
SCOZINC MINING LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE TO READER

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

ScoZinc Mining Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (PRESENTED IN CANADIAN DOLLARS) (UNAUDITED)

As at	March 31, 2020	December 31, 2019
ASSETS		
Current		
Cash	\$ 92,105	\$ 519,138
Amounts receivable and prepaid expenses (Note 5)	106,070	85,855
	198,175	604,993
Cash held for reclamation (Note 3)	3,172,333	3,163,616
Property, plant and equipment (Note 4)	7,895,790	7,934,074
Exploration and evaluation assets (Note 6)	7,403,302	7,252,535
Right-of-use asset (Note 7)	82,836	85,425
	18,554,261	18,435,650
	\$ 18,752,436	\$ 19,040,643
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 254,299	\$ 339,124
Amounts payable to related parties (Note 15)	81,656	52,768
Lease obligation - current portion (Note 8)	14,137	14,545
	350,092	406,437
Lease obligation - long term portion (Note 8)	65,524	67,420
Decommissioning liability (Note 10)	2,600,000	2,600,000
	3,015,616	3,073,857
EQUITY		
Share capital (Note 11)	82,708,357	82,642,357
Warrants (Note 12(b))	1,021,145	1,021,145
Contributed surplus	735,228	711,192
Deficit	(68,727,910)	(68,407,908)
	15,736,820	15,966,786
	\$ 18,752,436	\$ 19,040,643

Nature of Operations and Going Concern (Note 1)

Contingencies (Note 13)

Subsequent Events (Note 16)

ScoZinc Mining Ltd.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(PRESENTED IN CANADIAN DOLLARS)
(UNAUDITED)**

For the Three Months Ended March 31,	2020	2019
EXPENSES		
Salaries and benefits	\$ 272,088	\$ 110,307
Office and general	64,052	37,577
Legal and accounting fees	18,157	29,581
Investor relations	5,026	4,792
Amortization (Notes 4 and 7)	45,373	44,301
Consulting	30,833	24,344
Share-based payments (Note 12(a))	24,036	3,745
Regulatory fees	662	5,954
Net loss before interest and other items:	(460,227)	(260,601)
Interest income	9,035	9,060
Gain (Loss) on settlement of liabilities (Note 9)	131,190	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (320,002)	\$ (251,541)
Basic and diluted loss per share (Note 14)	\$ (0.03)	\$ (0.05)
Weighted average number of common shares outstanding - basic and diluted	10,124,474	5,266,044

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 (PRESENTED IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS) (UNAUDITED)

	Number of Shares	Amount	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2018	5,266,044	\$ 81,358,592	\$ 318,006	\$ 558,065	\$(66,914,948)	\$ 15,001,709
Stock-based compensation	-	-	-	3,745	-	3,745
Loss for the period	-	-	-	-	(251,541)	(251,541)
Balance, March 31, 2019	5,266,044	81,358,592	318,006	561,810	(67,166,489)	14,753,913
Balance, December 31, 2019	10,101,460	82,642,357	1,021,145	711,192	(68,407,908)	15,966,786
Issued on settlement of debt	150,000	66,000	-	-	-	66,000
Stock-based compensation	-	-	-	24,036	-	24,036
Loss for the period	-	-	-	-	(320,002)	(320,002)
Balance, March 31, 2020	10,251,460	\$ 82,708,357	\$ 1,021,145	\$ 735,228	\$(68,727,910)	\$ 15,736,820

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

ScoZinc Mining Ltd.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(PRESENTED IN CANADIAN DOLLARS)
(UNAUDITED)****For the Three Months Ended March 31****2020****2019****CASH (USED IN) PROVIDED BY:****OPERATING ACTIVITIES**

Net loss for the period:	\$ (320,002)	\$ (251,541)
Amortization	45,373	166,634
Share-based payments	24,036	67,795
Gain on settlement of liabilities	(131,190)	-
Accretion of lease liability	2,589	-
Accrued interest income	(9,035)	(22,023)
	(388,229)	(39,135)
Net change in non-cash working capital:		
Amounts receivable and prepaid expenses	(20,215)	(78,165)
Accounts payable and accrued liabilities	111,471	349,355
Amounts payable to related parties	28,888	221,577
Interest received	(268,085)	453,632
	319	4,911
	(267,766)	458,543

INVESTING ACTIVITIES

Exploration and evaluation assets	(150,767)	(949,772)
Acquisition of property, plant and equipment	(4,500)	(334,211)
	(155,267)	(1,283,983)

FINANCING ACTIVITIES

Lease payments	(4,000)	-
Share capital issued for cash	-	1,457,500
Share issue costs	-	(32,755)
	(4,000)	1,424,745

CHANGE IN CASH**CASH, BEGINNING OF PERIOD****CASH, END OF PERIOD**

\$ 92,105 \$ 1,652,048

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

1. NATURE OF OPERATIONS AND GOING CONCERN

Scozinc Mining Ltd. (the “Company” or “ScoZinc”), and its wholly owned subsidiary Scozinc Limited (collectively, the “Group”) is engaged in base metals mining and related activities, including the exploration and evaluation of mineral property interests that are considered to have the potential for economic mineralization and development. 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 Purdy's Wharf, 1959 Upper Water Street, Suite 1301, Nova Scotia, B3J 3N2.

The 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 \$ 320,002 for the three months ended March 31, 2020 (three months ended March 31, 2019 - \$251,541), and as of that date has an accumulated deficit of \$68,727,910 (2018 - \$66,914,948). As at March 31, 2020, cash amounted to \$ 92,105 (December 31, 2019 - \$519,138) and the Company had a working capital deficiency of \$ 151,917 (December 31, 2019 - working capital of \$198,556). 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.

At March 31, 2020, the Company did not have sufficient cash on hand to meet all planned exploration, development, general expenses and property payments for the next twelve months. 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 condensed interim consolidated 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, 2019.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on July 16, 2020.

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 (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 Adopted During the Period

IAS 1, Presentation of Financial Statements ("IAS 1")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

This standard was adopted on January 1, 2020, with no impact on the Company's condensed interim consolidated financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

This standard was adopted on January 1, 2020, with no impact on the Company's condensed interim consolidated financial statements.

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 December 31, 2019, a \$2,882,477 (December 31, 2019 – \$2,874,286) 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 \$189,856 (December 31, 2019 – \$189,330), 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, 2019 - \$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.

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**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

4. PROPERTY, PLANT AND EQUIPMENT

	Mine Plant, Equipment and Land	Exploration Field Equipment	Total
Cost			
Balance, December 31, 2018	\$ 9,289,141	\$ 836,641	\$10,125,782
Additions	18,000	-	18,000
Balance, December 31, 2019	9,307,141	836,641	10,143,782
Additions	4,500	-	4,500
Balance, March 31, 2020	\$ 9,311,641	\$ 836,641	\$10,148,282
Accumulated Amortization			
Balance, December 31, 2018	\$ 1,204,632	\$ 836,641	\$ 2,041,273
Amortization	168,435	-	168,435
Balance, December 31, 2019	1,373,067	836,641	2,209,708
Amortization	42,784	-	42,784
Balance, March 31, 2020	\$ 1,415,851	\$ 836,641	\$ 2,252,492
Net Book Value, December 31, 2019	\$ 7,934,074	\$ -	\$ 7,934,074
Net Book Value, March 31, 2020	\$ 7,895,790	\$ -	\$ 7,895,790

5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	March 31, 2020	December 31, 2019
Refundable GST/HST	\$ 78,482	\$ 50,822
Prepaid expenses	27,588	35,033
	\$ 106,070	\$ 85,855

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

6. EXPLORATION AND EVALUATION ASSETS

Scozinc Projects, Nova Scotia

As part of the business combination with ScoZinc Limited on May 31, 2011, the Company acquired 100% of the Scotia Mine and several other mineral resource prospects in Halifax, Nova Scotia. The properties are comprised of exploration licences and a mineral property lease that provides for zinc and lead exploration and development.

The following is a continuity of the Company's Projects:

Balance, December 31, 2018	\$ 7,034,767
Additions	217,768
Balance, December 31, 2019	7,252,535
Additions	150,767
Balance, March 31, 2020	\$ 7,403,302

7. RIGHT-OF-USE ASSETS

Right-of-use assets at January 1, 2019	95,780
Amortization	(10,355)
Balance, December 31, 2019	\$ 85,425
Amortization	(2,589)
Balance, March 31, 2020	\$ 82,836

Right-of-use assets consist of the operating lease for the Company's Sheet Harbour Port facilities and are amortized over a period of 111 months.

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

8. LEASE LIABILITIES

At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 10%, which is the Company's estimated incremental borrowing rate. The continuity of the lease liabilities are presented in the table below:

Lease liability recorded at January 1, 2019 on adoption of IFRS 16	\$ 95,780
Interest accretion	1,696
Lease payments	(4,000)
Balance, December 31, 2019	\$ 93,476
Interest accretion	2,185
Lease payments	(16,000)
Balance, March 31, 2020	\$ 79,661

As at March 31, 2020:

Less than one year	\$ 14,137
Greater than one year	65,524
Total lease obligation	\$ 79,661

Maturity Analysis - Contractual Undiscounted Cash Flows

As at March 31, 2020:	
Less than one year	\$ 16,000
Greater than one year	112,000
Total undiscounted lease obligation	\$ 128,000

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	December 31, 2019
Trade payables	\$ 155,390	\$ 250,215
Accrued expenses	98,909	88,909
	\$ 254,299	\$ 339,124

On March 17, 2020 the Company issued 150,000 common shares (ascribed a fair value of \$66,000) to the Company's former CEO to settle \$197,190 in accrued liabilities owed to the former CEO resulting in a gain on settlement of debt of \$131,190 recognized on the Company's statement of loss on comprehensive loss.

10. DECOMMISSIONING LIABILITY

The Company has agreed with the Province of Nova Scotia (Department of Natural Resources) to remediate the Scotia 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 Scotia 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 THREE MONTHS ENDED MARCH 31, 2020 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

11. 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, 2018 and March 31, 2019	5,266,044	\$ 81,358,592
Balance, December 31, 2019	10,101,460	\$ 82,642,357
Issued on settlement of debt (Note 9)	150,000	66,000
Balance, March 31, 2020	10,251,460	\$ 82,708,357

12. 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 three months ended March 31, 2020 and 2019 are as follows:

	Number of Stock Options Outstanding	Weighted Average Exercise Price (\$)
Balance - December 31, 2018 and March 31, 2019	339,000	1.40
Balance - December 31, 2019	733,000	0.83
Granted	40,000	0.51
Expired/cancelled	(66,000)	2.01
Balance - March 31, 2020	707,000	0.70

On February 5, 2020, the Company granted 40,000 options to purchase common shares of the Company to a director of the Company. Each option is exercisable at a price of \$0.52 for a five year term. A fair value of \$21,976 was assigned to these options, estimated using the Black-Scholes valuation model with the following weighted average assumptions: dividend yield 0%, share price of \$0.64 expected volatility 124.64% a risk-free rate of return 1.41% and expected life of 5 years. These options are subject to vesting at a rate of 25% on the date of grant, and 25% every six months thereafter.

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**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

12. SHARE BASED PAYMENTS (Continued)

a) Stock Option Plan (continued)

The following table summarizes information about stock options outstanding as at March 31, 2020:

Number of Options Outstanding	Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Vested (Exercisable)
40,000	February 5, 2025	0.52	4.85	10,000
33,000	August 25, 2020	1.35	0.40	33,000
174,000	July 13, 2022	1.11	2.28	174,000
225,000	July 3, 2024	0.45	4.26	56,250
90,000	August 12, 2024	0.45	4.37	90,000
50,000	August 20, 2024	0.75	4.39	50,000
50,000	August 20, 2024	0.60	4.39	50,000
20,000	October 3, 2024	0.60	4.51	-
9,000	October 3, 2024	0.45	4.51	2,250
9,000	October 3, 2024	0.60	4.51	4,500
7,000	October , 2024	0.75	4.51	3,500
707,000		0.70	3.68	473,500

b) Warrants

The following table reflects the continuity of warrants for the three months ended March 31, 2020 and 2019:

Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, December 31, 2018 and March 31, 2019	\$ 1.50
Balance - December 31, 2019 and March 31, 2020	\$ 0.78

The following table summarizes information about warrants outstanding as at March 31, 2020:

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	0.22	560,000
500,000	July 18, 2020	1.50	0.30	500,000
550,000	April 10, 2021	0.75	1.03	550,000
37,000	April 10, 2021	0.75	1.03	37,000
1,250,000	August 20, 2021	0.55	1.39	1,250,000
2,000,000	Sept. 20, 2021	0.55	1.47	2,000,000
4,897,000		0.78	1.13	4,897,000

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

13. COMMITMENTS AND CONTINGENCIES

COVID-19

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global metal prices;
- The severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labour availability and supply lines;
- Availability of essential supplies;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of the approval of these consolidated financial statements, the Canadian government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

14. 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 period ended. The effect of potential issuances of shares under options and warrants would be anti-dilutive for the year ended December 31, 2019 and 2018 as they would decrease the loss per share, consequently the weighted average number of common shares outstanding for basic and diluted are the same.

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

For the Three Months Ended March 31,	2020	2019
<u>Board of Directors, Officers, and Key Management Personnel</u>		
Remuneration	\$ 66,543	\$ 42,813
Share-based compensation ¹	21,976	-
	\$ 88,519	\$ 42,813

¹Share-based compensation is disclosed in this table based on the fair value of the stock option grant at the date of grant.

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

15. RELATED PARTY TRANSACTIONS (Continued)

During the three months ended March 31, 2020, the Company expensed \$16,605 (three months ended March 31, 2019 - \$24,743) 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, 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 March 31, 2020, amounts due to related parties totaled \$81,656 (December 31, 2019 - \$52,768) pertaining to amounts payable for key management remuneration, director's 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 EVENTS

- i) On May 29, 2020, the Company closed a third and final tranche of a non-brokered private placement of units of the Company ("Units"), with previous tranches having been closed on April 22, 2020 and May 22, 2020. The aggregate gross proceeds of the private placement was \$1,150,000 based on the issuance of 3,833,333 Units at a price of \$0.30 per Unit. Each Unit consists of one common share of the Company and a common share purchase warrant (a "Warrant"). Each full Warrant is exercisable into a common share at a price of \$0.50 per common share for a period of twenty-four months from the date of issue.

In connection with the private placement the Company paid cash finder's fees of \$18,759 and issued 62,531 compensation warrants as share issue costs, with each compensation warrant having the same terms as the Warrants issued as part of a Unit.

Directors, officers and other insiders of the Company subscribed 1,256,620 Units, for gross proceeds of \$376,986.

- ii) In May 2020, the Company benefitted from a \$40,000 Government of Canada Covid-19 "Canada Emergency Business Account" loan, administered by the Royal Bank of Canada. The proceeds of the loan are interest free until December 31, 2022 with a 25% balance forgiveness if repaid by that date.