

SLAVE LAKE ZINC CORP.

Condensed Financial Statements
Three and Nine Months Ended June 30, 2021
(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)

	June 30, 2021 \$	September 30, 2020 \$
	(unaudited)	
Assets		
Current assets		
Cash	542,070	111,373
GST receivable	21,448	4,551
Prepaid expenses and deposits	68,194	787
Total current assets	631,712	116,711
Non-current assets		
Exploration and evaluation assets (Note 3)	316,818	247,574
Total assets	948,530	364,285
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	19,665	23,298
Due to related parties (Note 4)	183,771	132,992
Total current liabilities	203,436	156,290
Non-current liabilities		
Convertible debt (Note 5)	465,279	–
Total liabilities	668,715	156,290
Shareholders' equity		
Share capital (Note 6)	1,734,977	1,274,977
Share-based payment reserve (Notes 5 and 8)	988,366	321,118
Equity portion of convertible debt (Note 5)	117,976	–
Deficit	(2,561,504)	(1,388,100)
Total shareholders' equity	279,815	207,995
Total liabilities and shareholders' equity	948,530	364,285

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance by the Board of Directors on August 27, 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 June 30, 2021 \$	Three months ended June 30, 2020 \$	Nine months ended June 30, 2021 \$	Nine months ended June 30, 2020 \$
Expenses				
Consulting fees	168,405	—	271,805	—
Investor relations	1,626	997	2,616	8,856
Management fees (Note 4)	41,000	41,000	123,000	123,000
Office and miscellaneous	270	307	2,654	2,614
Professional fees	7,289	6,431	22,682	14,011
Share-based compensation (Notes 4 and 8)	—	—	177,507	—
Transfer agent and filing fees	14,187	5,903	26,104	15,298
Travel	—	—	—	3,766
Total expenses	232,777	54,638	626,368	167,545
Loss before other expenses	(232,777)	(54,638)	(626,368)	(167,545)
Other expenses				
Accretion of discount on convertible debt (Note 5)	(36,037)	—	(45,455)	—
Interest expense (Note 5)	(7,959)	—	(501,581)	—
Total other expenses	(43,996)	—	(547,036)	—
Net loss and comprehensive loss	(276,773)	(54,638)	(1,173,404)	(167,545)
Loss per share, basic and diluted	(0.01)	—	(0.03)	(0.01)
Weighted average common shares outstanding	37,659,335	32,894,500	34,970,690	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		Share-based payment reserve	Equity portion of convertible debt	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
Shares issued for cash	4,000,000	360,000	—	—	—	360,000
Equity portion of convertible debt	—	—	—	117,976	—	117,976
Shares issued for conversion of debt	1,250,000	100,000	—	—	—	100,000
Fair value of share purchase warrants issued	—	—	489,741	—	—	489,741
Fair value of stock options granted	—	—	177,507	—	—	177,507
Net loss for the period	—	—	—	—	(1,173,404)	(1,173,404)
Balance, June 30, 2021	38,744,500	1,734,977	988,366	117,976	(2,561,504)	279,815
Balance, September 30, 2020	32,894,500	1,167,300	343,910	—	(1,112,338)	398,872
Net loss for the period	—	—	—	—	(167,545)	(167,545)
Balance, June 30, 2020	32,894,500	1,167,300	343,910		(1,279,883)	231,327

(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)

	Nine months ended June 30, 2021 \$	Nine months ended June 30, 2020 \$
Operating activities:		
Net loss	(1,173,404)	(167,545)
Items not involving cash:		
Accretion of discount on convertible debt	45,455	—
Fair value of share purchase warrants issued for financing cost	489,741	—
Share-based compensation	177,507	—
Changes in non-cash operating working capital:		
Amounts receivable	(16,897)	(2,229)
Prepaid expenses and deposits	(67,407)	(26,365)
Accounts payable and accrued liabilities	(3,633)	(11,303)
Due to related parties	50,779	61,880
Net cash used in operating activities	(497,859)	(145,562)
Investing activities		
Exploration and evaluation asset expenditures	(69,244)	(8,000)
Net cash used in investing activities	(69,244)	(8,000)
Financing activities		
Proceeds from issuance of convertible debt	550,000	—
Debt issuance costs	(12,200)	—
Proceeds from shares issued	460,000	—
Net cash provided by financing activities	997,800	—
Change in cash	430,697	(153,562)
Cash, beginning of period	111,373	209,924
Cash, end of period	542,070	56,362

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

SLAVE LAKE ZINC CORP.

Notes to the Condensed Financial Statements
Nine Months Ended June 30, 2021
(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. Patricks 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 June 30, 2021, the Company has no source of recurring revenue, generates negative cash flows from operating activities, and has an accumulated deficit of \$2,561,504. 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
Nine Months Ended June 30, 2021
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3. Exploration and Evaluation Assets

	\$
Balance, September 30, 2020	247,574
Claims lease fees	941
Surveys	68,303
Balance, June 30, 2021	316,818

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 June 30, 2021, the Company owed \$67,322 (September 30, 2020 - \$44,043) to the President of the Company which is non-interest bearing, unsecured, and due on demand. During the nine months ended June 30, 2021, the Company incurred management fees of \$54,000 (2020 - \$54,000) to the President of the Company.
- (b) As at June 30, 2021, the Company owed \$65,565 (September 30, 2020 - \$45,565) to the Chief Executive Officer of the Company which is non-interest bearing, unsecured, and due on demand. During the nine months ended June 30, 2021, the Company incurred management fees of \$54,000 (2020 - \$54,000) to the Chief Executive Officer of the Company.
- (c) As at June 30, 2021, the Company owed \$29,000 (September 30, 2020 - \$20,000) to the Chief Financial Officer of the Company which is non-interest bearing, unsecured, and due on demand. During the nine months ended June 30, 2021, the Company incurred management fees of \$9,000 (2020 - \$9,000) to the Chief Financial Officer of the Company.
- (d) As at June 30, 2021, the Company owed \$21,884 (September 30, 2020 - \$23,384) to directors of the Company which is non-interest bearing, unsecured, and due on demand. During the nine months ended June 30, 2021, the Company incurred management fees of \$6,000 (2020 - \$6,000) to directors of the Company.
- (e) During the nine months ended June 30, 2021, the Company incurred geological fees of \$nil (2020 - \$8,000) to a director of the Company.

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4. Related Party Transactions (continued)

- (f) During the nine months ended June 30, 2021, the Company granted 3,900,000 stock options with a fair value of \$162,850 (2020 - \$nil) to officers and directors of the Company.

5. Convertible Debt

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. The Company also incurred debt issuance costs of \$12,200 which was recorded as a reduction of the carrying value of the convertible note.

The convertible note was recorded using the residual method, where the convertible note was bifurcated into a debt component and equity component which is comprised of the embedded conversion feature. The fair value of the liability component at the time of issuance was determined to be \$532,024 using a net present value calculation assuming a discount rate of 20% per annum. As a result, the value of the equity component of \$117,976 was recorded in equity component of convertible debt and an equivalent discount on the convertible note which will be accreted to the face value of \$650,000 over the term of the note. During the period ended June 30, 2021, \$100,000 was converted into common shares. Refer to Note 6(b). During the period ended June 30, 2021, the Company recognized accretion expense of \$45,455, which brings the carrying value to \$465,279 as at June 30, 2021.

The fair value of the share purchase warrants was calculated using the Black-Scholes option pricing model assuming no expected dividends or forfeitures and the following assumptions: volatility of 143%, expected life of 4 years, and a risk-free rate of 0.49%. The fair value of \$489,741 was recorded as share-based payment reserve and interest expense.

6. Share Capital

- (a) On March 25, 2021, the Company issued 4,000,000 units at \$0.09 per unit for proceeds of \$360,000, of which \$45,000 was receivable as at March 31, 2021. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.15 per common share expiring on March 25, 2023.
- (b) On June 18, 2021, the Company issued 1,250,000 common shares pursuant to the conversion of \$100,000 of the convertible debt. Refer to Note 5.

7. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, September 30, 2020	3,097,250	—
Issued	12,125,000	0.16
Expired	(3,097,250)	0.30
Balance, June 30, 2021	12,125,000	0.16

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7. Share Purchase Warrants (continued)

As at June 30, 2021, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
4,000,000	0.18	March 25, 2023
8,125,000	0.15	February 18, 2025
<u>12,125,000</u>		

8. 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	4,100,000	0.10
Expired	(3,600,000)	0.10
<u>Balance, June 30, 2021</u>	<u>4,400,000</u>	<u>0.10</u>

Additional information regarding stock options outstanding as at June 30, 2021 is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of options	Weighted average contractual life (years)	Weighted average exercise price \$
0.10	4,400,000	1.4	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:

	Nine months ended June 30, 2021	Nine months ended June 30, 2020
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 nine months ended June 30, 2021 was \$177,507 (2020 - \$nil). The weighted average grant date fair value of stock options granted during the nine months ended June 30, 2021 was \$0.04 (2020 - \$nil) per option.