SCOZINC MINING LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED

JUNE 30, 2017 AND 2016

(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)

As at		June 30, 2017		December 31, 2016
ASSETS				
Current				
Cash and cash equivalents	$	**1,687,662**	$	2,046,463
Amounts receivable and prepaid expenses (Note 5)		**166,931**		132,621
Marketable securities (Note 3)		**-**		151,549
		1,854,593		2,330,633
Deposit		**24,375**		24,375
Cash held for reclamation (Note 4)		**3,067,139**		3,050,537
Property, plant and equipment (Note 6)		**8,000,249**		8,083,566
Exploration and evaluation assets (Note 7)		**5,874,392**		5,816,487
		16,966,155		16,974,965
	$	**18,820,748**	$	19,305,598
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 8)	$	**88,502**	$	70,157
Amounts payable to related parties (Note 15)		**30,087**		61,794
		118,589		131,951
Decommissioning liability (Note 9)		**2,600,000**		2,600,000
		2,718,589		2,731,951
EQUITY				
Share capital (Note 10)		**80,251,853**		80,251,853
Contributed surplus		**354,863**		350,442
Deficit		**(64,504,557)**		(64,028,648)
		16,102,159		16,573,647
	$	**18,820,748**	$	19,305,598

Nature and Continuance of Operations (Note 1)
Commitments (Note 14)
Contingency (Note 12)
Subsequent Event (Note 16)

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 June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
EXPENSES				
Salaries and benefits	**$ 103,790**	$ 107,966	**$ 229,418**	$ 234,354
Rent and office services	**25,341**	46,507	**78,689**	105,701
Legal and accounting fees	**25,876**	33,461	**48,779**	58,949
Investor relations	**9,221**	4,141	**13,128**	8,006
Amortization (Note 6)	**41,658**	41,658	**83,317**	83,317
Consulting	**65,232**	17,100	**74,064**	26,437
Share-based payments (Note 11)	**2,003**	-	**4,421**	10,790
Business development	**-**	-	**-**	-
Regulatory fees	**17,730**	15,942	**24,284**	22,196
Net loss before interest and other items:	**(290,851)**	(266,775)	**(556,100)**	(549,750)
Interest income	**15,301**	15,756	**30,259**	34,948
Fair value adjustment on marketable securities	**-**	50,517	**-**	-
Gain on sale of marketable securities	**-**	-	**49,932**	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ (275,550)**	$ (200,502)	**$ (475,909)**	$ (514,802)
Basic and diluted loss per share (Note 13)	**$ (0.07)**	$ (0.05)	**$ (0.12)**	$ (0.13)
Weighted average number of shares outstanding - basic and diluted	**3,941,045**	3,941,045	**3,941,045**	3,941,045

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	Contributed Surplus	Deficit	Total
Balance, December 31, 2015	3,941,045	$ 80,251,853	$ 312,681	$(63,055,030)	$ 17,509,504
Stock-based compensation	-	-	10,790	-	10,790
Loss for the period	-	-	-	(514,802)	(514,802)
Balance, June 30, 2016	**3,941,045**	**80,251,853**	**323,471**	**(63,569,832)**	**17,005,492**
Balance, December 31, 2016	3,941,045	80,251,853	350,442	(64,028,648)	16,573,647
Stock-based compensation	-	-	4,421	-	4,421
Loss for the period	-	-	-	(475,909)	(475,909)
Balance, June 30, 2017	**3,941,045**	**$ 80,251,853**	**$ 354,863**	**$(64,504,557)**	**$ 16,102,159**

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

ScoZinc Mining Ltd.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

For the six months ended June 30,	2017	2016
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss for the period:	**$ (475,909)**	$ (514,802)
Amortization	**83,317**	83,317
Share-based payments	**4,421**	10,790
Accrued interest income	**(25,710)**	(34,948)
Gain on disposition of marketable securities	**(49,932)**	-
	(463,813)	(455,643)
Net change in non-cash working capital:		
Amounts receivable and prepaid expenses	**(34,310)**	(20,167)
Accounts payable and accrued liabilities	**18,345**	(57,883)
Amounts payable to related parties	**(31,707)**	(30,307)
	(511,485)	(564,000)
Interest received	**9,108**	18,346
	(502,377)	(545,654)
INVESTING ACTIVITIES		
Exploration and evaluation assets	**(57,905)**	(47,294)
Acquisition of property, plant and equipment	**-**	(3,613)
Net proceeds on disposition of marketable securities	**201,481**	-
	143,576	(50,907)
CHANGE IN CASH	**(358,801)**	(596,561)
CASH, BEGINNING OF PERIOD	**2,046,463**	3,030,031
CASH, END OF PERIOD	**$ 1,687,662**	$ 2,433,470

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Scozinc Mining Ltd. (the "Company" or "ScoZinc"), and its 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 unaudited condensed interim 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 $ 475,909 for the six months ended June 30, 2017 (six months ended June 30, 2016 - $514,802), and as of that date has an accumulated deficit of $64,504,557 (December 31, 2016- $64,028,648). As at June 30, 2017, cash and cash equivalents amounted to $1,687,662 (December 31, 2016 - $2,046,463) with working capital of $1,736,004 (December 31, 2016 - $2,198,682), which provides sufficient resources to meet its obligations for the next twelve months, based on normal course planned business operations. This assessment is based on the Company's budget, its available cash and cash equivalents and the extent of expenditures that are discretionary in nature, and which can be deferred as required without significant impact to the Company.

In light of the current uncertain environment for metal prices and mine development financing, the Board of Directors (the "Board") does not believe that it is in the best interest of the Company to proceed with the restart of the ScoZinc Project at this time. The Board has authorized a small work program necessary to complete work under progress and to keep the project on care and maintenance in order to preserve its value. The Board will continue to monitor market conditions for the potential restart of the ScoZinc Mine until such a time that the outlook improves.

The Board will also continue to pursue other avenues to maximize the value of the ScoZinc Project, including, but not limited to, possible sale, joint venture or other transactions with third parties. The Company cautions that there are no assurances that any strategic alternative will be undertaken or pursued.

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 finanancial statements for the year ended December 31, 2016.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 29, 2017

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 Limited. All significant intercompany transactions are eliminated on consolidation.

Future Accounting Pronouncements

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (“IFRS 9”) which will replace IAS 39, Financial Instruments (“IAS 39”). This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition and measurement of financial instruments with two classification categories: amortized cost and fair value. As well, under the new standard a single impairment method is required, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes a substantially reformed approach to hedge accounting that aligns accounting more closely with risk management.

(ii) 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.

(EXPRESSED IN CANADIAN DOLLARS)

3. MARKETABLE SECURITIES

Marketable securities are classified as fair value through profit and loss and consisted of 10,103,334 common shares of Savant Explorations Ltd. ("Savant"). On February 22, 2017, the Company sold its investment in Savant Explorations Limited. A total of 10,103,334 common shares were sold for gross proceeds of $202,067, resulting in a gain on disposition of $49,932 recognized on the Company's unauditred condensed interim consolidated statetemens of loss and comprehensiev loss.

4. CASH HELD FOR RECLAMATION

The Group 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 Group is required to make reclamation deposits in respect of this obligation. As at June 30, 2017, a $2,783,526 (December 31, 2016 – $2,767,427) 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 $183,613 (December 31, 2016 – $183,110), 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, 2016 - $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, 2018.

5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	June 30, 2017	December 31, 2016
GST/HST receivable	**$ 132,198**	$ 101,531
Prepaid expenses	**34,733**	31,090
	$ 166,931	$ 132,621

(EXPRESSED IN CANADIAN DOLLARS)

6. PROPERTY, PLANT AND EQUIPMENT

	Mine Plant, Equipment and Land	Exploration Field Equipment	Total
Cost			
Balance, December 31, 2016	8,954,927	836,641	9,791,568
Additions	-	-	-
Balance, June 30, 2017	**$ 8,954,927**	**$ 836,641**	**$ 9,791,568**
Accumulated Amortization			
Balance, December 31, 2016	871,361	836,641	1,708,002
Amortization	83,317	-	83,317
Balance, June 30, 2017	**$ 954,678**	**$ 836,641**	**$ 1,791,319**
Net Book Value, December 31, 2016	$ 8,083,566	$ -	$ 8,083,566
Net Book Value, June 30, 2017	**$ 8,000,249**	**$ -**	**$ 8,000,249**

7. 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, 2015	$ 5,733,008
Additions	83,479
Balance, December 31, 2016	5,816,487
Additions	57,905
Balance, June 30, 2017	**$ 5,874,392**

(EXPRESSED IN CANADIAN DOLLARS)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2017		December 31, 2016
Trade payables	$	**46,879**	$	24,544
Accrued expenses		**41,623**		45,613
	$	**88,502**	$	70,157

9. 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. In concert with the Department of Natural Resources, 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.

10. 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
Balance, December 31, 2015, June 30, 2016 and 2017	**3,941,045**	**$ 80,251,853**

11. 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 current Plan was dated April 25, 2011 and approved on May 11, 2012. These options have five year terms with vesting as determined by the Board.

Share option activity for the six months ended June 30, 2017 and 2016 are as follows:

	Number of Stock Options Outstanding	Weighted Average Exercise Price
Balance - December 31, 2015 and June 30, 2016	165,000	$ 1.88
Balance - December 31, 2016 and June 30, 2017	**198,000**	**1.68**

(EXPRESSED IN CANADIAN DOLLARS)

11. SHARE BASED PAYMENTS (Continued)

a) Stock Option Plan (Continued)

The following table summarizes information about stock options outstanding as at June 30, 2017:

Number of Options Outstanding	Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Vested (Exercisable)
132,000	February 19, 2020	2.01	2.71	132,000
33,000	August 25, 2020	1.35	3.15	24,750
33,000	June 28, 2021	0.70	3.99	16,500
198,000		1.68	2.99	173,250

b) Warrants

The following table reflects the continuity of warrants for the six months ended June 30, 2017 and 2016

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance - December 31, 2015, June 30, 2016	205,000	$ 17.00
Balance - December 31, 2016	205,000	$ 17.00
Expired	(205,000)	17.00
Balance - June 30, 2017	**-**	**$ -**

12. 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 consolidated financial statements.

(EXPRESSED IN CANADIAN DOLLARS)

13. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. 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 in the three and six months ended June 30, 2017 as they would decrease the loss per share, consequently the weighted average number of shares outstanding for basic and diluted are the same.

14. COMMITMENTS

The Company is committed under the terms of various operating leases as follows:

	2017	2018
Harbour lease	$ 3,000	$ 1,500

15. 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 June 30,		Six Months Ended June 30,	
	2017	2016	**2017**	2016
Board of Directors, Officers, and Key Management Personnel				
Remuneration	**$ 74,438**	$ 50,069	**$ 119,213**	$ 89,294

During the three and six months ended June 30, 2017, the Company expensed $25,667 and $43,857, (three and six months ended June 30, 2016 - $27,627 and $50,252, 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 June 30, 2017 amounts due to related parties totaled $30,087 (December 31, 2016 - $61,794) 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.

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.

16. SUBSEQUENT EVENT

On July 13, 2017, the Company granted incentive stock options (“Options”) to the directors, officers and employees of the Company under its Stock Option Plan to acquire up to an aggregate of 207,000 common shares (“Common Shares”); the first such grant in over two and a half years. All Options are exercisable for a period of five years at a price of $1.11 per Common Share, the closing price on July 12th , 2017. 25% of the Options will vest immediately and the remainder will vest in 25% increments every six months thereafter.