

ZEPHYR MINERALS LTD.
(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

Unaudited – Prepared by Management

Notice of disclosure of non-auditor review of condensed consolidated interim financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying condensed consolidated interim financial statements of the Company for the period ended September 30, 2018, have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these condensed consolidated interim financial statements.

ZEPHYR MINERALS LTD.
(An Exploration Stage Company)
Unaudited Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2018	December 31, 2017
Assets		
Current		
Cash and cash equivalents	\$ 148,566	\$ 14,211
Accounts receivable (note 3)	33,585	38,683
Prepaid expenses and deposits	173,647	129,135
	355,798	182,029
Exploration and evaluation assets (note 4)	3,720,988	2,848,792
	\$ 4,076,786	\$ 3,030,821
Liabilities		
Current		
Accounts payable and accrued liabilities (note 5)	\$ 116,617	\$ 133,972
Long Term		
Reclamation obligation	32,617	32,617
Shareholders' Equity		
Share Capital (note 6)	5,647,752	4,461,310
Share-based payments reserve	1,605,839	1,384,046
Deficit	(3,326,039)	(2,981,124)
	3,927,552	2,864,232
	\$ 4,076,786	\$ 3,030,821

Basis of presentation and going concern – Note 2

Approved on behalf of the Board:

David Felderhof
David Felderhof, Director

Loren Komperdo
Loren Komperdo, Director

ZEPHYR MINERALS LTD.**(An Exploration Stage Company)****Unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Loss****For the Three and Nine Months Ended September 30****(Expressed in Canadian dollars)**

	2018		2017	
	3	9	3	9
	Months	Months	Months	Months
Operating Expenses				
Filing fees	\$ 602	26,310	\$ 3,460	\$ 17,186
Foreign exchange loss, net	(5,943)	(8,732)	6,583	13,580
Investor relations	15,691	118,489	19,714	79,829
Professional fees	13,073	29,022	6,883	25,719
General and administrative	2,055	6,662	2,063	6,033
Rent	2,068	6,211	2,007	6,021
Travel	890	9,890	5,252	15,922
Transfer agent	5,721	10,058	6,188	12,741
Salaries & Consulting	28,687	145,255	43,859	164,386
Share based payments	-	1,750	36,600	43,725
Net Loss and Comprehensive Loss for the period	(62,844)	(344,915)	(132,609)	(385,142)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	46,332,620	43,274,012	37,707,037	36,008,330
Loss Per Share – Basic	\$ (0.001)	(0.008)	\$ (0.004)	\$ (0.011)

ZEPHYR MINERALS LTD.
(An Exploration Stage Company)
Unaudited Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended September 30
(Expressed in Canadian dollars)

	2018	2017
Operating Activities		
Net loss	\$ (344,915)	\$ (385,142)
Items not requiring an outlay of cash		
Share based payments	1,750	43,725
Net changes in non-cash working capital items		
Accounts receivable	5,098	(8,572)
Prepaid expenses	(44,512)	(73,880)
Accounts payable and accrued liabilities	(17,355)	33,899
Cash Used in Operating Activities	(399,934)	(389,970)
Investing Activities		
Expenditures on exploration and evaluation assets	(872,196)	(557,315)
Cash Used for Investing Activities	(872,196)	(4557,315)
Financing Activities		
Issue of common shares net of share issue costs	1,406,485	1,119,032
Cash Provided by Financing Activities	1,406,485	1,119,032
Net Change in Cash and Cash Equivalents for the Period	134,355	171,747
Cash and Cash Equivalents, Beginning of Period	14,211	230,107
Cash and Cash Equivalents, End of Period	\$ 148,566	\$ 401,854
Non-cash financing and investing activities:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
Value of share based payments charged to exploration and evaluation assets	\$ -	\$ -
Value of brokers warrants issued	\$ 24,223	\$ 3,050

ZEPHYR MINERALS LTD.
(An Exploration Stage Company)
Unaudited Condensed Consolidated Interim Statements of Changes in
Shareholders' Equity
For the Nine Months Ended September 30
(Expressed in Canadian dollars)

	Number of shares	Share Capital	Share-based payments reserve	Deficit	Total
		\$	\$	\$	\$
January 1, 2017	34,057,261	3,530,124	1,152,476	(2,465,786)	2,216,814
Share based payments		-	43,725	-	43,725
Shares issued in private placement	3,925,359	948,582	192,669	-	1,141,251
Share issue costs		(17,396)	(4,824)	-	(22,220)
Loss for year		-	-	(515,338)	(515,338)
December 31, 2017	37,982,620	4,461,310	1,384,046	(2,981,124)	2,864,232
Share based payments		-	1,750	-	1,750
Shares issued in private placement	8,350,000	1,290,075	237,148	-	1,527,223
Share issue costs		(103,633)	(17,105)	-	(120,738)
Loss for period		-	-	(344,915)	(344,915)
September 30, 2018	46,332,620	5,647,752	1,605,839	(3,329,039)	3,927,552

ZEPHYR MINERALS LTD.

(An Exploration Stage Company)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

Nine Months ended September 30, 2018 and 2017

1. NATURE OF OPERATIONS

Zephyr Minerals Ltd. and its wholly owned subsidiary, Zephyr Gold USA Ltd., (collectively, the "Company") is an exploration stage mining company. The Company is incorporated in Canada and is based in Nova Scotia, Canada. The Company's head office is located at 1300 - 1959 Upper Water St, Halifax, Nova Scotia Canada B3J 3N2.

The Company is a publicly listed company continued under the Canada Business Companies Act with limited liability under the laws of Canada. The Company's shares trade on the Toronto Stock Venture Exchange ("TSX-V").

2. BASIS OF PRESENTATION AND GOING CONCERN

Basis of presentation

These condensed consolidated financial statements, including comparatives, have been prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2017. These condensed consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements have been set out in the Company's consolidated financial statements for the year ended December 31, 2017. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2017 which are filed at www.sedar.com

Going Concern

The Company holds a 100% interest in mineral claims in Colorado, USA, including the Dawson gold project ("Dawson"), an advanced gold project with exploration potential; and the Green Mountain project ("Green Mountain"), prospective for gold and copper. The Company's objective is to explore and evaluate these mineral claims to determine whether the properties contain economic resources warranting a development program.

As at September 30, 2018, the Company has cash of \$148,566, working capital of \$239,181 and shareholders' equity of \$3,927,552. The Company's financial statements as at September 30, 2018 have been prepared on a going concern basis,

ZEPHYR MINERALS LTD.**(An Exploration Stage Company)****Notes to the Unaudited Condensed Consolidated Interim Financial Statements****(Expressed in Canadian dollars)****Nine Months ended September 30, 2018 and 2017**

which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

Management of the Company concluded that at September 30, 2018, the Company did not have sufficient funds to meet its minimum corporate, administrative and property obligations for the next 12 months. In order to alleviate the situation, the Company intends to raise additional capital. Subsequent to quarter end, the Company closed a private placement financing wherein it raised gross proceeds of \$150,000 through a unit offering more fully described in Note 10. The Company intends to raise additional capital. Currently the Company is required to make minimum annual payments of approximately US\$33,835 to keep the Dawson project in good standing and \$5,115 to keep the Green Mountain claims in good standing. The Company's 2018 obligations have been paid. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. In order to develop the Dawson project, the Company will need to raise additional capital. If the Company is unable to raise additional capital in the future, the Company may need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

Approval of the financial statements

These consolidated financial statements were approved and authorized for issue by the Audit Committee and Board of Directors of the Company on November 29, 2018.

3. ACCOUNTS RECEIVABLE

	September 30, 2018	December 31, 2017
HST receivable	\$ 33,585	\$ 38,683
	\$ 33,585	\$ 38,683

ZEPHYR MINERALS LTD.**(An Exploration Stage Company)****Notes to the Unaudited Condensed Consolidated Interim Financial Statements****(Expressed in Canadian dollars)****Nine Months ended September 30, 2018 and 2017****4. EXPLORATION AND EVALUATION ASSETS****Acquisition Costs**

	Green Mountain	Dawson	Total
	\$	\$	\$
Balance as at January 1, 2017	-	243,740	243,740
Reclamation obligation	-	32,617	32,617
Impairment	-	-	-
Balance as at December 31, 2017	-	276,357	276,357
Additions	52,551	14,312	66,863
Balance as at September 30, 2018	52,551	290,669	343,220

Deferred Exploration Costs

	Green Mountain	Dawson	Total
	\$	\$	\$
Balance January 1, 2017	-	1,819,032	1,819,032
Additions	-	753,403	753,403
Balance December 31, 2017	-	2,572,435	2,572,435
Additions	26,463	778,870	805,333
Balance September 30, 2018	26,463	3,351,305	3,377,768

Carrying amount

As at December 31, 2017	-	2,848,792	2,848,792
As at September 30, 2018	79,014	3,641,974	3,720,988

Dawson and Green Mountain Projects

On October 31, 2012 the Company announced it had closed a gold property acquisition with Celtic Minerals Ltd. ("Celtic Minerals") to purchase a 100% interest in the Dawson project in Colorado, USA. The acquisition was done by way of a share purchase agreement, whereby Zephyr acquired 100% of Celtic Gold Ltd. ("Celtic Gold"), a Colorado company and subsidiary of Celtic Minerals, which holds title to the Dawson project. This company was subsequently renamed Zephyr Gold USA Ltd ("Zephyr USA").

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(Expressed in Canadian dollars)

Nine Months ended September 30, 2018 and 2017

The Dawson Gold project ("Dawson") is comprised of five gold mineralized areas which are, from east to west: the Sentinel segment, the Dawson segment, the Copper King segment, the Windy Gulch segment and the Windy Point segment. The gold resources identified to date are confined to the Dawson and Windy Gulch segments with the remaining three segments representing gold prospective areas on the approximately 4.2 km (2.6 miles) long geologically favourable trend. It is located in west-central Colorado, 9.5 km southwest of Canon City in Fremont County. In the first half of 2018, the Company added 12 additional claims to the Sentinel segment, and subsequent to quarter end, added an additional 15 claims to the west of the Windy Point segment (see Note 10). The Dawson project now consists of 72 unpatented lode mining claims, and eight patented lode mining claims and one patented placer claim covering approximately 1,532 acres (620 hectares). Zephyr holds a 100% interest in the 72 unpatented claims, 50% interest in the eight patented claims, and a 50% interest in one patented placer claim. The 50% of the eight patented lode mining claims not held by Zephyr is leased by Zephyr through a "Mining Lease and Agreement" which effectively gives Zephyr 100% control of the these claims. Twenty-one of the 72 unpatented claims, the eight patented lode mining claims and the 50% interest in the one patented placer claim are subject to a sliding scale Net Smelter Return ("NSR") whereby Zephyr agrees to pay up to a 3% NSR as contemplated in the Mining Lease and Agreement.

Zephyr USA is currently required to make annual advance royalty payments in terms of its Mining Lease and Agreement in the amount of US\$25,000 per year. These advance royalties can be applied in the future to reduce the actual production royalty expense incurred. The Company paid and recorded the 2018 obligation in fiscal 2017. To date Zephyr USA has made advance royalty payments totalling US\$429,000 which can be so applied. Zephyr USA is also obliged to make a payment of US\$90,000 in the event of embarking on an underground program. Zephyr USA is also required to make annual payments of US\$155 for each of the unpatented claims.

On July 25, 2018, the Company announced expanding its holdings in west-central Colorado with the addition of the Green Mountain Copper-Gold project ("Green Mountain"), located approximately 10 km southwest of Dawson. Green Mountain is now comprised of one patented lode mining claim and 62 unpatented lode mining claims; including the 29 unpatented lode mining claims acquired subsequent to quarter end. (see Note). The one patented claim at Green Mountain was purchased for US\$25,000 in an arm-length transaction and the 62 unpatented lode-mining claims were acquired through staking. The Green Mountain project totals 517 hectares (1,278 acres) and is 100% owned by Zephyr. Green Mountain occupies a shear zone which is interpreted to be the faulted offset extension of the Dawson Shear Zone and exhibits similar geochemistry and rock types to Dawson, thus is considered to be highly prospective for gold. Zephyr USA is required to make annual payments of US\$155 for each of the unpatented claims.

ZEPHYR MINERALS LTD.**(An Exploration Stage Company)****Notes to the Unaudited Condensed Consolidated Interim Financial Statements****(Expressed in Canadian dollars)****Nine Months ended September 30, 2018 and 2017****5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2018	December 31, 2017
Trade payables	\$ 95,802	\$ 112,418
Accrued liabilities	20,815	21,554
	<u>\$ 116,617</u>	<u>\$ 133,972</u>

6. SHARE CAPITAL

Authorized capital consists of an unlimited number of common shares.

Issuances of common shares in 2018

On April 11, 2018 the Company completed a private placement through the issuance of 8,350,000 units at a price of \$0.18 per unit raising a total of \$1,503,000. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.30 per common share at any time on or before April 10, 2019. The Company valued the warrants and apportioned the share issue expenses incurred between the warrants value and the share value on a pro rata basis. In determining the value of the warrants, the fair value of the warrants issued were estimated using a Black-Scholes pricing model with the following weighted average assumptions used:

Risk-free interest rate	1.62%
Expected dividend yield	0.00%
Expected stock price volatility	61.84%
Expected life of warrants	1 year
Grant date fair value of warrant	\$0.051

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(Expressed in Canadian dollars)

Nine Months ended September 30, 2018 and 2017

The Company paid cash finder's fees of \$85,490 and issued 474,950 finder's fee warrants to finders acting on behalf of the Company in connection with the placement. Each finder's fee warrant is exercisable into one common share of the Company at \$0.30 per share until expiry on April 10, 2019. The expiry date of the warrants may be accelerated by the Company at any time if the volume-weighted average trading price of the common shares is greater than or equal to \$0.375 for any 20 consecutive trading days. If this occurs, the Company may accelerate the expiry date of the warrants by issuing a press release announcing the reduced warrant term whereupon the warrants will expire on the 20th calendar day after the date of such press release.

The finder's fee warrants were recorded at their fair value at time of issuance and shown as part of share issue costs netted against share capital. The terms and assumptions used were the same as those for the warrants above.

Issuances of common shares in 2017

On January 31, 2017 the Company completed a private placement through the issuance of 302,500 units at a price of \$0.32 per unit raising a total of \$96,800. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.38 per common share at any time on or before January 31, 2018. The Company valued the warrants and apportioned the share issue expenses incurred between the warrants value and the share value on a pro rata basis. In determining the value of the warrants, the fair value of the warrants issued were estimated using a Black-Scholes pricing model with the following weighted average assumptions used:

Risk-free interest rate	0.45%
Expected dividend yield	0.00%
Expected stock price volatility	99.2%
Expected life of warrants	1 year
Grant date fair value of warrant	\$0.166

The Company paid cash finder's fees of \$5,880 and issued 18,375 finder's fee warrants to finders acting on behalf of the Company in connection with the placement. Each finder's fee warrant is exercisable into one common share of the Company at \$0.38 per share until expiry on January 31, 2018.

The finder's fee warrants were recorded at their fair value at time of issuance and shown as part of share issue costs netted against share capital. The terms and assumptions used were the same as those for the warrants above.

On February 28, 2017 the Company completed a private placement through the issuance of 675,000 units at a price of \$0.32 per unit raising a total of \$216,000. Each unit consists of one common share and one-half common share purchase

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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Nine Months ended September 30, 2018 and 2017

warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.42 per common share at any time on or before February 28, 2019. The Company valued the warrants and apportioned the share issue expenses incurred between the warrants value and the share value on a pro rata basis. In determining the value of the warrants, the fair value of the warrants issued were estimated using a Black-Scholes pricing model with the following weighted average assumptions used:

Risk-free interest rate	0.47%
Expected dividend yield	0.00%
Expected stock price volatility	101.2%
Expected life of warrants	2 years
Grant date fair value of warrant	\$0.155

There were no finder's fees or finder's fee warrants associated with the issue.

On May 29, 2017 the Company completed the first tranche of a private placement through the issuance of 2,130,000 units at a price of \$0.28 per unit raising a total of \$596,400. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.42 per common share at any time on or before May 29, 2019. The Company valued the warrants and apportioned the share issue expenses incurred between the warrants value and the share value on a pro rata basis. In determining the value of the warrants, the fair value of the warrants issued were estimated using a Black-Scholes pricing model with the following weighted average assumptions used:

Risk-free interest rate	0.53%
Expected dividend yield	0.00%
Expected stock price volatility	80.9%
Expected life of warrants	2 years
Grant date fair value of warrant	\$0.085

There were no finder's fees or finder's fee warrants associated with the issue.

On August 1, 2017 the Company completed the final tranche of a private placement through the issuance of 817,859 units at a price of \$0.28 per unit raising a total of \$229,001. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.42 per common share at any time on or before August 1, 2019. The Company valued the warrants and apportioned the share issue expenses incurred between the warrants value and the share value on a pro rata basis. In determining the value of the warrants, the fair value of the warrants issued were estimated using a Black-Scholes pricing model with the following weighted average assumptions used:

ZEPHYR MINERALS LTD.**(An Exploration Stage Company)****Notes to the Unaudited Condensed Consolidated Interim Financial Statements****(Expressed in Canadian dollars)****Nine Months ended September 30, 2018 and 2017**

Risk-free interest rate	0.74%
Expected dividend yield	0.00%
Expected stock price volatility	81.5%
Expected life of warrants	2 years
Grant date fair value of warrant	\$0.053

There were no finder's fees or finder's fee warrants associated with the issue.

Warrants

A summary of the change in warrants for the periods ended June 30, 2018 and December 31, 2017 is provided below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Years to Expiry
At January 1, 2017	5,296,580	0.21	0.73
Expired	(780,651)	0.28	
Issued	1,981,055	0.42	
At December 31, 2017	6,496,984	0.34	.86
Expired	(4,685,554)	0.30	
Issued	4,649,948	0.30	
At September 30, 2018	6,461,378	0.33	0.56

Share-based compensation plan

The Company has an incentive share-based compensation plan (the "Plan") which permits the Board of Directors to grant stock option to directors, officers, employees and consultants. The total number of options issued at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approval are obtained. Options granted under the Plan have a five-year term. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the TSX.V at the time of the grant.

A summary of the change in stock options for the periods ended September 30, 2018 and December 31, 2017 is provided below

ZEPHYR MINERALS LTD.**(An Exploration Stage Company)****Notes to the Unaudited Condensed Consolidated Interim Financial Statements****(Expressed in Canadian dollars)****Nine Months ended September 30, 2018 and 2017**

	Number of Options	Weighted Average Exercise Price	Weighted Average Years to Expiry
At January 1, 2017	3,225,000	0.15	3.6
Issued	425,000	0.30	
Expired	(125,000)	0.25	
At December 31, 2017	3,525,000	0.16	2.8
Issued	25,000	0.28	
Expired	(375,000)	0.16	
At September 30, 2018	3,175,000	0.16	2.3

(Note: Of the options issued 3,125,000 are exercisable as of September 30, 2018)

7. RELATED PARTY TRANSACTIONS

Rent expense of \$1,500 (2017 - \$1,500) during the quarter was paid to an officer of the Company. Certain Directors of the Company advanced a total \$30,000 in funds during the first quarter as short term loans without interest. The funds were repaid to the Directors during the second quarter.

Transactions were in the normal course of operations and were measured at the exchange amounts, which are the amounts agreed to by the related parties. Included in accounts payable and accrued liabilities at September 30, 2018 is \$36,758 due to parties related to officers and directors.

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2018 and 2017 were as follows:

	2018		2017	
Salaries and consulting fees	\$	174,833	\$	125,850
Share-based payments		-		36,600
	\$	174,833	\$	162,450

- (i) Share-based payments are the fair value of options granted to key personnel and directors.

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(An Exploration Stage Company)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

Nine Months ended September 30, 2018 and 2017

8. FINANCIAL INSTRUMENTS

The Company has designated its cash and cash equivalents as fair value through income or loss; accounts receivable are classified as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

Management of capital risk

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company considers capital to be cash and cash equivalents. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds will be required to finance the Company's Exploration and Evaluation Assets. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Fair value

The book value of cash and cash equivalents and accounts payable and accrued liabilities all approximate their fair values at the balance sheet dates, due to the relative short-term maturity of the instruments.

Credit risk

The Company is exposed to credit risk with respect to its cash and accounts receivable. The credit risk associated with cash is minimal as cash has been placed with a major Canadian financial institution with strong investment-grade ratings by a primary ratings agency. The Company is not exposed to significant credit risk with respect to accounts receivable, as the entire amount due is from a government agency.

Liquidity risk

The Company's approach to managing liquidity risk is to arrange equity financings in a timely manner so as to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2018, the Company had a cash balance of \$148,566 to settle current liabilities of \$116,617. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in the Company's liquidity or capital resources either materially increasing or decreasing at present or in the foreseeable future.

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Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency risk and other price risk.

- (a) Interest rate risk
The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.
- (b) Foreign currency rate risk
Although the Company's principal exploration asset is based in the United States of America, the low annual maintenance costs have led the Company to conclude that it does not believe it is exposed to any significant foreign currency risk at the present time.
- (c) Other price risk
Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

Financial instruments disclosure requires a statement of the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of fair value are:

- Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;
- Level 3 Inputs that are not based on observable market data

The Company has valued all of its financial instruments at Level 2.

9. SEGMENTED INFORMATION

The Company's operating segments include an exploration and evaluation property in Colorado, USA and a corporate office in Halifax, Nova Scotia, Canada.

ZEPHYR MINERALS LTD.**(An Exploration Stage Company)****Notes to the Unaudited Condensed Consolidated Interim Financial Statements****(Expressed in Canadian dollars)****Nine Months ended September 30, 2018 and 2017****As at September 30, 2018:**

Country	Cash and cash equivalents	Mineral Properties	Receivables and prepaid	Payables	Income (Loss)
Canada	\$ 108,121	\$ -	\$ 36,196	\$ 70,263	\$ (347,129)
USA	40,445	3,720,988	171,036	46,354	2,214
	<u>\$ 148,566</u>	<u>\$ 3,720,988</u>	<u>\$ 207,232</u>	<u>\$116,617</u>	<u>\$ (344,915)</u>

As at December 31, 2017:

Country	Cash and cash equivalents	Mineral Properties	Receivables and prepaid	Payables	Year Ended Loss
Canada	603	\$ -	\$ 42,089	\$ 64,217	\$ (513,944)
USA	13,608	2,848,792	125,729	69,755	(1,394)
	<u>\$ 14,211</u>	<u>\$ 2,848,792</u>	<u>\$ 167,818</u>	<u>\$ 133,972</u>	<u>\$ (515,338)</u>

10. SUBSEQUENT EVENTS

On November 2, 2018 the Company closed a private placement through the issuance of 1,000,000 units at a price of \$0.15 per unit raising a total of \$150,000. Each unit consists of one common share and one-half transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of \$0.20 per common share at any time on or before November 2, 2019. In connection with the closing the Company paid a cash finder's fee of \$10,500 and issued 70,000 finder's warrants. Each finder's warrant entitles the holder to acquire one common share of the Company at \$0.20 for a period of twelve months from the closing date.

On November 28, 2018 the Company announced acquiring an additional 44 unpatented lode mining claims through staking at the Dawson and Green Mountain projects; with 19 of the claims forming part of the Green Mountain project, and 15 forming part of the Dawson project. The Company now holds 134 unpatented lode mining claims totaling 1,137 hectares (2,810 acres).