
SCOZINC MINING LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2021 AND 2020
(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	September 30, 2021	December 31, 2020
ASSETS		
Current		
Cash	\$ 514,184	\$ 243,354
Amounts receivable and prepaid expenses (Note 5)	87,638	60,490
	601,822	303,844
Cash held for reclamation (Note 3)	3,217,293	3,198,485
Property, plant and equipment (Note 4)	7,848,291	7,864,399
Exploration and evaluation assets (Note 6)	1,439,340	1,419,412
	12,504,924	12,482,296
	\$ 13,106,746	\$ 12,786,140
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 155,732	\$ 259,386
Amounts payable to related parties (Note 12)	89,078	92,452
Promissory note payable (Note 14)	254,189	-
	498,999	351,838
Decommissioning liability (Note 8)	2,600,000	2,600,000
Loan payable (Note 13)	60,000	40,000
	3,158,999	2,991,838
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	84,784,654	83,791,810
Shares to be issued (Note 1)	300,000	-
Warrants (Note 10(b))	813,265	1,031,722
Contributed surplus	858,077	841,538
Deficit	(76,808,249)	(75,870,768)
	9,947,747	9,794,302
	\$ 13,106,746	\$ 12,786,140

Nature of Operations and Going Concern (Note 1)

Subsequent Events (Note 15)

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

ScoZinc Mining Ltd.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
EXPENSES				
Salaries and benefits (Note 15)	\$ 113,967	\$ 95,965	\$ 345,803	\$ 494,564
Office and general	45,800	9,465	114,806	126,021
Legal and accounting fees	131,555	28,325	190,018	78,271
Investor relations	2,293	156	3,840	64,162
Amortization (Notes 4 and 8)	5,369	46,920	16,108	137,664
Consulting	94,140	89,884	286,641	160,833
Stock-based payments (Note 10(a) and (c))	38,264	37,726	86,909	84,593
Remediation expense (Note 3)	109,915	-	109,915	-
Regulatory fees	(766)	3,006	52,249	14,778
	(540,537)	(311,447)	(1,206,289)	(1,160,886)
Interest income	8,816	7,315	18,808	25,192
Gain(loss) on settlement of liabilities	-	-	-	131,190
Gain on amendment of agreement (Note 1)	250,000	-	250,000	-
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD				
	\$ (281,721)	\$ (304,132)	\$ (937,481)	\$ (1,004,504)
Basic and diluted loss per share (Note 11)				
	\$ (0.02)	\$ (0.02)	\$ (0.07)	\$ (0.08)
Weighted average number of common shares outstanding - basic and diluted				
	14,607,401	14,084,793	14,410,899	12,220,785

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	Share Capital	Shares to be Issued	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2019	10,101,460	\$ 82,642,357	\$ -	\$ 1,021,145	\$ 711,192	\$(68,407,908)	\$ 15,966,786
Issued on private placement, net of costs	3,833,333	1,094,030	-	-	-	-	1,094,030
Warrants issued on private placement	-	(723,837)	-	723,837	-	-	-
Broker warrants issued on private placement	-	(10,577)	-	10,577	-	-	-
Stock-based compensation	-	-	-	-	84,593	-	84,593
Issued on settlement of debt	150,000	66,000	-	-	-	-	66,000
Loss for the period	-	-	-	-	-	(1,004,504)	(1,004,504)
Balance, September 30, 2020	14,084,793	83,067,973	-	1,755,559	795,785	(69,412,412)	16,206,905
Balance, December 31, 2020	14,084,794	83,791,810	-	1,031,722	841,538	(75,870,768)	9,794,302
Proceeds received for future share issuance (Note 1)	-	-	300,000	-	-	-	300,000
Exercise of warrants	1,310,333	922,474	-	(218,457)	-	-	704,017
Stock-based compensation	-	-	-	-	86,909	-	86,909
Issued on exercise of restricted share units	123,456	70,370	-	-	(70,370)	-	-
Loss for the period	-	-	-	-	-	(937,481)	(937,481)
Balance, September 30, 2021	15,518,583	\$ 84,784,654	\$ 300,000	\$ 813,265	\$ 858,077	\$(76,808,249)	\$ 9,947,747

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 Nine Months Ended September 30,	2021	2020
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss for the period:	\$ (937,481)	\$ (1,004,504)
Amortization	16,108	137,664
Share-based payments	86,909	84,593
Gain (loss) on settlement of liabilities	-	(131,190)
Accrued interest income	(18,808)	(26,594)
Accrued interest on promissory note payable (Note 14)	4,189	-
	(849,083)	(940,031)
Net change in non-cash working capital:		
Amounts receivable and prepaid expenses	(27,148)	(10,945)
Accounts payable and accrued liabilities	(103,654)	88,991
Amounts payable to related parties	(3,374)	4,621
	(983,259)	(857,364)
Interest received	-	442
	(983,259)	(856,922)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(19,928)	(525,806)
Acquisition of property, plant and equipment	-	(4,500)
	(19,928)	(530,306)
FINANCING ACTIVITIES		
Lease obligation payments	-	(5,852)
Share capital issued for cash	704,017	1,150,000
Share issue costs	-	(55,970)
Proceeds from loans payable	20,000	40,000
Proceeds from promissory note payable	250,000	-
Proceeds received for future share issuance	300,000	-
	1,274,017	1,128,178
CHANGE IN CASH	270,830	(259,050)
CASH, BEGINNING OF PERIOD	243,354	519,138
CASH, END OF PERIOD	\$ 514,184	\$ 260,088

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

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 (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, incorporated on March 9, 2004 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 Company 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 \$ 937,481 for the nine months ended September 30, 2021 (nine months ended September 30, 2020 - \$1,004,504), and as of that date has an accumulated deficit of \$76,808,249 (December 31, 2020 - \$75,870,768). As at September 30, 2021, cash amounted to \$ 514,184 (December 31, 2020 - \$243,354) and the Company had working capital of \$102,823 (December 31, 2020 - a working capital deficiency of \$47,994). 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 September 30, 2021, 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 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.

Covid-19 Impact

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 condensed interim 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.

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

Proposed Transaction

On April 12, 2021, the Company held an extraordinary general meeting of the Company's Securityholders (the "EGM"), at which the the Company's security holders passed a special resolution approving a plan of arrangement under Section 288 of the BC Business Corporations Act (the "Arrangement") which would result in the Company becoming a wholly owned subsidiary of Fancamp Exploration Ltd. ("Fancamp") by amalgamating with an existing wholly owned subsidiary of Fancamp (the "Transaction"). Subsequent to two closing extensions granted by ScoZinc on September 9, 2021 and September 15, 2021 in exchange for consideration of \$125,000 paid for each extension, (\$250,000 in aggregate), on September 16, 2021 the Arrangement was terminated and a new agreement ("New Agreement") was entered into.

Under the terms of the new agreement the New Agreement, Fancamp will subscribe to 1,969,697 common shares of ScoZinc at \$0.66 per share by way of a non-brokered private placement for a total purchase price of \$1,300,000 ("Private Placement"), and the Fancamp Termination Fee of \$300,000 will be credited towards Fancamp's subscription. Regarding Fancamp's secured promissory note to ScoZinc aggregating a principal amount of \$250,000 (the "Loan"), ScoZinc will issue Fancamp 378,788 fully paid and non-assessable common shares of ScoZinc at a deemed issue price of \$0.66 per share in full and final satisfaction of the Loan and any other amounts that may be owing by ScoZinc to Fancamp in respect of the Loan (the "Debt Settlement"). Concurrent with closing the Private Placement and Debt Settlement, ScoZinc shall appoint one nominee of Fancamp to its Board of Directors, providing Fancamp's shareholding is over 10 percent of the then issued and outstanding shares of ScoZinc on an ongoing basis. Subsequently, on October 6, 2021, the Private Placement closed and the Debt Settlement was completed.

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, 2020.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 22, 2021.

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.

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

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 Scotia Mine facility to an agreed status at the end of the mining operations at the site; as a result the Company is required to make reclamation deposits in respect of this obligation. As at September 30, 2021, a \$2,924,267 (December 31, 2020 – \$2,907,053) 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 \$193,026 (December 31, 2020 – \$191,432), 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, 2020 - \$100,000) in relation to the land, which the Company leased from the organization in Sheet Harbour. The Company terminated the Sheet Harbour lease and has incurred \$109,915 in site remediation costs to meet the requirements of Nova Scotia Business Inc. The reclamation bond will be returned to the Company upon final release, which is was pending as of September 30, 2021.

4. PROPERTY, PLANT AND EQUIPMENT

	Mine Plant, Equipment and Land	Exploration Field Equipment	Total
Cost			
Balance, December 31, 2019	\$ 9,307,141	\$ 836,641	\$10,143,782
Additions	4,500	-	4,500
Balance, December 31, 2020	9,311,641	836,641	10,148,282
Additions	-	-	-
Balance, September 30, 2021	\$ 9,311,641	\$ 836,641	\$10,148,282
Accumulated Amortization			
Balance, December 31, 2019	\$ 1,373,067	\$ 836,641	\$ 2,209,708
Amortization	74,175	-	74,175
Balance, December 31, 2020	1,447,242	836,641	2,283,883
Amortization	16,108	-	16,108
Balance, September 30, 2021	\$ 1,463,350	\$ 836,641	\$ 2,299,991
Net Book Value, December 31, 2020	\$ 7,864,399	\$ -	\$ 7,864,399
Net Book Value, September 30, 2021	\$ 7,848,291	\$ -	\$ 7,848,291

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	September 30, 2021	December 31, 2020
Refundable GST/HST	\$ 70,658	\$ 27,066
Prepaid expenses	16,980	33,424
	\$ 87,638	\$ 60,490

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, 2019	\$ 7,252,535
Additions	644,334
Recovery of costs	(47,929)
Grant received	(165,040)
Impairment charge	(6,264,488)
Balance, December 31, 2020	1,419,412
Additions	19,928
Balance, September 30, 2021	\$ 1,439,340

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021	December 31, 2020
Trade payables	\$ 45,099	\$ 128,170
Accrued expenses	110,633	131,216
	\$ 155,732	\$ 259,386

8. 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 high level care and maintenance, the Company has accrued the full amount potentially due.

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

9. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares without par value

Unlimited number of Class A preferred shares with no par value

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

(b) ISSUED - COMMON SHARES

	Shares	Amount
Balance, December 31, 2019	10,101,460	\$ 82,642,357
Private placement, net of costs	3,833,333	1,094,030
Issuance of warrants on private placement	-	(723,837)
Issuance of broker warrants on private placement	-	(10,577)
Issued on settlement of debt	150,000	66,000
Balance, September 30, 2020	14,084,793	\$ 83,067,973
Balance, December 31, 2020	14,084,794	83,791,810
Exercise of warrants	1,310,333	922,474
Issued on exercise of restricted share units (Note 10(c))	123,456	70,370
Balance, September 30, 2021	15,518,583	\$ 84,784,654

10. SHARE BASED PAYMENTS

a) Stock Option Plan

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

Share option activity for the nine months ended September 30, 2021 and 2020 are as follows:

	Number of Stock Options Outstanding	Weighted Average Exercise Price (\$)
Balance - December 31, 2019	733,000	0.83
Granted	268,000	0.46
Expired/Cancelled	(126,000)	(1.61)
Balance - September 30, 2020	875,000	0.64
Balance - December 31, 2020 and September 30, 2021	817,000	0.61

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

10. SHARE BASED PAYMENTS (Continued)

a) Stock Option Plan

The following table summarizes information about stock options outstanding as at September 30, 2021:

Number of Options Outstanding	Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Vested (Exercisable)
157,000	July 13, 2022	0.86	0.78	157,000
205,000	July 3, 2024	0.20	2.76	205,000
90,000	August 12, 2024	0.20	2.87	90,000
50,000	August 20, 2024	0.50	2.89	50,000
50,000	August 20, 2024	0.35	2.89	50,000
20,000	October 3, 2024	0.35	3.24	6,667
9,000	October 3, 2024	0.20	3.01	9,000
9,000	October 3, 2024	0.35	3.01	9,000
7,000	October 3, 2024	0.50	3.01	7,000
220,000	June 18, 2030	0.20	8.97	110,000
817,000		0.61	4.24	693,667

b) Warrants

The following table reflects the continuity of warrants for the nine months ended September 30, 2021 and 2020:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance - December 31, 2019	4,897,000	\$ 0.78
Issued	3,895,864	\$ 0.50
Expired	(1,060,000)	\$ (1.50)
Balance - September 30, 2021	7,732,864	\$ 0.60
Balance, December 31, 2020	7,732,864	\$ 0.54
Exercised	(1,310,333)	\$ (0.54)
Expired	(2,877,000)	\$ (0.59)
Balance - September 30, 2021	3,545,531	\$ 0.50

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

10. SHARE BASED PAYMENTS (Continued)

b) Warrants (Continued)

The following table summarizes the warrants outstanding as at September 30, 2021:

Number of Warrants Outstanding	Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Warrants (Exercisable)
1,721,178	April 22, 2022	0.50	0.56	1,721,178
1,308,216	May 22, 2022	0.50	0.64	1,308,216
516,137	May 29, 2022	0.50	0.66	516,137
3,545,531		0.50	0.65	3,545,531

c) Restricted Share Units

On October 25, 2019, the Company adopted a Restricted Stock Unit Incentive Plan ("the Plan"), pursuant to shareholder approval.

The number of shares reserved for stock options and all other forms of equity based incentive compensation under the Plan cannot exceed 10% of the Company's issued and outstanding common shares.

During the year ended December 31, 2020, the Company granted a total of 188,456 Restricted Stock Units ("RSU") with a fair value of \$85,100. 123,456 RSUs vest on August 20, 2021, and 65,000 RSUs vest on November 5, 2021.

On February 22, 2021, the Company issued 7,200 RSUs which vest on February 25, 2022 with a fair value of \$4,464.

On August 31, 2021, the Company granted a total of 87,719 Restricted Stock Units ("RSU") to an officer of the Company, with a fair value of \$50,000. These RSU's vest on August 19, 2022.

On September 1, 2021, 123,456 RSU's were exercised resulting in 123,456 shares being issued with a fair value of \$70,370.

During the three and nine months ended September 30, 2021, the Company recognized \$33,110 and \$57,904 (three and nine months ended September 30, 2020 - \$5,616) in stock-based compensation expense on the vesting of RSUs.

As at September 30, 2021, there were 159,939 (December 31, 2020 - 188,456) restricted stock units issued and outstanding.

11. 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 three and nine months ended September 30, 2021 and 2020 as they would decrease the loss per share, consequently the weighted average number of common shares outstanding for basic and diluted are the same.

ScoZinc Mining Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 (EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

12. RELATED PARTY TRANSACTIONS

Key Management Personnel Compensation

Key management personnel include those persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's board of directors and corporate officers and/or companies controlled by those individuals.

Remuneration attributed to key management personnel during the three and nine months ended September 30, 2021 and 2020 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Remuneration	\$ 116,641	\$ 52,667	\$ 323,141	\$ 161,000
Share-based compensation	33,110	5,616	57,904	70,202
	\$ 149,751	\$ 58,283	\$ 381,045	\$ 231,202

During the and nine months ended September 30, 2021, the Company incurred \$7,500 and \$22,500, respectively, (three and nine months ended September 30, 2020 - \$7,500 and \$31,623) in services from Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. (the "DSA"), together known as the "Marrelli Group" for Robert D.B. Suttie, President of Marrelli Support, to act as Chief Financial Officer ("CFO") of the Company;

As at September 30, 2021, amounts due to related parties totaled \$89,078 (December 31, 2020 - \$92,452) 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.

13. LOAN PAYABLE

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. In January 2021, this loan was increased by \$20,000, or \$60,000 in aggregate. The proceeds of the loan are interest free until December 31, 2022 with a 25% balance forgiveness if repaid by that date. After December 31, 2022, the outstanding balance will accrue interest at 5% per annum and is due in full by December 31, 2025.

14. PROMISSORY NOTE PAYABLE

Commencing on May 4, 2021 Fancamp advanced the Company an aggregate of \$250,000 under the terms of the Arrangement, with a one year term a 12-month bearing interest 5 percent per annum. As at September 30, 2021, \$4,189 in interest had accrued.

15. SUBSEQUENT EVENTS

- i) On October 6, 2021, pursuant to the terms of a new agreement ("the New Agreement"), Fancamp subscribed to 1,969,697 common shares of ScoZinc at \$0.66 per share by way of a non-brokered private placement for a total purchase price of \$1,300,000, and the Fancamp Termination Fee of \$300,000 will be credited towards Fancamp's subscription. Regarding Fancamp's secured promissory note to ScoZinc aggregating a principal amount of \$250,000 (the "Loan"), ScoZinc issued Fancamp 378,788 fully paid and non-assessable common shares of ScoZinc at a deemed issue price of \$0.66 per share in full and final satisfaction of the Loan and any other amounts that may be owing by ScoZinc to Fancamp in respect of the Loan. On October 19, 2021, ScoZinc appointed Mark Billings, a nominee of Fancamp, to its Board of Directors.

ScoZinc Mining Ltd.

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15. SUBSEQUENT EVENTS (Continued)

- ii) On October 29, 2021, the Company granted a total of 470,000 stock options to officers, employees and consultants of the Company at a strike price of \$0.60 and expiring on October 29, 2031.
- iii) On November 16, 2021, the Company released the results of its updated pre-feasibility study ("2021 PFS") for its wholly owned Scotia Mine which relected a pre-tax net present (or NPV) value of \$225 million at a discount rate of 5%. With NI 43-101 mineral reserves and a strip ratio of 7.1, the mine only requires \$30.6 million in funding to generate \$357 million cash flow (before tax) over its 14.3 years mine life.