
NEVADA ZINC CORPORATION

**CONSOLIDATED
FINANCIAL STATEMENTS**

YEARS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Nevada Zinc Corporation

Opinion

We have audited the consolidated financial statements of Nevada Zinc Corporation and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and January 1, 2020, and the consolidated statements of comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders' deficiency for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and January 1, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – restatement of consolidated financial statements

We draw attention to Note 20 to the consolidated financial statements which describes that the financial statements at December 31, 2020 and January 1, 2020, and for the year ended December 31, 2020, have been restated. Our opinion is not modified in respect of this matter.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2021 and, as of that date, the Company had an accumulated deficit balance and a working capital deficiency. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP

McGovern Hurley LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
April 28, 2022

Nevada Zinc Corporation
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2021		As at December 31, 2020 (Restated) (Note 20)		As at January 1, 2020 (Restated) (Note 20)
ASSETS					
Current assets					
Cash and cash equivalents (note 6)	\$ 31,664	\$	8,001	\$	62,028
Marketable securities (note 7)	264		270		180
Amounts receivable and other assets (note 8)	4,931		5,505		11,888
	36,859		13,776		74,096
Non-current assets					
Reclamation bond	21,373		21,373		21,373
Total assets	\$ 58,232	\$	35,149	\$	95,469
LIABILITIES AND SHAREHOLDERS' DEFICIENCY					
Current liabilities					
Amounts payable and other liabilities (notes 9 and 13)	\$ 445,291	\$	412,045	\$	366,235
Amounts payable to related party (note 13)	397,463		382,463		100,226
Total liabilities	842,754		794,508		466,461
Shareholders' deficiency					
Share capital (note 10)	12,692,487		11,942,487		11,942,487
Reserves (note 12)	667,250		1,376,811		1,701,831
Deficit	(14,144,259)		(14,078,657)		(14,015,310)
Total shareholders' deficiency	(784,522)		(759,359)		(370,992)
Total liabilities and shareholders' deficiency	\$ 58,232	\$	35,149	\$	95,469

Nature of operations and going concern (note 1)
Contingencies (note 18)
Subsequent events (note 19)

Approved on behalf of the Board:

(Signed) "Eugene Lee ", Director _____

(Signed) "Donald Christie", Director _____

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

Nevada Zinc Corporation
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31,	
	2021	2020
Operating expenses		
Exploration, acquisition and development costs (note 15)	\$ 353,280	\$ 125,574
General and administrative (note 14)	608,826	342,883
Operating loss before the following items	(962,106)	(468,457)
Gain on settlement of debt	11,449	-
Unrealized (loss) gain on marketable securities (note 7)	(6)	90
Net and comprehensive loss for the year	\$ (950,663)	\$ (468,367)
Basic and diluted loss per share (note 11)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	83,523,547	74,391,128

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

Nevada Zinc Corporation
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31,	
	2021	2020
Operating activities		
Net loss for the year	\$ (950,663)	\$ (468,367)
Adjustments for:		
Unrealized loss (gain) on marketable securities	6	(90)
Share-based payments	175,500	80,000
Gain on settlement of debt	(11,449)	-
Non-cash working capital items:		
Amounts receivable and other assets	574	6,383
Amounts payable and other liabilities	44,695	45,810
Amounts payable to related party	15,000	282,237
Net cash and cash equivalents used in operating activities	(726,337)	(54,027)
Financing activities		
Issuance of common shares	750,000	-
Net cash and cash equivalents provided by financing activities	750,000	-
Net change in cash and cash equivalents	23,663	(54,027)
Cash and cash equivalents, beginning of year	8,001	62,028
Cash and cash equivalents, end of year	\$ 31,664	\$ 8,001
Cash and cash equivalents consist of:		
Cash	\$ 31,213	\$ 7,550
Cash equivalents	451	451
	\$ 31,664	\$ 8,001

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

Nevada Zinc Corporation
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Share capital	Share-based payment reserve	Deficit (Restated) (Note 20)	Total
Balance, December 31, 2019	\$11,942,487	\$ 1,701,831	\$(14,015,310)	\$ (370,992)
Share-based payments (note 12(i))	-	80,000	-	80,000
Expiry of stock options	-	(405,020)	405,020	-
Net loss for the year	-	-	(468,367)	(468,367)
Balance, December 31, 2020	\$11,942,487	\$ 1,376,811	\$(14,078,657)	\$ (759,359)
Issuance of common shares (note 10(b)(i))	750,000	-	-	750,000
Share-based payments (note 12(ii), and 13)	-	175,500	-	175,500
Expiry of stock options	-	(885,061)	885,061	-
Net loss for the year	-	-	(950,663)	(950,663)
Balance, December 31, 2021	\$12,692,487	\$ 667,250	\$(14,144,259)	\$ (784,522)

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

Nevada Zinc Corporation
Notes to Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise indicated)

1. Nature of operations and going concern

Nevada Zinc Corporation (the "Company" or "Nevada Zinc") was incorporated by articles of incorporation dated September 29, 2010 under the Business Corporations Act (Ontario). The Company's principal business activity is the exploration and development of its high-grade zinc carbonate-oxide deposit located near Eureka, Nevada. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol NZN. The head office of the Company is located at 82 Richmond St. East, Toronto, Ontario, M5C 1P1.

The consolidated financial statements include the accounts of its wholly-owned subsidiary, Lone Mountain Zinc Ltd.

These consolidated financial statements of the Company were reviewed, approved and authorized for issue by the Board of Directors on April 28, 2022.

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company is at the exploration and evaluation stage with its property interests and as is common with such companies, it raises financing for its development, exploration and acquisition activities. The Company has incurred losses in previous years, with current net loss of \$950,663 for the year ended December 31, 2021 and has an accumulated deficit of \$14,144,259 as at December 31, 2021 (December 31, 2020 - \$14,078,657). In addition, the Company had working capital deficiency of \$805,895 at December 31, 2021 (December 31, 2020 - \$780,732). Existing funds are not sufficient to explore potential exploration project acquisitions and in due course, further funding will be required. In the event that the Company is unable to secure further financing it may not be able to advance the development of its projects.

Due to continuing operating losses, the Company's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop mineral projects, if they are proven successful, and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. These conditions indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainty.

Commencing in March 2020, the outbreak of the novel strain of coronavirus known as "COVID19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. 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 and its operating subsidiaries in future periods.

Nevada Zinc Corporation
Notes to Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise indicated)

2. Significant accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies set out below have been applied consistently to the years presented in these consolidated financial statements unless otherwise noted below.

(b) Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiary after eliminating inter-entity balances and transactions.

	Jurisdiction	Nature of Operations	Equity Interest
Lone Mountain Zinc Ltd.	United States	Mineral Exploration	100%

(c) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"). 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 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 consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(p).

(d) Foreign currencies

The functional currency of the Company and its subsidiary, as determined by management, is the Canadian Dollar. Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognised in the consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(e) Financial instruments

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").

Nevada Zinc Corporation
Notes to Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise indicated)

2. Significant accounting policies (continued)

(e) *Financial instruments (continued)*

Below is a summary showing the classification and measurement bases of financial instruments:

Classification	IFRS 9
Cash	Amortized Cost
Cash equivalents	FVTPL
Marketable securities	FVTPL
Amounts receivable	Amortized Cost
Accounts payable and other liabilities	Amortized Cost
Amounts payable to related party	Amortized Cost

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

The Company's cash equivalents and marketable securities are classified as financial assets and measured at FVTPL.

- Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's cash and amounts receivable are classified as financial assets and measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable, other liabilities and amounts payable to related parties do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Nevada Zinc Corporation
Notes to Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise indicated)

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts or loan receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Nevada Zinc Corporation
Notes to Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise indicated)

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As at December 31, 2021 and 2020, marketable securities and cash equivalents were categorized in Level 1 and were recorded at fair value on the consolidated statement of financial position.

(f) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long lived assets that are not amortized are subject to an annual impairment assessment.

(g) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of exploration properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(h) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position consist of cash on hand and balances with banks, including guaranteed investment certificates with maturity dates of three months or less or which are cashable without penalty.

(i) Marketable securities

All marketable securities owned by the Company are categorized as financial assets at FVTPL. The fair value of all equity securities is based on the reporting date bid price in an active market.

Nevada Zinc Corporation
Notes to Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise indicated)

2. Significant accounting policies (continued)

(j) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no significant provisions at December 31, 2021 and 2020.

(k) Share-based payment transactions

The fair value of share options granted is recognized as an 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, including directors of the Company.

The fair value of share-based payments to employees is measured at the grant date and recognized over the period during which the options vest. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. 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 reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. For those options that expire after vesting, the recorded value is transferred to deficit.

(l) Warrants

Warrants are valued in a manner similar to share-based payments. Expired warrants are also transferred to deficit. When warrants previously issued as part of a private placement are modified, no further accounting impact is recorded in the consolidated financial statements.

(m) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

(n) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Nevada Zinc Corporation
Notes to Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise indicated)

2. Significant accounting policies (continued)

(n) Income taxes (continued)

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The Company does not record deferred tax assets to the extent that the Company does not consider it probable that a deferred tax asset will be recovered.

(o) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an exploration property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straightline method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company had no significant restoration, rehabilitation and environmental costs as at December 31, 2021 and 2020 as the disturbance to date is minimal.

(p) Significant accounting judgments and estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Nevada Zinc Corporation
Notes to Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise indicated)

2. Significant accounting policies (continued)

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) Income, value added, withholding and other taxes:

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(ii) Share-based payments:

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(iii) Decommissioning, restoration and similar liabilities:

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

(iv) Contingencies:

Refer to notes 1 and 18.

Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

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2. Significant accounting policies (continued)

Future Accounting Pronouncements (continued)

IAS 8 – In February 2021, the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

3. Financial Instruments

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company’s financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up to date market information.

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an ongoing basis.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have any significant assets in currency other than the functional currency of the Company, nor has significant foreign currency denominated liabilities, therefore any changes in foreign exchange rates will not give rise to significant changes to the loss.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at market rates. In the event that the Company held interest bearing debt, the Company could be exposed to interest rate risk. The Company does not have any interest-bearing debt. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature.

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3. Financial Instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and amounts receivable. The Company has reduced its credit risk by investing its cash with a Canadian chartered bank.

At December 31, 2021 and 2020, there were no significant concentrations of credit risk for receivables. The carrying amounts reflected above represent the Company's maximum exposure to credit risk for such receivables.

The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

Liquidity risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash.

As at December 31, 2021, the Company held cash and cash equivalents of \$31,664 (December 31, 2020 - \$8,001) to settle current liabilities of \$842,754 (December 31, 2020 - \$794,508).

4. Capital management

The Company defines capital management as the manner in which it manages its share capital. As at December 31, 2021, the Company's share capital was \$12,692,487 (December 31, 2020 - \$11,942,487).

The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure, that optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments or make adjustments to its capital expenditure program.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2021 and 2020.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

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4. Capital management (continued)

As of December 31, 2021, the Company may not be compliant with the policies of the TSXV. The implications of noncompliance are at the discretion of the TSXV.

5. Exploration and acquisition

The Company's principal property holdings are the Lone Mountain Zinc Project in Eureka County, Nevada, USA.

Nevada, United States

The Lone Mountain Zinc Project is comprised of 202 unpatented lode mining claims and one patented mining claim. The Project property holdings are held by Lone Mountain Zinc Ltd. ("Lone Mountain"), a Nevada corporation that is a wholly owned subsidiary of Nevada Zinc. 176 of Nevada Zinc's unpatented lode mining claims (the "Property") are held through a lease agreement with Owyhee Exploration II LLC ("Owyhee"), an Idaho limited liability company.

Nevada Zinc as lessee has the right to use the Property for mineral exploration, development, mining and mineral processing activities. Subject to the regulations of the State of Nevada concerning the appropriation and taking of water, Nevada Zinc has the right to appropriate and use water, to drill wells for the water on the Property and to lay and maintain all necessary water lines as may be required for operations on the Property.

Under the terms of a lease agreement assigned to the Company on July 23, 2014, the Company has the right to lease the Property for twenty years, subject to a right to extend the term of the agreement for two additional terms of ten years each, and for so long after expiration of the second extension term as the Company conducts exploration for or the development and mining on the Property, unless the parties otherwise cancel, terminate or extend the lease agreement. The principal terms of the lease agreement require the Company to make annual lease payments of US\$25,000 to the lessor during the first three years of the lease agreement, US\$50,000 to the lessor during the fourth and fifth years of the agreement, and US\$100,000 to the lessor during the sixth and each succeeding year thereafter. The payments due on the first and each succeeding year are adjusted for inflation. The lease payments payable on and after the sixth year will be credited against the royalty payment obligation during the lease year for which the lease payment is made.

The Company must also make all payments to keep the Property in good standing and must carry out work programs during the first five years of the lease agreement. The work programs are comprised of a minimum of US\$50,000 per year in the first three years of the lease agreement and a minimum of US\$100,000 in years four and five of the lease agreement.

The lessor will retain a 3% net smelter returns royalty ("NSR") on precious metals production, if any, and a 2% NSR on all other minerals production, if any, from the Property.

As at December 31, 2021, the Company believes that it is in compliance with the lease agreement.

6. Cash and cash equivalents

	As at December 31, 2021	As at December 31, 2020
Cash	\$ 31,213	\$ 7,550
Money market investments	451	451
Total	\$ 31,664	\$ 8,001

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7. Marketable securities

As of December 31, 2021, the Company's publicly traded investments consisted of the following:

Public issuer	Security description	Cost	Estimated fair value
Allied Copper Corp. (formerly Gold Rush Cariboo Corp.)	1,200 common shares	\$ 7,200	\$ 264
Capha Pharmaceutical Inc.	4,704 common shares	1,245	-
		\$ 8,445	\$ 264

As of December 31, 2020, the Company's publicly traded investments consisted of the following:

Public issuer	Security description	Cost	Estimated fair value
Gold Rush Cariboo Corp.	18,000 common shares	\$ 40,500	\$ 270
Capha Pharmaceutical Inc.	4,704 common shares	7,200	-
		\$ 47,700	\$ 270

The Company received these marketable securities pursuant to option agreements relating to its exploration and acquisition properties.

8. Amounts receivable and other assets

	As at December 31, 2021	As at December 31, 2020
Sales tax receivable - (Canada)	\$ 4,931	\$ 5,505
	\$ 4,931	\$ 5,505

9. Amounts payable and other liabilities

Amounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to exploration and acquisition costs and general operating activities.

	As at December 31, 2021	As at December 31, 2020 (Restated) (Note 20)
Trade payables	\$ 254,829	\$ 342,529
Accrued liabilities	190,462	69,516
	\$ 445,291	\$ 412,045

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10. Share capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As at December 31, 2021, the issued share capital amounted to \$12,692,487. The change in issued share capital for the periods presented were as follows:

	Number of common shares	Amount
Balance, December 31, 2019 and December 31, 2020	74,391,128	\$ 11,942,487
Issuance of common shares for private placement (i)	9,920,634	750,000
Balance, December 31, 2021	84,311,762	\$ 12,692,487

(i) On January 29, 2021, the Company closed a non-brokered private placement for the issue of 7,142,857 common shares at a price of \$0.07 per common share and 2,777,777 common shares at a price of \$0.09 per common share for aggregate gross proceeds of \$750,000.

Certain directors and officers of the Company subscribed for an aggregate of 2,480,161 common shares of the private placement for gross proceeds of \$187,500.

11. Net loss per common share

The calculation of basic loss per share for the year ended December 31, 2021 was based on the net loss attributable to common shareholders of \$950,663 (year ended December 31, 2020 - net loss of \$468,367) and the weighted average number of common shares outstanding for the year ended December 31, 2021 of 83,523,547 (year ended December 31, 2020 - 74,391,128). Diluted loss per share for the year ended December 31, 2021 did not include the effect of 5,300,000 stock options (December 31, 2020 - 6,050,000 stock options) as they are anti-dilutive.

12. Stock options

The Company has established a stock option plan for directors, senior officers, employees and consultants of the Company.

The Board of Directors may designate which directors, senior officers, employees and consultants of the Company are to be granted options to acquire common shares, subject to the restriction that the aggregate number of common shares issuable upon the exercise of options granted thereunder shall not exceed 10% of the then current number of issued and outstanding common shares as at the date of the options are granted.

The directors, in compliance with the requirements of the stock exchange or exchanges on which the common shares are listed, determine the exercise price associated with any options granted under the option plan. The options will vest on the date set by the directors and expire at a time set by the directors, being not more than ten years from the date of grant, provided that any outstanding options will expire on a date to be determined by the directors following the date that the holder ceases to be a director, senior officer, employee or consultant of the Company, such period not being more that 12 months from the date of such cessation. In the event of the death of a holder, the option will remain exercisable in accordance with its terms for a period not exceeding one year from the holder's death. Options granted under the stock option plan will be non-assignable. Outstanding options to be granted under the stock option plan may be adjusted in certain events, as to exercise price and number of common shares, to prevent dilution or enlargement.

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12. Stock options (continued)

The following summarizes the stock option activity for the years ended December 31, 2021 and 2020:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2019	5,750,000	0.29
Granted (i)	2,000,000	0.10
Expired/forfeited	(100,000)	0.27
Cancelled/forfeited	(1,600,000)	0.25
Balance, December 31, 2020	6,050,000	0.23
Granted (ii)	1,950,000	0.12
Expired/forfeited	(2,700,000)	0.28
Balance, December 31, 2021	5,300,000	0.17

(i) On December 8, 2020, the Company granted 2,000,000 stock options to an officer and director with each option exercisable into one common share of the Company at an exercise price of \$0.10 per share until December 8, 2025. A fair value of \$80,000 was determined using the Black-Scholes option pricing model. The following assumptions were used: risk-free interest rate - 0.47%; expected volatility - 99% which is based on historical volatility of the Company's share price; expected dividend yield - nil; and expected life - 5 years. These options vested immediately upon grant.

(ii) On February 19, 2021, the Company granted 1,950,000 stock options to certain officers and directors with each option exercisable into one common share of the Company at an exercise price of \$0.12 per share until February 19, 2026. A fair value of \$175,500 was determined using the Black-Scholes option pricing model. The following assumptions were used: risk-free interest rate - 0.64%; expected volatility - 102% which is based on historical volatility of the Company's share price; expected dividend yield - nil; and expected life - 5 years. These options vested immediately upon grant.

During the year ended December 31, 2021, \$175,500 (December 31, 2020 - \$80,000) was expensed to share-based payments.

The following table reflects the Company's stock options outstanding and exercisable as at December 31, 2021:

Options outstanding	Grant date fair value (\$)	Exercise price (\$)	Options exercisable	Weighted average remaining contractual life (years)	Expiry date
500,000	231,000	0.49	500,000	0.05	January 18, 2022 ⁽¹⁾
200,000	52,400	0.35	200,000	0.47	June 19, 2022
400,000	83,600	0.23	400,000	0.78	October 11, 2022
250,000	44,750	0.20	250,000	1.20	March 15, 2023 ⁽²⁾
2,000,000	80,000	0.10	2,000,000	3.94	December 8, 2025 ⁽²⁾
1,950,000	175,500	0.12	1,950,000	4.14	February 19, 2026 ⁽²⁾
5,300,000	667,250	0.17	5,300,000	3.15	

⁽¹⁾ Subsequent to December 31, 2021, 500,000 options expired, unexercised.

⁽²⁾ Subsequent to December 31, 2021, 2,517,000 options expired, unexercised, due to the departure of a company officer.

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13. Related party transactions and major shareholders

Related party transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The below 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.

Remuneration of key management personnel of the Company was as follows:

	Year Ended December 31,	
	2021	2020
Salaries ⁽¹⁾	\$ 87,000	\$ 60,000
Consulting fees ⁽²⁾	169,550	-
Professional fees ⁽³⁾	-	15,000
Share-based payments ⁽⁴⁾	175,500	80,000
	\$ 432,050	\$ 155,000

⁽¹⁾ Salary to Donald Christie, the Chief Financial Officer of the Company.

⁽²⁾ Compensation related to Max Vichniakov in his capacity as the President and Chief Executive Officer. As of December 31, 2021, Mr. Vichniakov was owed \$90,400 (December 31, 2020 - \$8,475), and this amount was included in amounts payable and other liabilities.

⁽³⁾ Compensation related to Bruce Durham in his capacity as the Chief Executive Officer. On December 8, 2020, Bruce Durham ceased to be the Chief Executive Officer. As of December 31, 2021, Mr. Durham was owed \$42,600 (December 31, 2020 - \$53,250), and this amount was included in amounts payable and other liabilities. The amounts are non-interest bearing, unsecured with no fixed terms of repayment.

⁽⁴⁾ Represents share-based payments to officers and directors of the Company.

During the year ended December 31, 2021, Olive Resource Capital ("Olive", formerly "Norvista Capital"), an entity which shared common directors and officers with the Company, loaned the Company \$15,000 (year ended December 31, 2020 - \$279,237) for short-term cash flow purposes. On June 14, 2021, the CFO of the Company ceased to be a director of Olive. As of December 31, 2021, Olive was owed \$65,227 (December 31, 2020 - \$50,227) and this amount was presented as amounts payable to related party. The amounts are non-interest bearing, unsecured with no fixed terms of repayment.

As of December 31, 2021, Norvista Capital I LP was owed \$332,236 (December 31, 2020 - \$332,236) and this amount was presented as amounts payable to related party. The amounts are non-interest bearing, unsecured with no fixed terms of repayment.

See note 10(b)(i).

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13. Related party transactions and major shareholders (continued)

Major shareholders

To the knowledge of the directors and senior officers of the Company as at December 31, 2021, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

Major shareholder	Number of common shares	Percentage of outstanding common shares
Olive Resource Capital (formerly Norvista Capital)	13,573,593	16.10 %

See Note 19.

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares. The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

14. General and administrative

	Year Ended December 31,	
	2021	2020
Professional fees	\$ 65,544	\$ 48,113
Salaries	91,412	79,097
Share-based payments	175,500	80,000
Regulatory fees	33,745	20,454
Accounting fees	30,265	32,986
Administrative expenses	39,321	12,943
Consulting fees	169,789	64,290
Investor relations	3,250	5,000
	\$ 608,826	\$ 342,883

15. Exploration, acquisition and development costs

	Year Ended December 31,	
	2021	2020
<u>Nevada, United States</u>		
Claim renewal	\$ 45,975	\$ 41,623
Consulting	66,876	-
Leases	120,677	74,774
Reports	-	9,177
Metallurgical testing	119,752	-
Exploration, acquisition and development costs	\$ 353,280	\$ 125,574

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16. Segmented information

The Company primarily operates in two reportable operating segments, being mineral exploration in Canada and the United States. The Company has an administrative office in Toronto, Canada. Geographical information is as follows:

	December 31, 2021	December 31, 2020
Canada	\$ 36,859	\$ 13,776
United States	21,373	21,373
Total assets	\$ 58,232	\$ 35,149

	Year Ended December 31,	
	2021	2020
Canada	\$ (597,383)	\$ (342,793)
United States	(353,280)	(125,574)
Total net loss	\$ (950,663)	\$ (468,367)

17. Income taxes

Provision for income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020 - 26.5%) to the effective tax rate is as follows:

	2021	2020
Loss before income taxes	\$ (950,663)	\$ (468,367)
Expected income taxes owing (recovery)	(252,000)	(124,000)
Increase (decrease) to the income tax benefit resulting from:		
Share-based payments	47,000	21,000
Other	(15,000)	-
Change in benefit of tax assets not recognized	220,000	103,000
Income tax (recovery) expense	\$ -	\$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2021	2020
Unrecognized deductible temporary differences	\$ 5,605,000	\$ 4,309,000
Share issuance costs	-	66,000
Mineral property costs	9,883,000	10,280,000
Capital losses	23,000	23,000
Marketable securities	47,000	48,000
	\$ 15,558,000	\$ 14,726,000

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17. Income taxes (continued)

The Canadian non-capital loss carry forwards expire between 2026 and 2040. The net capital loss carry forward may be carried forward indefinitely, but can only be used to reduce capital gains. Investment tax credits expire from 2030 - 2033. Share issue and financing costs will be fully amortized in 2021. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

As at December 31, 2021, the Company had Canadian capital losses of approximately \$23,000 (2020 - \$23,000), and non-capital losses available for carry forward of \$3,072,000 (2020 - \$2,256,000) for income tax purposes as follows:

<u>Expiry</u>	
2031	\$34,000
2032	\$151,000
2033	\$138,000
2034	\$120,000
2035	\$341,000
2036	\$636,000
2037	\$292,000
2038	\$243,000
2039	\$301,000
2040	\$329,000
2041	\$487,000
	<u>\$3,072,000</u>

As at December 31, 2021, the Company had United States net operating losses of approximately \$2,532,000 or USD \$1,994,000 (2020 - \$2,053,000 or USD\$1,581,000) available for carry forward for income tax purposes, expiring from 2037 to 2041, which have been included in non-capital losses.

18. Contingencies

The Company's exploration activities are subject to government laws and regulations, including tax laws and laws and regulations governing the protection of the environment. The Company believes that its operations comply in all material respects with all applicable past and present laws and regulations. The Company records provisions for any identified obligations, based on management's estimate at the time. Such estimates are, however, subject to changes in laws and regulations.

From time to time, the Company may be named as a party to claims or involved in proceedings, including legal and regulatory, in the ordinary course of its business. While the outcome of these matters may not be estimable at period end, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to net income (loss) in that period.

19. Subsequent events

On February 14, 2022, announced the closing of a private placement (the "Financing") comprised of the issuance of 10,000,000 Units by the Company (the "Units") at a price of C\$0.075 per Unit, for aggregate gross proceeds of \$750,000.

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19. Subsequent events (continued)

Each Unit consists of one common share of the Company and one half of a common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one common share at a price of \$0.14 for a period of eighteen months from the date of issuance. The Company may elect to accelerate the expiry of the Warrants in the event the closing price of the common shares on the TSXV equals or exceeds \$0.28 per common share for ten consecutive trading days, in which case the Warrants will expire sixty days after the date on which the Company provides written notice of acceleration.

On March 22, 2022, the Company announced the issuance of 5,197,813 common shares, at a deemed price of \$0.075 per common share, in consideration for the settlement of an aggregate of \$389,836 in accrued liabilities. Of the total amount, \$332,236 was owed to Norvista Capital I LP and its affiliated entities (Note 13) and the remainder was for the settlement of accrued management fees. The common shares issued pursuant to the settlement are subject to a hold period expiring on July 19, 2022.

20. Restatement

These consolidated financial statements have been restated to reflect additional legal and consulting fees of \$65,000 for services related to periods prior to 2020.

A summary of the impact of the restatement is as follows:

Consolidated Statement of Financial Position as at December 31, 2020 and January 1, 2020:

- Increase in accounts payable and other liabilities of \$65,000
- Increase in total liabilities of \$65,000
- Increase in shareholders' deficiency of \$65,000

Consolidated Statement of Changes in Shareholders' Deficiency at December 31, 2020 and 2019:

- Increase Deficit and Total Shareholders' Deficiency of \$65,000

There were no restatement changes to the December 31, 2020 Consolidated Statement of Comprehensive Loss or Consolidated Statement of Cash Flows.