

**SLAVE LAKE ZINC CORP.**

Financial Statements

Six Months Ended March 31, 2023

(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, SHIM & Associates LLP, have not performed a review of these condensed financial statements.

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

	March 31, 2023 \$	September 30, 2022 \$
	(unaudited)	
Assets		
Current assets		
Cash	101,432	174,310
GST receivable	46,742	40,192
Prepaid expenses	226,797	2,000
Total assets	374,971	216,502
Non-current assets		
Exploration and evaluation assets (Note 3)	621,070	616,276
Total assets	996,041	832,778
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	25,846	29,192
Convertible debt (Note 5)	150,000	150,000
Due to related parties (Note 4)	15,472	244,771
Total liabilities	191,318	423,963
Shareholders' equity		
Share capital (Note 6)	3,366,440	2,497,729
Share-based payment reserve (Notes 6 and 8)	921,198	867,353
Equity portion of convertible debt	27,225	27,225
Deficit	(3,510,140)	(2,983,492)
Total shareholders' equity	804,723	408,815
Total liabilities and shareholders' equity	996,041	832,778

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance by the Board of Directors on May 26, 2023:

/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 March 31, 2023 \$	Three months ended March 31, 2022 \$	Six months ended March 31, 2023 \$	Six months ended March 31, 2022 \$
<b>Expenses</b>				
Consulting fees	–	11,428	–	25,363
Investor relations	115,424	956	293,588	956
Management fees (Note 4)	41,000	41,000	82,000	82,000
Office and miscellaneous	1,616	3,501	3,880	5,030
Professional fees	6,547	8,983	11,524	11,120
Share-based compensation (Notes 4 and 8)	–	–	121,574	–
Transfer agent and filing fees	9,035	6,131	15,709	9,126
Travel	–	–	7,712	–
<b>Total expenses</b>	<b>173,622</b>	<b>71,999</b>	<b>535,987</b>	<b>133,595</b>
<b>Loss before other income (expense)</b>	<b>(173,622)</b>	<b>(71,999)</b>	<b>(535,987)</b>	<b>(133,595)</b>
<b>Other income (expense)</b>				
Accretion of discount on convertible debt	–	(18,602)	–	(37,024)
Interest expense	(1,875)	(6,875)	(3,750)	(13,750)
Gain on settlement of debt (Note 6)	13,089	–	13,089	–
<b>Total other income (expense)</b>	<b>11,214</b>	<b>(25,477)</b>	<b>9,339</b>	<b>(50,774)</b>
<b>Net loss and comprehensive loss</b>	<b>(162,408)</b>	<b>(97,476)</b>	<b>(526,648)</b>	<b>(184,369)</b>
<b>Loss per share, basic and diluted</b>	<b>–</b>	<b>–</b>	<b>(0.01)</b>	<b>–</b>
<b>Weighted average common shares outstanding</b>	<b>52,934,698</b>	<b>38,747,833</b>	<b>51,025,829</b>	<b>38,746,148</b>

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

## SLAVE LAKE ZINC CORP.

Condensed Statements of Changes in Shareholders' Equity (Deficit)  
(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, 2022	45,917,500	2,497,729	867,353	27,225	(2,983,492)	408,815
Shares issued for cash	3,970,000	397,000	–	–	–	397,000
Share issuance costs	–	(6,900)	–	–	–	(6,900)
Shares issued pursuant to the exercise of stock options	1,622,000	229,929	(67,729)	–	–	162,200
Fair value of stock options granted	–	–	121,574	–	–	121,574
Shares issued to settle debt	2,617,710	248,682	–	–	–	248,682
Net loss for the period	–	–	–	–	(526,648)	(526,648)
Balance, March 31, 2023	54,127,210	3,366,440	921,198	27,225	(3,510,140)	804,723

	Share capital		Share-based payment reserve \$	Equity portion of convertible debt \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$				
Balance, September 30, 2021	38,744,500	1,731,723	498,625	99,826	(2,183,360)	146,814
Shares issued pursuant to the exercise of stock options	300,000	42,527	(12,527)	–	–	30,000
Net loss for the period	–	–	–	–	(184,369)	(184,369)
Balance, March 31, 2022	39,044,500	1,774,250	486,098	99,826	(2,367,729)	(7,555)

(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)

	Six months ended March 31, 2023 \$	Six months ended March 31, 2022 \$
Operating activities:		
Net loss	(526,648)	(184,369)
Items not involving cash:		
Accretion of discount on convertible debt		37,024
Gain on settlement of debt	(13,089)	–
Share-based compensation	121,574	–
Changes in non-cash operating working capital:		
Amounts receivable	(6,550)	(3,031)
Prepaid expenses and deposits	(224,797)	(40,000)
Accounts payable and accrued liabilities	(3,346)	(26,366)
Due to related parties	32,472	10,000
Net cash used in operating activities	(620,384)	(206,742)
Investing activities		
Exploration and evaluation asset expenditures	(4,794)	(4,000)
Net cash used in investing activities	(4,794)	(4,000)
Financing activities		
Proceeds from issuance of units	397,000	–
Share issuance costs	(6,900)	–
Proceeds from exercise of stock options	162,200	30,000
Net cash provided by financing activities	552,300	30,000
Change in cash	(72,878)	(180,742)
Cash, beginning of period	174,310	435,258
Cash, end of period	101,432	254,516
Non-cash investing and financing activities:		
Fair value of stock options transferred from share-based payment reserve to share capital	67,729	12,527
Fair value of shares issued to settle related party debt	248,682	–

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

## **SLAVE LAKE ZINC CORP.**

Notes to the Condensed Consolidated Financial Statements  
Six Months Ended March 31, 2023  
(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 the Northwest 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”.

These condensed consolidated 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. During the period ended March 31, 2023, the Company has not generated any revenues and incurred negative cash flow from operating activities. As at March 31, 2023, the Company has an accumulated deficit of \$3,510,140. 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 factors may cast significant doubt about the Company’s ability to continue as a going concern. These condensed consolidated 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 consolidated 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 consolidated financial statements as at and for the year ended September 30, 2022.

These condensed consolidated 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, 2022. Interim results are not necessarily indicative of the results expected for the fiscal year.

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

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2023, and have not been early adopted in preparing these condensed consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

## SLAVE LAKE ZINC CORP.

Notes to the Condensed Consolidated Financial Statements  
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### 3. Exploration and Evaluation Assets

#### O'Connor Lake Property

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.

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, 2022	616,276
Assays	4,244
Geological and geophysics	550
Balance, March 31, 2023	621,070

### 4. Related Party Transactions

- (a) As at March 31, 2023, the Company owed \$5,835 (September 30, 2022 - \$85,322) to the President of the Company which is non-interest bearing, unsecured, and due on demand. During the six months ended March 31, 2023, the Company incurred management fees of \$36,000 (2021 - \$36,000) to the President of the Company.
- (b) As at March 31, 2023, the Company owed \$4,637 (September 30, 2022 - \$83,565) to the Chief Executive Officer of the Company which is non-interest bearing, unsecured, and due on demand. During the six months ended March 31, 2023, the Company incurred management fees of \$36,000 (2021 - \$36,000) to the Chief Executive Officer of the Company.
- (c) As at March 31, 2023, the Company owed \$3,000 (September 30, 2022 - \$44,000) to the Chief Financial Officer of the Company which is non-interest bearing, unsecured, and due on demand. During the six months ended March 31, 2023, the Company incurred management fees of \$6,000 (2021 - \$6,000) to the Chief Financial Officer of the Company.
- (d) As at March 31, 2023, the Company owed \$2,000 (September 30, 2022 - \$31,884) to directors of the Company which is non-interest bearing, unsecured, and due on demand. During the six months ended March 31, 2023, the Company incurred management fees of \$4,000 (2021 - \$4,000) to directors of the Company.



## SLAVE LAKE ZINC CORP.

Notes to the Condensed Consolidated Financial Statements

Six Months Ended March 31, 2023

(Expressed in Canadian dollars)

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### 4. Related Party Transactions (continued)

- (e) During the six months ended March 31, 2023, the Company incurred geological fees of \$nil (2021 - \$3,000) to a director of the Company.
- (f) During the six months ended March 31, 2023, the Company granted 1,327,000 (2021 - nil) stock options with a fair value of \$81,603 (2021 - \$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 and share purchase warrants. 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 year ended September 30, 2022 the Company recognized accretion expense of \$52,097, which brings the carrying value to \$150,000.

	\$
Balance, September 30, 2022 and March 31, 2023	150,000

### 6. Share Capital

- (a) On November 2, 2022, the Company issued 1,622,000 common shares for proceeds of \$162,200 pursuant to the exercise of stock options. Included in this issuance were 1,622,000 common shares issued for proceeds of \$160,200 to the Chief Executive Officer and a director of the Company. The fair value of the stock options exercised of \$67,729 was transferred from share-based payment reserve to share capital.
- (b) On November 10, 2022, the Company issued 3,970,000 units at \$0.10 per unit for proceeds of \$397,000. Included in this issuance were 2,330,000 units issued for proceeds of \$233,000 to the Chief Executive Officer and Chief Financial Officer of the Company. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.15 per common share expiring on November 10, 2024. The Company incurred share issuance costs of \$6,900 in connection with this private placement.
- (c) On February 10, 2023, the Company issued 2,617,710 common shares with a fair value of \$248,682 to settle amounts owed to officers and directors of the Company totaling \$261,771. This resulted in a gain on settlement of \$13,089.

## SLAVE LAKE ZINC CORP.

Notes to the Condensed Consolidated Financial Statements  
Six Months Ended March 31, 2023  
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### 7. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, September 30, 2022	12,125,000	0.16
Issued	3,970,000	0.15
Expired	(4,000,000)	0.18
Balance March 31, 2023	12,095,000	0.15

As at March 31, 2023, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
3,970,000	0.15	November 10, 2024
8,125,000	0.15	February 18, 2025
12,095,000		

### 8. Stock Options

On June 21, 2018, the Company adopted an incentive stock option plan (the "Option Plan"). The maximum number of shares reserved for issuance upon exercise of options granted shall not exceed 15% of the issued and outstanding common shares of the Company. The option period shall not exceed ten years from the date of grant. Under the Option Plan, the subscription price in respect of any option shall be set in accordance with the applicable policies of the CSE. The number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares in any twelve month period or any aggregate maximum of 1% if the optionee(s) are engaged in investor relations activities or if the optionee is a consultant, no more than 2% per consultant in any twelve month period. The Option Plan contains no vesting requirements.

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

	Number of stock options	Weighted average exercise price \$
Balance, September 30, 2022	6,652,000	0.12
Granted	1,977,000	0.10
Exercised	(1,622,000)	0.10
Cancelled	(250,000)	0.105
Expired	(305,000)	0.10
Balance, March 31, 2023	6,452,000	0.12

## SLAVE LAKE ZINC CORP.

Notes to the Condensed Consolidated Financial Statements  
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### 8. Stock Options (continued)

Additional information regarding stock options outstanding as at March 31, 2023 is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.10 to 0.105	3,802,000	1.5	0.10
0.15	2,650,000	1.1	0.15
	6,452,000	1.3	0.12

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:

	2023	2022
Risk-free interest rate	4.13%	—
Expected life (in years)	2	—
Expected volatility	175%	—

The total fair value of the stock options granted during the six months ended March 31, 2023 was \$121,574 (2021 - \$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 six months ended March 31, 2023 was \$0.08 (2022 - \$nil) per option. For the six months ended March 31, 2023, the weighted average fair value of the common shares issued upon the exercise of stock options was \$0.08 (2021 - \$nil) per share.

### 9. Financial Instruments and Risk Management

#### (a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, accounts payable and accrued liabilities, convertible debt, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

#### (b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

## SLAVE LAKE ZINC CORP.

Notes to the Condensed Consolidated Financial Statements  
Six Months Ended March 31, 2023  
(Expressed in Canadian dollars)  
(unaudited)

### 9. Financial Instruments and Risk Management (continued)

#### (c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

#### (d) 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 significant interest rate risk as it does not have any liabilities with variable rates.

#### (e) 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's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company relies on raising debt or equity financing in a timely manner.

The following amounts are the contractual maturities of financial liabilities as at March 31, 2023:

	Total	Within 1 year	Within 2-5 years
	\$	\$	\$
Accounts payable and accrued liabilities	25,846	25,846	–
Convertible debt	150,000	150,000	–
Due to related parties	15,472	15,472	–

#### (f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.