

SLAVE LAKE ZINC CORP.

Financial Statements

Three Months Ended December 31, 2020

(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 condensed financial statements.

SLAVE LAKE ZINC CORP.Condensed Statements of Financial Position
(Expressed in Canadian dollars)

	December 31, 2020 \$	September 30, 2020 \$
	(unaudited)	
Assets		
Current assets		
Cash	97,371	111,373
Amounts receivable	4,912	4,551
Prepaid expenses and deposits	5,000	787
Total assets	107,283	116,711
Non-current assets		
Exploration and evaluation assets (Note 3)	247,574	247,574
Total assets	354,857	364,285
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	27,249	23,298
Due to related parties (Note 4)	169,992	132,992
Total liabilities	197,241	156,290
Shareholders' equity		
Share capital	1,274,977	1,274,977
Share-based payment reserve	483,968	321,118
Deficit	(1,601,329)	(1,388,100)
Total shareholders' equity	157,616	207,995
Total liabilities and shareholders' equity	354,857	364,285

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 6)

Approved and authorized for issuance by the Board of Directors on February 26, 2021:

/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, 2020 \$	Three months ended December 31, 2019 \$
Expenses		
Investor relations	23	6,957
Management fees (Note 4)	41,000	41,000
Office and miscellaneous	1,288	1,441
Professional fees	3,205	5,434
Share-based compensation (Notes 4 and 5)	162,850	–
Transfer agent and filing fees	4,863	3,109
Travel	–	3,766
Total expenses	213,229	61,707
Net loss and comprehensive loss	(213,229)	(61,707)
Loss per share, basic and diluted	(0.01)	–
Weighted average common shares outstanding	33,494,500	32,894,500

(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, 2020	33,494,500	1,274,977	–	321,118	(1,388,100)	207,995
Fair value of stock options granted	–	–	–	162,850	–	162,850
Net loss for the period	–	–	–	–	(213,229)	(213,229)
Balance, December 31, 2020	33,494,500	1,274,977	–	483,968	(1,601,329)	157,616
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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

(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, 2020 \$	Three months ended December 31, 2019 \$
Operating activities:		
Net loss	(213,229)	(61,707)
Items not involving cash:		
Share-based compensation	162,850	–
Changes in non-cash operating working capital:		
Amounts receivable	(361)	(625)
Prepaid expenses	(4,213)	–
Accounts payable and accrued liabilities	3,951	434
Due to related parties	37,000	9,880
Net cash used in operating activities	(14,002)	(52,018)
Investing activities		
Exploration and evaluation asset expenditures	–	(8,000)
Net cash used in investing activities	–	(8,000)
Decrease in cash	(14,002)	(60,018)
Cash, beginning of period	111,373	209,924
Cash, end of period	97,371	149,906

(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, 2020
(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 207 St. Patrick's Avenue, North Vancouver, BC, V7L 3N3.

On November 7, 2018, the Company completed its Initial Public Offering and the Company's common shares are listed on the Canadian Securities Exchange ("CSE") under the trading symbol "SLZ".

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

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, 2020, the Company has no source of recurring revenue, generates negative cash flows from operating activities, has a working capital deficit of \$89,958, and has an accumulated deficit of \$1,601,329. 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, 2020.

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, 2020. 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.

SLAVE LAKE ZINC CORP.

Notes to the Condensed Financial Statements
Three Months Ended December 31, 2020
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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 2/7th 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 2/5th 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.

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.

4. Related Party Transactions

- (a) As at December 31, 2020, the Company owed \$62,043 (September 30, 2020 - \$44,043) to the President of the Company which is non-interest bearing, unsecured, and due on demand.
- (b) As at December 31, 2020, the Company owed \$59,565 (September 30, 2020 - \$45,565) to the Chief Executive Officer of the Company which is non-interest bearing, unsecured, and due on demand.
- (c) As at December 31, 2020, the Company owed \$23,000 (September 30, 2020 - \$20,000) to the Chief Financial Officer of the Company which is non-interest bearing, unsecured, and due on demand.
- (d) As at December 31, 2020, the Company owed \$25,384 (September 30, 2020 - \$23,384) to directors of the Company which is non-interest bearing, unsecured, and due on demand.
- (e) During the three months ended December 31, 2020, the Company incurred management fees of \$18,000 (2019 - \$18,000) to the President of the Company.
- (f) During the three months ended December 31, 2020, the Company incurred management fees of \$18,000 (2019 - \$18,000) to the Chief Executive Officer of the Company.
- (g) During the three months ended December 31, 2020, the Company incurred management fees of \$3,000 (2019 - \$3,000) to the Chief Financial Officer of the Company.
- (h) During the three months ended December 31, 2020, the Company incurred management fees of \$2,000 (2019 - \$2,000) to directors of the Company.
- (i) During the three months ended December 31, 2020, the Company incurred geological fees of \$nil (2019 - \$8,000) to a director of the Company.
- (j) During the three months ended December 31, 2020, the Company granted 3,900,000 stock options with a fair value of \$162,850 to officers and directors of the Company.

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(Expressed in Canadian dollars)
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5. Stock Options

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

	Number of options	Weighted average exercise price \$
Balance, September 30, 2020	3,900,000	0.10
Granted	3,900,000	0.10
Expired	(3,600,000)	0.10
Balance, December 31, 2020	4,200,000	0.10

Additional information regarding stock options outstanding as at December 31, 2020 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	1.8	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, 2020	Three months ended December 31, 2019
Risk-free interest rate	0.23%	—
Expected life (in years)	2	—
Expected volatility	135%	—

The total fair value of the stock options granted during the three months ended December 31, 2020 was \$162,850 (2019 - \$nil) 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, 2020 was \$0.04 (2019 - \$nil) per option.

6. Subsequent Events

- (a) On February 18, 2021, the Company issued a convertible note for proceeds of \$650,000. The note bears interest at 5% per annum and is due on August 18, 2022. The note is convertible into common shares of the Company at \$0.08 per share. If the closing stock price of the Company's common shares is above \$0.20 for 20 consecutive trading days (provided it has traded on at least 13 of those days), the Company may on written notice require such amount of the principal amount to be converted to common shares of the Company. In connection with the convertible note, the Company issued 8,125,000 share purchase warrants exercisable at \$0.15 per common share expiring on February 18, 2025.
- (b) On February 22, 2021, the Company granted 200,000 stock options exercisable at \$0.10 per common share expiring on February 22, 2023 to a consultant.