	\$ (486,235)	\$ (46,560)
Loss per share – basic and diluted		\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.00)
Weighted average number of common shares outstanding					
		28,796,311	24,511,601	26,485,295	13,456,346

See accompanying notes to the condensed consolidated interim financial statements.

Zenith Exploration Inc.
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Notes	Share capital		Reserves	Deficit	Total
		Number of shares	Amount			
Balance at July 31, 2017		396,601	\$ 7,932	\$ -	\$ (16,652)	\$ (8,720)
Issuance of common shares for property		15,000,000	300,000	-	-	300,000
Private placement		9,115,000	516,500	-	-	516,500
Share issuance costs		-	(2,855)	-	-	(2,855)
Loss for the period		-	-	-	(46,560)	(46,560)
Balance at April 30, 2018		24,511,601	\$ 821,577	\$ -	\$ (63,212)	\$ 758,365
Balance at July 31, 2018		24,511,601	\$ 821,577	\$ -	\$ (76,017)	\$ 745,560
Private placement	5	1,121,500	112,150	-	-	112,150
Issuance of common shares for property	3,5	600,000	21,000	-	-	21,000
Exercise of stock options	5	2,563,310	128,166	-	-	128,166
Reallocation of fair value of stock options exercised		-	66,754	(66,754)	-	-
Share-based payments	5	-	-	138,655	-	138,655
Share issuance costs		-	(1,750)	-	-	(1,750)
Loss for the period		-	-	-	(486,235)	(486,235)
Balance at April 30, 2019		28,796,411	\$ 1,147,897	\$ 71,901	\$ (562,252)	\$ 657,546

Zenith Exploration Inc.**Condensed Consolidated Interim Statements of Cash Flows****(Unaudited - Expressed in Canadian Dollars)**

	Nine months ended April 30,	
	2019	2018
Operating activities		
Loss for the period	\$ (486,235)	\$ (46,560)
Item not involving cash:		
Issuance of common shares for services	210,000	-
Share-based payments	138,655	-
Property impairment	32,732	-
Gain on forgiveness of debt	-	(724)
Changes in non-cash working capital items:		
Receivables	(13,000)	(2,459)
Prepays and advances	(11,394)	-
Accounts payable and accrued liabilities	(792)	14,553
Net cash flows used in operating activities	(130,034)	(35,190)
Investing activities		
Exploration and evaluation assets	(156,664)	(32,571)
Net cash flows used in investing activities	(156,664)	(32,571)
Financing activities		
Proceeds on issuance of common shares, net	18,900	513,645
Loans from related parties	(12,198)	8,527
Net cash flows from financing activities	6,702	522,172
Change in cash	(279,996)	454,411
Cash, beginning of period	448,984	-
Cash, end of period	\$ 168,988	\$ 454,411
Non-cash activities:		
Shares issued for mineral properties	\$ 21,000	\$ 300,000

Zenith Exploration Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended April 30, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

1. Nature and continuance of operations

Zenith Exploration Inc. (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 April 30, 2019, the Company had not yet achieved profitable operations, had accumulated losses of \$562,252 (July 31, 2018 - \$76,017) since its inception 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 June 24, 2019 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.

Zenith Exploration Inc.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months Ended April 30, 2019 and 2018
(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:

	Country of incorporation	Percentage owned*	
		January 31, 2019	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:

(i) 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.

(ii) 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 are subsequently carried at amortized cost less any impairment.

Zenith Exploration Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended April 30, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

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

New accounting standards and interpretations (cont'd)

Financial instruments (cont'd)

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 consolidated statements of net (loss) income. 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 consolidated statements of net (loss) income in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) 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 consolidated statements of net (loss) income, 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.

(iv) 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.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Zenith Exploration Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended April 30, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

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

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 periods beginning on or after January 1, 2019. 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 (issued);
- (ii) 100,000 shares on or before the date that is six (6) months after the Effective Date;

Zenith Exploration Inc.**Notes to the Condensed Consolidated Interim Financial Statements****For the Nine Months Ended April 30, 2019 and 2018****(Unaudited - Expressed in Canadian Dollars)**

3. Exploration and evaluation assets (cont'd)**Lac Matchi Property (cont'd)**

- (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.

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.

Effective April 5, 2019, the Company provided the Optionor with formal notice to terminate the Lac Matchi Option Agreement. As a result of the notice, the Company has written off the Lac Matchi property, recording an impairment of \$32,732.

Golden Girl Property

On November 15, 2018, the Company entered into a purchase agreement to acquire a 100% interest in a certain mineral property (the "Golden Girl Property") located in B.C. for the following consideration:

- \$1,000 cash upon the signing of the agreement (paid);
- \$11,000 as a retainer for maintaining exploration for the benefit of the Mantle Property in the years 2018 and 2019, upon the signing of the agreement (paid); and
- 200,000 common shares of the Company to be issued on November 15, 2018 (issued).
- Vendor shall receive a 1% net smelter return royalty.

Mantle Property

On November 15, 2018, the Company entered into a purchase agreement to acquire a 100% interest in a certain mineral property (the "Mantle Property") located in B.C. for the following consideration:

- \$1,000 cash upon the signing of the agreement (paid);
- \$11,000 as a retainer for maintaining exploration for the benefit of the Mantle Property in the years 2018 and 2019, upon the signing of the agreement (paid); and
- 200,000 common shares of the Company to be issued on November 15, 2018 (issued).
- Vendor shall receive a 1% net smelter return royalty.

Zenith Exploration Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended April 30, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

3. Exploration and evaluation assets (cont'd)

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the period ended April 30, 2019:

	Scotch Creek	Lac Matchi	Golden Girl	Mantle	Total
Property acquisition costs					
Balance, beginning of period	\$ 300,000	\$ 20,000	\$ -	\$ -	\$ 320,000
Additions	-	7,000	8,000	8,000	23,000
Balance, end of period	\$ 300,000	\$ 27,000	\$ 8,000	\$ 8,000	\$ 343,000
Exploration and evaluation costs					
Balance, beginning of period	\$ 7,839	\$ 5,732	\$ -	\$ -	\$ 13,571
Costs incurred during the period:					
Management fees	-	-	5,238	5,238	10,476
Technical reports	-	-	29,067	17,416	46,483
Surveying	-	-	375	1,412	1,787
Geological consulting	-	-	9,981	-	9,981
Geophysical	-	-	31,056	54,781	85,837
Administration	-	-	-	100	100
Balance, end of period	\$ 7,839	\$ 5,732	\$ 75,717	\$ 78,947	\$ 168,235
Impairment		(32,732)			(32,732)
Total, end of period	\$ 307,839	\$ -	\$ 83,717	\$ 86,947	\$ 478,503

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the year ended July 31, 2018:

	Scotch Creek	Lac Matchi	Total
Property acquisition costs			
Balance, beginning of year	\$ -	\$ -	\$ -
Additions	300,000	20,000	320,000
Balance, end of year	\$ 300,000	\$ 20,000	\$ 320,000
Exploration and evaluation costs			
Balance, beginning of year	\$ -	\$ -	\$ -
Costs incurred during the year:			
Administration	28	180	208
Geological consulting	7,500	5,552	13,052
Travel and accommodation	311	-	311
Balance, end of year	\$ 7,839	\$ 5,732	\$ 13,571
Total	\$ 307,839	\$ 25,732	\$ 333,571

Zenith Exploration Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended April 30, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

4. Loans payable

Loan transactions for the period ended April 30, 2019 are as follows:

		April 30, 2019		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 April 30, 2019, there were 28,796,411 (July 31, 2018 – 24,511,601) issued and fully paid common shares.

Share Issuances

On October 9, 2018, the Company issued 1,125,150 common shares of the Company at a price of \$0.10 per share for gross cash proceeds of \$22,964 and to settle debt of \$89,186 to officers and directors of the Company for management and consulting services.

On December 6, 2018, the Company issued 200,000 shares pursuant to the acquisition of the Golden Girl Property (note 3).

On December 6, 2018, the Company issued 200,000 shares pursuant to the acquisition of the Mantle Property (note 3).

On December 20, 2018, the Company issued 200,000 shares pursuant to the acquisition of the Lac Matchi Property (note 3).

On January 21, 2019, in connection with the exercise of stock options, 2,563,310 shares were issued at a price of \$0.05 per share to officers and directors of the Company to settle debt of \$128,166 for management and consulting services

Stock options

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. On January 21, 2019, all 2,563,310 stock options were exercised.

On March 6, 2019, the Company granted 2,879,641 stock options to certain directors and officers of the Company at an exercise price of \$0.05 for a period of five years.

Zenith Exploration Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended April 30, 2019 and 2018

(Unaudited - Expressed in Canadian Dollars)

5. Share capital (cont'd)***Stock options (cont'd)***

The changes in stock options during the period ended April 30, 2019, and the year ended July 31, 2018, are as follows:

	April 30, 2019		July 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	-	\$ -	-	\$ -
Options granted	5,442,951	0.05	-	-
Options exercised	(2,563,310)	0.05	-	-
Options outstanding, end of period	2,879,641	\$ 0.05	-	\$ -
Options exercisable, end of period	2,879,641	\$ 0.05	-	\$ -

During the period ended April 30, 2019, the Company recorded share-based payments of \$138,655 (April 30, 2018 - \$Nil). The fair value of options granted during the period ended April 30, 2019 was determined using the Black-Scholes option pricing model with the following assumptions:

	April 30, 2019	April 30, 2018
Risk-free interest rate	1.49% - 1.93%	-
Expected life	5 years	-
Estimated volatility	108% - 122%	-
Dividend rate	0.00%	-

Warrants

The Company has not issued any warrants and no warrants are outstanding as at April 30, 2019.

6. Related party transactions

Payments to key management and directors during the periods ended April 30, 2019 and 2018 were as follows:

	April 30, 2019	April 30, 2018
Management fees paid to officers or to companies controlled by officers	\$ 220,000	\$ -
Consulting fees paid to directors	10,000	-
Share-based payments	138,655	-
Total compensation	\$ 368,655	\$ -

Included in trade and other payables at April 30, 2019 is \$21,000 (July 31, 2018 - \$Nil) due to directors.

Zenith Exploration Inc.**Notes to the Condensed Consolidated Interim Financial Statements****For the Nine Months Ended April 30, 2019 and 2018****(Unaudited - Expressed in Canadian Dollars)**

6. Related party transactions (cont'd)

During the nine months ended April 30, 2019, 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 April 30, 2019, loans from related parties are \$Nil (July 31, 2018 - \$14,512). (Note 4).

7. Subsequent events

On May 28, 2019, the Company announced a plan of arrangement with its two subsidiaries, High Point Exploration Inc. and Top Exploration Inc. Pursuant to the arrangement, the Company will transfer its Mantle Property to High Point Exploration Inc. and its Golden Girl Property to Top Exploration Inc.