

---

**SCOZINC MINING LTD.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED**  
**SEPTEMBER 30, 2018 AND 2017**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

---

**NOTICE TO READER**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**ScoZinc Mining Ltd.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

<b>As at</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
<b>ASSETS</b>		
Current		
Cash	\$ 568,988	\$ 1,052,743
Amounts receivable and prepaid expenses (Note 4)	119,117	71,283
	<b>688,105</b>	<b>1,124,026</b>
Cash held for reclamation (Note 3)	<b>3,108,642</b>	3,083,740
Property, plant and equipment (Note 5)	<b>8,126,167</b>	7,916,932
Exploration and evaluation assets (Note 6)	<b>6,962,536</b>	6,084,995
	<b>18,197,345</b>	<b>17,085,667</b>
	<b>\$ 18,885,450</b>	<b>\$ 18,209,693</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 358,461	\$ 100,542
Amounts payable to related parties (Note 13)	221,788	57,692
	<b>580,249</b>	<b>158,234</b>
Decommissioning liability (Note 8)	<b>2,600,000</b>	2,600,000
	<b>3,180,249</b>	<b>2,758,234</b>
<b>EQUITY</b>		
Share capital (Note 9)	<b>81,358,592</b>	80,251,853
Contributed surplus	<b>549,810</b>	490,270
Warrants (Note 9)	<b>318,006</b>	-
Deficit	<b>(66,521,207)</b>	(65,290,664)
	<b>15,705,201</b>	<b>15,451,459</b>
	<b>\$ 18,885,450</b>	<b>\$ 18,209,693</b>

**Nature of Operations and Going Concern (Note 1)****Contingency (Note 11)****Commitments (Note 14)****Approved on Behalf of the Board:**"Victor Lazarovici"**Director**"Chris Hopkins"**Director***The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

# ScoZinc Mining Ltd.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>EXPENSES</b>				
Salaries and benefits	\$ 108,525	\$ 93,190	\$ 320,452	\$ 322,608
Office and general	29,378	74,401	138,806	151,341
Legal and accounting fees	50,018	25,869	133,898	74,648
Investor relations	4,713	4,625	20,033	17,753
Amortization (Note 5)	41,659	41,659	124,976	124,976
Consulting	111,363	54,087	345,994	128,151
Share-based payments (Note 10)	12,634	88,490	59,540	92,911
Repairs and maintenance	-	59	86,369	1,808
Regulatory fees	13,266	(3,121)	29,320	21,163
<b>Net loss before interest and other items:</b>	<b>(371,556)</b>	<b>(379,259)</b>	<b>(1,259,388)</b>	<b>(935,359)</b>
Interest income	(9,589)	13,735	28,845	43,994
Gain on sale of marketable securities	-	-	-	49,932
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ (381,145)</b>	<b>\$ (365,524)</b>	<b>\$ (1,230,543)</b>	<b>\$ (841,433)</b>
<b>Basic and diluted loss per share (Note 12)</b>	<b>\$ (0.07)</b>	<b>\$ (0.09)</b>	<b>\$ (0.27)</b>	<b>\$ (0.21)</b>
<b>Weighted average number of shares outstanding - basic and diluted</b>	<b>5,171,523</b>	<b>3,941,045</b>	<b>4,510,633</b>	<b>3,941,045</b>

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

# ScoZinc Mining Ltd.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (EXPRESSED IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS) (UNAUDITED)

	Number of Shares	Amount	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2016	3,941,045	\$ 80,251,853	\$ -	\$ 350,442	\$(64,028,648)	\$ 16,573,647
Stock-based compensation	-	-	-	92,911	-	92,911
Loss for the year	-	-	-	-	(841,433)	(841,433)
<b>Balance, September 30, 2017</b>	<b>3,941,045</b>	<b>80,251,853</b>	<b>-</b>	<b>443,353</b>	<b>(64,870,081)</b>	<b>15,825,125</b>
Balance, December 31, 2017	3,941,045	\$ 80,251,853	\$ -	\$ 490,270	\$(65,290,664)	\$ 15,451,459
Issued on private placement, net of costs	1,324,999	1,424,745	-	-	-	1,424,745
Warrants issued on private placement	-	(318,006)	318,006	-	-	-
Stock-based compensation	-	-	-	59,540	-	59,540
Loss for the period	-	-	-	-	(1,230,543)	(1,230,543)
<b>Balance, September 30, 2018</b>	<b>5,266,044</b>	<b>\$ 81,358,592</b>	<b>\$ 318,006</b>	<b>\$ 549,810</b>	<b>\$(66,521,207)</b>	<b>\$ 15,705,201</b>

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

**ScoZinc Mining Ltd.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

<b>For the nine months ended September 30,</b>	<b>2018</b>	<b>2017</b>
<b>CASH (USED IN) PROVIDED BY:</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period:	<b>\$ (1,230,543)</b>	<b>\$ (841,433)</b>
Amortization	<b>124,976</b>	<b>124,976</b>
Share-based payments	<b>59,540</b>	<b>92,911</b>
Accrued interest income	<b>(28,845)</b>	<b>(38,684)</b>
Gain on disposition of marketable securities	<b>-</b>	<b>(49,932)</b>
	<b>(1,074,872)</b>	<b>(712,162)</b>
Net change in non-cash working capital:		
Amounts receivable and prepaid expenses	<b>(47,834)</b>	<b>78,487</b>
Accounts payable and accrued liabilities	<b>257,919</b>	<b>21,245</b>
Amounts payable to related parties	<b>164,096</b>	<b>(31,707)</b>
	<b>(700,691)</b>	<b>(644,137)</b>
Interest received	<b>3,943</b>	<b>13,782</b>
	<b>(696,748)</b>	<b>(630,355)</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	<b>(877,541)</b>	<b>(140,762)</b>
Acquisition of property, plant and equipment	<b>(334,211)</b>	<b>-</b>
Net proceeds on disposition of marketable securities	<b>-</b>	<b>201,481</b>
	<b>(1,211,752)</b>	<b>60,719</b>
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash	<b>1,457,500</b>	<b>-</b>
Share issue costs	<b>(32,755)</b>	<b>-</b>
	<b>1,424,745</b>	<b>-</b>
<b>CHANGE IN CASH</b>	<b>(483,755)</b>	<b>(569,636)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>1,052,743</b>	<b>2,046,463</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 568,988</b>	<b>\$ 1,476,827</b>

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

# ScoZinc Mining Ltd.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

---

### 1. NATURE OF OPERATIONS AND GOING CONCERN

Scozinc Mining Ltd. (the "Company" or "ScoZinc"), and its wholly owned subsidiary (collectively, the "Group") is engaged in zinc and lead mining and related activities, including the exploration and evaluation of mineral property interests that are considered to have the potential for economic mineralization. The Company is a public company, which is listed on the TSX Venture Exchange and incorporated and domiciled in Canada. The address of its registered office is 15601 Hwy 224, Cooks Brook, Nova Scotia, B0N 1Y0.

The consolidated financial statements have been prepared on a going concern basis, which assumes the Group will continue in operation through the fiscal year and into the foreseeable future and will be able to realize assets and discharge its liabilities and commitments in the normal course of operations at the amounts stated in the consolidated financial statements.

The Company has not generated revenue from operations. The Company has incurred a net loss of \$230,543 for the nine months ended September 30, 2018 (nine months ended September 30, 2017 - \$841,433), and as of that date has an accumulated deficit of \$66,521,207 (December 31, 2017 - \$65,290,664). As at September 30, 2018, cash and cash equivalents amounted to \$568,988 (December 31, 2017 - \$1,052,743) and working capital was \$107,856 (December 31, 2017 - \$965,792). The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations, and development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

The Company currently does not have sufficient cash on hand to meet all exploration, development, general expenses and property payments for the 2018 fiscal year. The Company plans to raise additional capital to further develop and explore its project, however the Company may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

The above factors indicate the existence of material uncertainties that may cast significant doubt on the ability of the Company to continue as a going concern.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material.

### 2. ACCOUNTING POLICIES

#### Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 28, 2018.

# ScoZinc Mining Ltd.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

### 2. ACCOUNTING POLICIES (Continued)

#### Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed interim consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

#### Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company, and its active subsidiary, ScoZinc. All significant intercompany transactions are eliminated on consolidation.

#### Accounting Pronouncements

In July 2014, the IASB issued IFRS 9 to replace IAS 39. IFRS 9, which is to be applied retrospectively, will be effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial instruments (“IFRS 9”) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value through profit or loss and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting. However, there is no impact to the Company from these amendments as it does not apply hedge accounting. On January 1, 2018, the Company adopted these amendments.

The new hedge accounting guidance had no impact on the Company's unaudited condensed interim financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

Below is a summary showing the classification and measurement bases of the financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

# ScoZinc Mining Ltd.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

### 2. ACCOUNTING POLICIES (Continued)

#### Accounting Pronouncements (Continued)

IFRS 15 Revenue from Contracts with Customers – The IASB issued IFRS 15 to establish principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard was adopted on January 1, 2018, with no impact on the Company's condensed interim consolidated financial statements.

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined.

There are no other relevant IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

### 3. CASH HELD FOR RECLAMATION

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations as set out below.

The Company has agreed with the Province of Nova Scotia (Department of Natural Resources) to remediate the ScoZinc mine facility to an agreed status at the end of the mining operations at the site; as a result the Company is required to make reclamation deposits in respect of this obligation. As at September 30, 2018, a \$2,822,017 (December 31, 2017 – \$2,798,620) cash bond, including accrued interest, is posted with the Province of Nova Scotia.

In addition, the Company has a reclamation bond with the Nova Scotia Department of Environment for \$186,627 (December 31, 2017 – \$185,120), including accrued interest, which is required to address the potential replacement of domestic water supplies that could potentially be downgraded by mining operations.

Nova Scotia Business Inc. holds a reclamation bond in the amount of \$100,000 (December 31, 2017 - \$100,000) in relation to the land, which the Company leases from the organization in Sheet Harbour. The bond will be held until the current lease agreement expires on April 1, 2028.

### 4. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	September 30, 2018	December 31, 2017
Refundable GST/HST	\$ 98,629	\$ 36,549
Prepaid expenses	20,488	34,734
	<b>\$ 119,117</b>	<b>\$ 71,283</b>



# ScoZinc Mining Ltd.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

### 5. PROPERTY, PLANT AND EQUIPMENT

	Mine Plant, Equipment and Land	Exploration Field Equipment	Total
<b>Cost</b>			
Balance, December 31, 2017	8,954,927	836,641	9,791,568
Additions	334,211	-	334,211
<b>Balance, September 30, 2018</b>	<b>\$ 9,289,138</b>	<b>\$ 836,641</b>	<b>\$10,125,779</b>
<b>Accumulated Amortization</b>			
Balance, December 31, 2017	1,037,995	836,641	1,874,636
Amortization	124,976	-	124,976
<b>Balance, September 30, 2018</b>	<b>\$ 1,162,971</b>	<b>\$ 836,641</b>	<b>\$ 1,999,612</b>
Net Book Value, December 31, 2017	\$ 7,916,932	\$ -	\$ 7,916,932
<b>Net Book Value, September 30, 2018</b>	<b>\$ 8,126,167</b>	<b>\$ -</b>	<b>\$ 8,126,167</b>

# ScoZinc Mining Ltd.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

### 6. EXPLORATION AND EVALUATION ASSETS

#### ScoZinc Project, Nova Scotia

As part of the business combination with ScoZinc Limited on May 31, 2011, the Company acquired 100% of the Gays River and Getty Deposit located approximately 60 kilometres northeast of Halifax, Nova Scotia. The properties are comprised of exploration licences and a mineral property lease that provides for zinc and lead exploration.

The following is a continuity of the Company's ScoZinc project:

Balance, December 31, 2016	\$	5,816,487
Additions		268,508
Balance, December 31, 2017		6,084,995
Additions		877,541
<b>Balance, September 30, 2018</b>	<b>\$</b>	<b>6,962,536</b>

Additions for the nine months ended September 30, 2018 consist of geological fieldwork, land permit and claims fees, consulting engineer fees and associated labour.

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2018	December 31, 2017
Trade payables	\$ 354,461	\$ 41,509
Accrued expenses	4,000	59,033
	<b>\$ 358,461</b>	<b>\$ 100,542</b>

### 8. DECOMMISSIONING LIABILITY

As part of the acquisition of ScoZinc in 2011, the Company assumed an environmental provision of \$2,600,000. The Company has agreed with the Province of Nova Scotia (Department of Natural Resources) to remediate the ScoZinc mine facility to an agreed status at the completion of the mining operations at the site. The Company believes that the reclamation of the mine site will cost \$2,600,000. As the ScoZinc mine facility is currently not in production and under care and maintenance, the Company has accrued the full amount potentially due.

# ScoZinc Mining Ltd.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

### 9. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares without par value

Unlimited number of Class A preferred shares with no par value

Unlimited number of Class B preferred shares with a par value of \$10 per share

(b) ISSUED - COMMON SHARES

	Shares	Amount
<b>Balance, December 31, 2016 and September 30, 2017</b>	<b>3,941,045</b>	<b>\$ 80,251,853</b>
Balance, December 31, 2017	3,941,045	\$ 80,251,853
Private placements, net of costs	1,324,999	1,424,745
Issuance of warrants on private placement	-	(318,006)
<b>Balance, September 30, 2018</b>	<b>5,266,044</b>	<b>\$ 81,358,592</b>

On February 13, 2018, the Company closed a non-brokered private placement financing for aggregate gross proceeds of \$397,500. The offering consisted of the sale of 264,999 common shares at a price of \$1.50 per common share. The securities issued pursuant to the offering were subject to a four month and one day statutory hold period. The Company's CEO participated in the Offering and acquired 35,000 common shares. Total cash costs of issue were \$2,331.

On June 18, 2018, the Company closed a non-brokered private placement financing for aggregate gross proceeds of \$560,000. The offering consisted of the sale of 560,000 Units at a price of C\$1.00 per Unit where a Unit consists of one common share and one warrant exercisable for two years at a price of \$1.50 per common share. The securities issued pursuant to the Offering were subject to a four month and one day statutory hold period. The Company's CEO participated in the offering, acquiring 300,000 Units. Total cash costs of issue were \$30,424.

The fair value of the 560,000 warrants issued in conjunction with this private placement is \$172,256, as calculated using the Black-Scholes option pricing model with the following assumptions: a 24 months expected life; share price of \$0.92; 85.55% expected volatility; risk free interest rate of 1.87%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

On July 18, 2018, the Company closed a non-brokered private placement financing for aggregate gross proceeds of \$500,000. The offering consisted of the sale of 500,000 Units at a price of C\$1.00 per Unit where a Unit consists of one common share and one warrant exercisable for two years at a price of \$1.50 per common share. The securities issued pursuant to the Offering were subject to a four month and one day statutory hold period.

The fair value of the 500,000 warrants issued in conjunction with this private placement is \$145,750, as calculated using the Black-Scholes option pricing model with the following assumptions: a 24 months expected life; share price of \$0.90; 84.62% expected volatility; risk free interest rate of 1.93%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants. Each Warrant will be exercisable upon 61 days' notice to the Company.

# ScoZinc Mining Ltd.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

### 10. SHARE BASED PAYMENTS

#### a) Stock Option Plan

A stock option plan ("Plan") was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Each year, shareholders of the Company approve the Plan at the Annual General Meeting. The Plan provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company, or any subsidiary of the Company, the option to purchase common shares. The Plan provides for a floating maximum limit of 10% of the outstanding common shares of the common shares as permitted by the policies of the TSX-V. Options under the Plan have five year terms with vesting as determined by the Board.

Share option activity for the nine months ended September 30, 2018 and 2017 are as follows:

	Number of Stock Options Outstanding	Weighted Average Exercise Price
Balance - December 31, 2016 and September 30, 2017	198,000	\$ 1.68
Granted	207,000	1.11
Expired	(66,000)	1.35
Balance - March 31, 2017	339,000	1.40
<b>Balance - December 31, 2017 and September 30, 2018</b>	<b>339,000</b>	<b>\$ 1.40</b>

The following table summarizes information about stock options outstanding as at September 30, 2018:

Number of Options Outstanding	Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Vested (Exercisable)
99,000	February 19, 2020	2.01	1.39	99,000
33,000	August 25, 2020	1.35	1.90	33,000
207,000	July 13, 2022	1.11	3.81	155,250
339,000		1.40	2.92	287,250

# ScoZinc Mining Ltd.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

### 10. SHARE BASED PAYMENTS (Continued)

#### b) Warrants

The following table reflects the continuity of warrants for the nine months ended September 30, 2018 and 2017:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance - December 31, 2016	205,000	\$ 17.00
Expired	(205,000)	(17.00)
<b>Balance - September 30, 2018</b>	<b>-</b>	<b>\$ -</b>
Balance - December 31, 2017	-	\$ -
Issued (Note 9(b))	1,060,000	1.50
<b>Balance - September 30, 2018</b>	<b>1,060,000</b>	<b>\$ 1.50</b>

The following table summarizes information about warrants outstanding as at September 30, 2018:

Number of Warrants Outstanding	Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Warrants (Exercisable)
560,000	June 18, 2020	1.50	1.70	560,000
500,000	July 18, 2020	1.50	1.80	500,000
<b>1,060,000</b>		<b>1.50</b>	<b>1.75</b>	<b>1,060,000</b>

### 11. CONTINGENCY

On August 18, 2011, the Company engaged First Securities AS ("First") of Oslo, Norway to act as its agent to arrange a minimum of US\$30 million of debt financing for the ScoZinc mine project. First terminated the engagement and claims that it is due its costs and a fee of US\$1,050,000 because of the termination. ScoZinc has paid First costs under the engagement and has informed First that it disputes the claim and that it is not entitled to any fees under the engagement. As of the date of filing these consolidated financial statements, the dispute is a claim and may be settled by arbitration. Management has determined that an outflow of resources is not probable, accordingly, a provision has not been recognized in these condensed interim consolidated financial statements.

# ScoZinc Mining Ltd.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

### 12. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of warrants and stock options, is the same as basic loss per share for the year ended. The effect of potential issuances of shares under options and warrants would be anti-dilutive for the three and nine months ended September 30, 2018 and 2017 as they would decrease the loss per share, consequently the weighted average number of shares outstanding for basic and diluted are the same.

### 13. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Except as noted, amounts with related parties are non-interest bearing, unsecured, payable on demand and have arisen from the provision of services and expense reimbursements described.

#### Key Management Personnel Compensation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<u>Board of Directors, Officers, and Key Management Personnel</u>				
Remuneration	\$ 81,411	\$ 56,761	\$ 254,412	\$ 175,974
Share-based compensation	-	166,523	-	166,523

During the three and nine months ended September 30, 2018, the Company expensed \$24,176 and \$70,194, respectively (three and nine months ended September 30, 2017 - \$20,642 and \$64,499, respectively) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. (the "DSA"), together known as the "Marrelli Group" for:

- (i) Robert D.B. Suttie, Vice President of Marrelli Support, to act as Chief Financial Officer ("CFO") of the Company;
- (ii) Bookkeeping and office support services;
- (iii) Regulatory filing services; and
- (iv) Corporate secretarial services.

The Marrelli Group is also reimbursed for out of pocket expenses.

As at September 30, 2018, amounts due to related parties totaled \$221,788 (December 31, 2017 - \$57,692) pertaining to amounts payable for key management remuneration, directors fees, support services from the Marrelli Group, and reimbursement of expenses paid on behalf of the Company.

See also Note 9(b) pertaining to the Company's Chief Executive Officer's participation in two private placements during the nine months ended September 30, 2018.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

### 14. COMMITMENTS

The Company is committed under the terms of an operating lease for its Sheet Harbour facilities at a rate of \$16,000 per annum until April 1, 2028.