

# FIREWEED ZINC LTD.

(An Exploration Stage Company)

(Unaudited - Expressed in Canadian Dollars)

Condensed Interim Financial Statements

September 30, 2017

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### **Notice of non-review of condensed interim financial statements**

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In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators, notice is given that the attached condensed interim financial statements for the nine-month period ended September 30, 2017 have not been reviewed by the Company's auditors.

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# FIREWEED ZINC LTD.

Condensed Interim Statements of Financial Position as at  
(Unaudited - Expressed in Canadian Dollars)

	Note	September 30, 2017	December 31, 2016
<b>Assets</b>			
Current assets:			
Cash		\$ 1,482,098	\$ 72,214
Receivables		108,933	4,013
Prepaid expenses		633,374	1,950
		2,224,405	78,177
Equipment	5	9,001	-
Exploration and evaluation assets	4	1,996,494	101,971
		\$ 4,229,900	\$ 180,148

## Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	6,8	\$ 122,561	\$ 31,808
Shareholders' equity:			
Capital stock	7	4,674,623	270,500
Warrants reserve		105,565	-
Subscriptions received in advance		-	80,000
Deficit		(672,849)	(202,160)
		4,107,339	148,340
		\$ 4,229,900	\$ 180,148

Nature and continuance of operations (Note 1)

Commitment (Note 12)

On behalf of the Board:

“Brandon Macdonald” Director

“George Gorzynski” Director

The accompanying notes are an integral part of these condensed interim financial statements.

# FIREWEED ZINC LTD.

Condensed Interim Statements of Operations and Comprehensive Loss  
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
<b>Expenses</b>					
Consulting fees	8	\$ 39,550	\$ -	\$ 105,275	\$ -
Depreciation	5	1,261	-	1,801	-
Investor relations		72,710	-	173,461	-
Insurance expense		4,333	-	4,333	-
Office expenses		2,751	-	10,526	-
Professional fees		23,164	7,286	88,635	8,579
Property investigation		4,225	-	4,225	-
Rent		5,850	-	17,550	-
Transfer agent & filing fees		11,610	-	67,509	-
Travel		2,840	-	5,813	-
			-		-
Interest income		(7,896)		(8,439)	
<b>Net loss for the period</b>					
		\$ (160,398)	\$ (7,286)	\$ (470,689)	\$ (8,579)
<b>Loss per share – basic and diluted</b>					
		\$ (0.01)	\$ -	\$ (0.04)	\$ -
<b>Weighted average number of common shares outstanding – basic and diluted</b>					
		17,756,370	2,000,000	12,912,197	2,000,000

The accompanying notes are an integral part of these condensed interim financial statements.

# FIREWEED ZINC LTD.

Condensed Interim Statements of Cash Flows  
(Unaudited - Expressed in Canadian Dollars)

	Note	Nine months ended September 30, 2017	Nine months ended September 30, 2016
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (470,689)	\$ (8,579)
Adjustment for items not affecting cash:			
Depreciation		1,801	-
Change in non-cash working capital items:			
Receivables		(104,920)	(401)
Prepaid expenses		(631,424)	-
Accounts payable and accrued liabilities		40,216	8,980
		(1,165,016)	-
<b>INVESTING ACTIVITIES</b>			
Equipment	5	(10,801)	-
Exploration and evaluation assets	4	(1,843,987)	-
		(1,854,788)	-
<b>FINANCING ACTIVITIES</b>			
Capital stock, net of issuance costs	7	4,429,688	(300,000)
Subscription receivable		-	300,000
		4,429,688	-
Increase in cash		1,409,884	-
Cash, beginning of the period		72,214	-
Cash, end of the period		\$ 1,482,098	\$ -

Supplemental disclosures with respect to cash flows:

### Supplemental Schedule of Non-Cash Investing and Financing Activities

Exploration and evaluation expenditures included in accounts payable	\$	50,711	\$	-
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The accompanying notes are an integral part of these condensed interim financial statements.

## FIREWEED ZINC LTD.

Condensed Interim Statements of Changes in Shareholders' Equity  
(Unaudited - Expressed in Canadian Dollars)

		Capital Stock					
	Note	Shares	Amount	Warrants reserve	Subscriptions received in advance	Deficit	Total
<b>Balance at December 31, 2015</b>		3,200,000	\$ 800	\$ -	-	\$ (13,521)	\$ (12,721)
Issued for:							
Shares surrendered		(1,200,000)	(300)	-	-	-	(300)
Seed financings	7	3,700,000	270,000	-	-	-	270,000
Subscriptions received in advance	7	-	-	-	80,000	-	80,000
Loss for the year		-	-	-	-	(188,639)	(188,639)
<b>Balance at December 31, 2016</b>		5,700,000	\$ 270,500	\$ -	\$ 80,000	\$ (202,160)	\$ 148,340
Issued for:							
Seed financings	7	3,720,000	645,000	-	(80,000)	-	565,000
Initial public offering	7	8,336,370	3,759,123	105,565	-	-	3,864,688
Loss for the period		-	-	-	-	(470,689)	(470,689)
<b>Balance at September 30, 2017</b>		17,756,370	\$ 4,674,623	\$ 105,565	\$ -	\$ (672,849)	\$ 4,107,339

The accompanying notes are an integral part of these condensed interim financial statements.

# FIREWEED ZINC LTD.

Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2017  
(Unaudited - Expressed in Canadian Dollars)

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## 1. Nature and continuance of operations

Fireweed Zinc Ltd. (the “Company”) was incorporated under the Business Corporations Act of the Yukon in Canada on October 20, 2015. The Company is a mineral exploration and development company and is engaged in the acquisition, exploration and development of mineral assets. Currently the Company has one project, the Macmillan Pass Project which includes the Tom and Jason zinc-lead-silver deposits and MAC claims in Yukon, Canada. The Company is listed on the TSX Venture Exchange and trades under the symbol FWZ.

The Company’s head office and principal address is Suite 1020 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The registered and records office is 3081 3<sup>rd</sup> Avenue, Whitehorse, Yukon, Canada Y1A 4Z7.

The Company’s ability to continue operations is not assured and is dependent upon the ability of the Company to obtain necessary financing to meet the Company’s liabilities and commitments as they become due and the ability to generate future profitable production or operations or obtain sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. The condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. With the capital raised during last quarter, management believes that the Company has sufficient working capital to maintain its operations and activities for the next fiscal year.

These condensed interim financial statements are authorized for issue by the Board of Directors on November 22, 2017.

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 - Interim Financial Reporting. In addition, the condensed interim financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These interim financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2016. In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim financial statements. Interim results are not necessarily indicative of the results expected for the year ended December 31, 2017.

## 2. Basis of presentation

The condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, the condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## 3. Significant accounting policies

### a) New accounting policies

#### *Equipment*

Equipment is stated at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to profit and loss during the period in which they are incurred.

The major categories of equipment are amortized as follows:

Computer Hardware: 45% declining balance, and Exploration Equipment: 20% declining balance

# FIREWEED ZINC LTD.

Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2017  
(Unaudited - Expressed in Canadian Dollars)

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### 3. Significant accounting policies (cont'd...)

#### a) New accounting policies (cont'd...)

##### *Equipment (cont'd...)*

The Company allocates the amount initially recognized in respect of an item of equipment to its significant parts and amortizes separately each such part. Residual values, method of amortization and useful lives are reviewed annually and adjusted if appropriate. Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statements of loss and comprehensive loss.

##### *Share-Based Payments*

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

#### b) New significant estimates and judgments

The following are the critical judgments, estimates and assumptions that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the condensed interim financial statements.

##### *Share-based payments*

The Company measures share-based payments expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures.

#### c) New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.



# FIREWEED ZINC LTD.

Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2017  
(Unaudited - Expressed in Canadian Dollars)

## 4. Exploration and evaluation assets

<b>Macmillan Pass Project (Yukon, Canada)</b>	Note	<b>September 30, 2017</b>	<b>December 31, 2016</b>
Acquisition costs:			
Opening balance		\$ 100,000	\$ -
Additions during the period:			
Cash payments		200,030	100,000
<b>Total acquisition costs</b>		<b>300,030</b>	<b>100,000</b>
Exploration costs:			
Opening balance		1,971	-
Additions during the period:			
Assaying		38,196	-
Camp		412,158	-
Drilling		483,937	-
Field		5,350	-
Reporting		39,500	-
Geological Consulting	8	515,462	1,971
WCB		1,198	-
Engineering (Geophysics)		34,027	-
Travel & Support		37,885	-
Legal Fees		5,228	-
Permitting		973	-
Other		120,580	-
<b>Total exploration costs</b>		<b>1,696,464</b>	<b>1,971</b>
<b>Ending balance</b>		<b>\$ 1,996,494</b>	<b>\$ 101,971</b>

### Tom Jason, Yukon, Canada

On December 14, 2016, the Company entered into a two year option agreement with Hudbay Minerals Inc. ("Hudbay") whereby the Company can acquire a 100% interest in the Tom Jason zinc-lead-silver property by paying \$1,000,000 in cash, issuing such quantity of common shares in the capital of the Company as is equal to 15% of its issued and outstanding shares on a fully diluted basis but excluding shares issued for projects other than Tom Jason at the time the option is exercised, and incurring exploration expenditures of \$1,000,000 over two years or a prorated lesser amount if the option is exercised earlier than two years.

These terms are summarized as follows:

<b>Due Date</b>	<b>Cash</b>	<b>Common shares</b>	<b>Cumulative exploration expenditures</b>
December 14, 2016	\$ 100,000 (paid)	-	-
Earlier of the Company's IPO and exercise of the option	\$ 150,000 (paid)	-	-
December 14, 2017	-	-	\$ 250,000 (Completed)
Exercise of the option	\$ 750,000	15% of issued and outstanding shares	\$ 1,000,000 (Completed)

Upon exercise of the option, the Company will assume a pre-existing 3% net smelter royalty ("NSR") on the Jason claims to third parties but will then have the right to purchase at any time, 1.5% of the NSR for \$1,250,000 and the remaining 1.5% NSR for \$4,000,000. The Tom claims are not encumbered by any underlying royalties.

# FIREWEED ZINC LTD.

Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2017  
(Unaudited - Expressed in Canadian Dollars)

## 4. Exploration and evaluation assets (cont'd...)

On July 24, 2017, the Company entered into an option agreement with Newmont Canada Holdings, ULC (“Newmont”), whereby the Company can acquire a 100% interest in Newmont’s MAC claims located on the northwest extension of the Company’s Tom Jason claims by paying \$450,000 (\$50,000 paid) in staged cash payments over four years, maintaining the MAC claims in good standing, and granting Newmont certain royalty and first offer rights.

## 5. Equipment

	Exploration Equipment	Computer Hardware	Total
<b>Cost</b>			
As at December 31, 2016	\$ -	\$ -	\$ -
Additions	7,199	3,603	10,802
<b>Balance as at September 30, 2017</b>	<b>7,199</b>	<b>3,603</b>	<b>10,802</b>
<b>Depreciation</b>			
As at December 31, 2016	-	-	-
Charged for the period	(720)	(1,081)	(1,801)
<b>Balance as at September 30, 2017</b>	<b>(720)</b>	<b>(1,081)</b>	<b>(1,801)</b>
<b>Net book value</b>			
<b>As at December 31, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at September 30, 2017</b>	<b>\$ 6,479</b>	<b>\$ 2,522</b>	<b>\$ 9,001</b>

## 6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities mainly consist of payables to directors and to vendors for work completed on the Company’s project as well as accrual of auditors’ and income tax filing fees. The breakdowns of accounts payable and accrued liabilities are as follows:

	Note	September 30, 2017	December 31, 2016
Payable to directors	8	\$ 21,000	\$ 14,308
Payable to vendors		92,561	-
Accrued liabilities		9,000	17,500
		<b>\$ 122,561</b>	<b>\$ 31,808</b>

# FIREWEED ZINC LTD.

Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2017  
(Unaudited - Expressed in Canadian Dollars)

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## 7. Capital stock

The authorized capital stock of the Company consists of an unlimited number of common shares without nominal or par value.

### Issued and outstanding

As at September 30, 2017, the Company had 17,756,370 (December 31, 2016 – 5,700,000) common shares issued and outstanding.

#### Transactions for the period ended September 30, 2017

On January 5, 2017, 1,900,000 common shares were issued at \$0.10 per share for gross proceeds of \$190,000 upon closing of second tranche of \$0.10 seed financings. Of the \$190,000, \$80,000 was received in advance and included in subscriptions received in advance as at December 31, 2016.

On February 6, 2017, 1,680,000 common shares were issued at \$0.25 per share for gross proceeds of \$420,000.

On March 3, 2017, 140,000 common shares were issued at \$0.25 per share for gross proceeds of \$35,000.

On May 29, 2017, 8,050,000 common shares were issued at \$0.50 per share for gross proceeds of \$4,025,000 upon completion of the initial public offering (“IPO”). In connection with the IPO, the Company issued another 286,370 common shares at \$0.50 per share as commission to the agent, and 403,000 agents’ warrants, exercisable at \$0.50 for a period of two years from the date of grant. The Company also incurred \$160,312 in cash share issuance costs.

#### Transactions for the year ended December 31, 2016

On September 20, 2016, 1,200,000 of incorporation shares with a value of \$300 were surrendered and returned back to the Company.

On October 24, 2016, 2,000,000 common shares were issued at \$0.01 per share for gross proceeds of \$20,000. In connection with the issuance, share-based compensation of \$100,000 was recorded in profit and loss to reflect the fair value of the shares.

On October 25, 2016, 500,000 common shares were issued at \$0.06 per share for gross proceeds of \$30,000.

On December 12, 2016, 1,200,000 common shares were issued at \$0.10 per share for gross proceeds of \$120,000.

As at December 31, 2016, share subscriptions of \$80,000 for 800,000 common shares were received in advance for the second tranche of \$0.10 seed financings, which was closed on January 5, 2017 subsequent to the year-end.

#### Escrow shares

Pursuant to TSX Venture Exchange policies, 7,074,000 (December 31, 2016 – Nil) common shares issued in the IPO were held in escrow as at September 30, 2017. The common shares in escrow will be released in equal 15% tranches every 6 months from the listing date.

# FIREWEED ZINC LTD.

Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2017  
(Unaudited - Expressed in Canadian Dollars)

## 7. Capital stock (cont'd...)

### Stock options

On February 8, 2017, the Company adopted a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum numbers of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time and are exercisable within a maximum of ten (10) years. The vesting period for all options is at the discretion of the directors. The exercise price will be set by the directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

On April 26, 2017, the Company granted 1,380,000 stock options to directors, officers, employees, and consultants of the Company. The options entitle the holders to purchase one common share for each option held at \$0.50 until April 26, 2022. The fair value of the stock options of \$512,429 or \$0.37 per option was determined using the Black Scholes option valuation model with the assumptions indicated below.

	September 30, 2017	December 31, 2016
Risk-free interest rate	0.95%	-
Expected life of options	5 years	-
Annualized volatility	100%	-
Dividend rate	0.00%	-
Forfeiture rate	0.00%	-
Share price on grant date	\$0.50	-

The options vest evenly every 6 months, beginning 6 months after the grant date, for a period of 30 months. As no options have vested as of September 30, 2017, \$Nil (September 30, 2016 - \$Nil) share-based payment expense has been recognized in profit and loss.

### Agents' Warrants

In connection with the IPO, the Company granted 403,000 agents' warrants, exercisable at \$0.50 for a period of two years from the date of grant. The fair value of the agents warrants of \$105,565 was determined using the Black Scholes option valuation model with the assumptions indicated below.

	September 30, 2017	December 31, 2016
Risk-free interest rate	0.71%	-
Expected life of options	2 years	-
Annualized volatility	100%	-
Dividend rate	0.00%	-
Forfeiture rate	0.00%	-
Share price on grant date	\$0.50	-

The entire amount of the warrants was recorded directly to warrants reserve on the condensed interim statement of financial position.

## FIREWEED ZINC LTD.

Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2017  
(Unaudited - Expressed in Canadian Dollars)

### 8. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Compensation of key management was as follows:

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Brandon Macdonald, Director & CEO	\$ 77,500	\$ -
George Gorzynski, Director	37,000	-
	\$ 114,500	\$ -

The remuneration of key management personnel during the nine months ended September 30, 2017 was \$114,500 (2016 - \$nil), where \$53,025 was expensed to consulting fees and \$61,475 was capitalized to exploration and evaluation assets. As at September 30, 2017, \$21,000 (December 31, 2016 - \$14,308) owing to key management was included in accounts payable and accrued liabilities for consulting fees. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

### 9. Segmented information

The Company operates in one reportable segment, being the acquisition, exploration and development of mineral projects. All of the Company's operations are within the mineral exploration sector in Canada.

### 10. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. In the management of capital, the Company includes components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has or feels it can raise adequate financial resources to do so.

# FIREWEED ZINC LTD.

Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2017  
(Unaudited - Expressed in Canadian Dollars)

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## 11. Financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the statements of financial position. The fair value of the Company's other financial instruments, cash, under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets and liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Receivables consist of GST recoverable amounts from the Federal Government of Canada. The Company believes its exposure to credit risk is equal to the carrying value of this balance.

### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2017, the Company had a cash balance of \$1,482,098 (December 31, 2016 - \$72,214) to settle current liabilities of \$122,561 (December 31, 2016 - \$31,808). The Company believes it has sufficient funds to meet its current liabilities as they become due.

The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

### *Interest rate risk*

The Company has interest bearing cash balances and is at minimum risk to fluctuating interest rates.

### *Price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### *Foreign currency risk*

The Company operates predominately in Canada and is not exposed to any significant foreign currency risk.

## FIREWEED ZINC LTD.

Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2017  
(Unaudited - Expressed in Canadian Dollars)

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### 12. Commitment

On December 19, 2016, the Company granted but did not issue, 1,000,000 performance shares to each of four founders/directors for a total of 4,000,000 shares, in recognition of services to date and as incentive for continuing services in advancing the project and increasing shareholder value. These performance shares will be issued upon achievement of the following milestones:

<b>Number of shares to be issued</b>	<b>Milestone</b>
300,000	Preparation of a positive preliminary economic assessment of the Property (or any part of the Property thereof).
300,000	Increasing the mineral resources contained within the Property by at least 50% over the current stated mineral resources as stated in the 2007 Technical Report by D. Rennie (either by additional tonnage or increased total zinc+lead+silver content at similar or higher grade).
Balance <sup>(1)</sup>	Preparation of a positive Pre-Feasibility Study of the Property (or any part of the Property thereof).
Balance <sup>(1)</sup>	The effective disposition of greater than 50% of the Property or of the Company, whether by way of sale, business combination, joint venture or other similar form of transaction, demonstrating a value of at least \$10,000,000.

<sup>(1)</sup> Balance of the 1,000,000 performance shares which have not been previously issued will be issued upon the achievement of either one or the other of these two milestones.