

# **SLAVE LAKE ZINC CORP.**

Financial Statements

For the Three Months Ended December 31, 2019

(Expressed in Canadian dollars)

(unaudited)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The Company's external auditors, Dale Matheson Carr-Hilton Labonte LLP, have not performed a review of these financial statements.

**SLAVE LAKE ZINC CORP.**Condensed statements of financial position  
(Expressed in Canadian dollars)

	December 31, 2019 \$ (unaudited)	September 30, 2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	149,906	209,924
Amounts receivable	2,683	2,058
<b>Total assets</b>	<b>152,589</b>	<b>211,982</b>
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 3)	247,104	239,104
<b>Total assets</b>	<b>399,693</b>	<b>451,086</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	22,536	22,102
Due to related parties (Note 4)	39,992	30,112
<b>Total liabilities</b>	<b>62,528</b>	<b>52,214</b>
<b>Shareholders' equity</b>		
Share capital	1,167,300	1,167,300
Share-based payment reserve	343,910	343,910
Deficit	(1,174,045)	(1,112,338)
<b>Total shareholders' equity</b>	<b>337,165</b>	<b>398,872</b>
<b>Total liabilities and shareholders' equity</b>	<b>399,693</b>	<b>451,086</b>

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance by the Board of Directors on February 27, 2019:

/s/ "Ritchie Wigham"

Ritchie Wigham, Director

/s/ "Jaskarn Rai"

Jaskarn Rai, Director

(The accompanying notes are an integral part of these condensed financial statements)

**SLAVE LAKE ZINC CORP.**

Condensed statements of operations and comprehensive loss  
(Expressed in Canadian dollars)  
(unaudited)

	Three months ended December 31, 2019 \$	Three months ended December 31, 2018 \$
Expenses		
Investor relations	6,957	885
Management fees (Note 4)	41,000	40,000
Office and miscellaneous	1,441	3,710
Professional fees	5,434	1,784
Share-based compensation (Note 6)	—	333,738
Transfer agent and filing fees	3,109	13,242
Travel	3,766	—
Total expenses	61,707	393,359
Net loss and comprehensive loss	(61,707)	(393,359)
Loss per share, basic and diluted	—	(0.01)
Weighted average common shares outstanding	32,894,500	31,278,543

(The accompanying notes are an integral part of these condensed financial statements)

**SLAVE LAKE ZINC CORP.**

Condensed statements of changes in equity  
(Expressed in Canadian dollars)  
(unaudited)

	Share capital		Special warrants \$	Share-based payment reserve \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$				
Balance, September 30, 2019	32,894,500	1,167,300	–	343,910	(1,112,338)	398,872
Net loss for the period	–	–	–	–	(61,707)	(61,707)
Balance, December 31, 2019	32,894,500	1,167,300	–	343,910	(1,174,045)	337,165
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Balance, September 30, 2018	26,700,000	600,500	566,800	–	(495,338)	671,962
Shares exchanged for special warrants	6,194,500	566,800	(566,800)	–	–	–
Fair value of stock options granted	–	–	–	333,738	–	333,738
Net loss for the period	–	–	–	–	(393,359)	(393,359)
Balance, December 31, 2018	32,894,500	1,167,300	–	333,738	(888,697)	612,341

(The accompanying notes are an integral part of these condensed financial statements)

**SLAVE LAKE ZINC CORP.**

Condensed statements of cash flows  
(Expressed in Canadian dollars)  
(unaudited)

	Three months ended December 31, 2019 \$	Three months ended December 31, 2018 \$
Operating activities:		
Net loss	(61,707)	(393,359)
Items not involving cash:		
Share-based compensation	–	333,738
Changes in non-cash operating working capital:		
Amounts receivable	(625)	–
Accounts payable and accrued liabilities	434	(31,528)
Due to related parties	9,880	4,000
Net cash used in operating activities	(52,018)	(87,149)
Investing activities		
Exploration and evaluation asset expenditures	(8,000)	–
Net cash used in investing activities	(8,000)	–
Decrease in cash	(60,018)	(87,149)
Cash, beginning of period	209,924	545,305
Cash, end of period	149,906	458,156
Non-cash investing and financing activities		
Shares exchanged for special warrants	–	566,800

(The accompanying notes are an integral part of these condensed financial statements)

# SLAVE LAKE ZINC CORP.

Notes to the condensed financial statements  
Three months ended December 31, 2019  
(Expressed in Canadian dollars)  
(unaudited)

## 1. Nature of Operations and Continuance of Business

Slave Lake Zinc Corp. (the "Company") was incorporated in the province of the British Columbia on September 14, 2016. The Company's principal business activities include the acquisition and exploration of mineral property assets located in North West Territories, Canada. The Company's head office is located at 8978 Lindsay Place, Surrey, BC, V3V 6E3.

These condensed financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2019, the Company has no source of recurring revenue, generates negative cash flows from operating activities, and has an accumulated deficit of \$1,174,045. These factors raise significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

## 2. Significant Accounting Policies

### (a) Basis of Presentation

These condensed financial statements have been prepared in accordance with International Financial Reporting Standards applicable to interim financial information, as outlined in International Accounting Standard ("IAS") 34, "Interim Financial Reporting" and using the accounting policies consistent with those in the audited financial statements as at and for the year ended September 30, 2019.

These condensed financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended September 30, 2019. Interim results are not necessarily indicative of the results expected for the fiscal year.

### (b) Accounting Standards Issued But Not Yet Effective

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. Exploration and Evaluation Assets

The Company acquired the Property, a mineral claim ("MWK"), tag # F97540 in the South Slave region of the Northwest Territories, NTS Map 75E05, pursuant to a mineral property acquisition agreement (the "Acquisition Agreement") dated for reference February 7, 2017 among the Company as purchaser, Jaskarn Singh Rai, Ritchie John Wigham, Glen Colin Macdonald and Max Braden as vendors (the "Vendors") and 1089621 B.C. Ltd. as royalty holder (the "Royalty Holder"). Each of the Vendors is a founder and director of the Company and was a director of the Company at the time of entering into the Acquisition Agreement. Pursuant to the Acquisition, the Company acquired a 100% right, title, and interest in and to the Property, subject to a 3.5% net smelter returns royalty, by making a cash payment of \$1 to each of the Vendors. The acquisition of the Property by the Company was formalized by the Acquisition Agreement. The Property is subject to a 3.5% net smelter returns royalty (the "Royalty") to the Royalty Holder. The Company has the right to purchase 2/7<sup>th</sup> of the Royalty from the Royalty Holder at any time for \$1,000,000 after which the Royalty will be reduced to 2.5% of net smelter returns. After payment of \$1,000,000 the Company has the right to purchase 2/5<sup>th</sup> of the remaining Royalty for \$2,000,000 at any time after which the Royalty rate will be reduced to 1.5% of net smelter returns. The Property has a 10 kilometer area of interest, and any mineral claims or properties interest within this area that any of the Vendors and/or associated parties acquires, through staking or otherwise, will become part of the Acquisition Agreement and be subject to the Royalty.

## SLAVE LAKE ZINC CORP.

Notes to the condensed financial statements  
Three months ended December 31, 2019  
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### 3. Exploration and Evaluation Assets (continued)

On June 28, 2018, the Company entered into a 21-year lease commencing on August 30, 2016 with the Minister of Department of Indian Affairs and Northern Development. The claim is 188.12 hectares and has an annual rental fee of \$470 payable to the Minister of Department of Indian Affairs and Northern Development and there is no other capital commitment required to maintain the lease.

	\$
Balance, September 30, 2019	239,104
Geological (Note 4)	8,000
Balance, December 31, 2019	247,104

### 4. Related Party Transactions

- (a) As at December 31, 2019, the Company owed \$5,043 (September 30, 2019 - \$3,163) to the President of the Company which is non-interest bearing, unsecured, and due on demand.
- (b) As at December 31, 2019, the Company owed \$6,565 (September 30, 2019 - \$3,565) to the Chief Executive Officer of the Company which is non-interest bearing, unsecured, and due on demand.
- (c) As at December 31, 2019, the Company owed \$11,000 (September 30, 2019 - \$8,000) to the Chief Financial Officer of the Company which is non-interest bearing, unsecured, and due on demand.
- (d) As at December 31, 2019, the Company owed \$17,384 (September 30, 2019 - \$15,384) to directors of the Company which is non-interest bearing, unsecured, and due on demand.
- (e) During the three months ended December 31, 2019, the Company incurred management fees of \$18,000 (2018 - \$18,000) to the President of the Company.
- (f) During the three months ended December 31, 2019, the Company incurred management fees of \$18,000 (2018 - \$18,000) to the Chief Executive Officer of the Company.
- (g) During the three months ended December 31, 2019, the Company incurred management fees of \$3,000 (2018 - \$3,000) to the Chief Financial Officer of the Company.
- (h) During the three months ended December 31, 2019, the Company incurred management fees of \$2,000 (2018 - \$1,000) to directors of the Company.
- (i) During the three months ended December 31, 2019, the Company incurred geological fees of \$8,000 (2018 - \$nil) to a director of the Company.

### 5. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, September 30, 2019 and December 31, 2019	3,097,250	0.30

## SLAVE LAKE ZINC CORP.

Notes to the condensed financial statements  
Three months ended December 31, 2019  
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### 5. Share Purchase Warrants (continued)

As at September 30, 2019, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
3,097,250	0.30	October 24, 2020

### 6. Stock Options

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Balance, September 30, 2019 and December 31, 2019	4,325,000	0.10

Additional information regarding stock options outstanding as at September 30, 2019 is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of options	Weighted average contractual life (years)	Weighted average exercise price \$
0.10	4,200,000	0.8	0.10
0.125	125,000	1.1	0.125
	4,325,000	0.8	0.10

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends or forfeitures and the following weighted average assumptions:

	Three months ended December 31, 2019	Three months ended December 31, 2018
Risk-free interest rate	—	2.28%
Expected life (in years)	—	2
Expected volatility	—	177%

The total fair value of the stock options granted during the three months ended December 31, 2019 was \$nil (2018 - \$333,738) which was recorded as share-based payment reserve and charged to operations. The weighted average grant date fair value of stock options granted during the three months ended December 31, 2019 was \$nil (2018 - \$0.08) per option.