

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, 2019, 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, 2019	December 31, 2018
Assets		
Current		
Cash and cash equivalents	\$ 120,782	\$ 101,291
Accounts receivable (note 3)	22,819	18,372
Prepaid expenses and deposits	152,440	128,339
	296,041	248,002
Exploration and evaluation assets (note 4)	4,279,224	3,880,865
	\$ 4,575,265	\$ 4,128,867
Liabilities		
Current		
Accounts payable and accrued liabilities (note 5)	\$ 54,745	\$ 90,615
Long Term		
Reclamation obligation	32,617	32,617
Shareholders' Equity		
Share Capital (note 6)	6,451,089	5,763,288
Share-based payments reserve	1,946,881	1,627,802
Deficit	(3,910,067)	(3,385,455)
	4,487,903	4,005,635
	\$ 4,575,265	\$ 4,128,867

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 Nine Months Ended September 30****(Expressed in Canadian dollars)**

	2019		2018	
	3	9	3	9
	Months	Months	Months	Months
Operating Expenses				
Filing fees	\$ 2,186	21,297	\$ 602	\$ 26,310
Foreign exchange loss, net	(952)	543	(5,943)	(8,732)
Investor relations	34,293	135,331	15,691	118,489
Professional fees	6,615	19,433	13,073	29,022
General and administrative	1,785	9,046	2,055	6,662
Rent	2,097	6,237	2,068	6,211
Travel	5,181	17,337	890	9,890
Transfer agent	1,500	5,274	5,721	10,058
Salaries & Consulting	31,143	92,969	28,687	145,255
Share based payments	5,300	217,145	-	1,750
Net Loss and Comprehensive Loss for the period	(89,148)	(524,612)	(62,844)	(344,915)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	51,649,216	49,705,269	46,332,620	43,274,012
Loss Per Share – Basic	\$ (0.002)	(0.010)	\$ (0.001)	(0.008)

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)

	2019	2018
Operating Activities		
Net loss	\$ (524,612)	\$ (344,915)
Items not requiring an outlay of cash		
Share based payments	217,145	1,750
Net changes in non-cash working capital items		
Accounts receivable	(4,447)	5,098
Prepaid expenses	(24,101)	(44,512)
Accounts payable and accrued liabilities	(35,870)	(17,355)
Cash Used in Operating Activities	(371,885)	(399,934)
Investing Activities		
Expenditures on exploration and evaluation assets	(398,359)	(872,196)
Cash Used for Investing Activities	(398,359)	(872,196)
Financing Activities		
Issue of common shares net of share issue costs	789,735	1,406,485
Cash Provided by Financing Activities	789,735	1,406,485
Net Change in Cash and Cash Equivalents for the Period	19,491	134,355
Cash and Cash Equivalents, Beginning of Period	101,291	14,211
Cash and Cash Equivalents, End of Period	\$ 120,782	\$ 148,566
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	\$ 6,041	\$ 24,223

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, 2018	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	9,350,000	1,418,525	261,714	-	1,680,239
Share issue costs		(116,547)	(19,708)	-	(136,255)
Loss for period		-	-	(404,331)	(404,331)
December 31, 2018	47,332,620	5,763,288	1,627,802	(3,385,455)	4,005,635
Share based payments		-	217,145	-	217,145
Shares issued in private placement	4,269,857	709,161	108,950	-	818,111
Share issue costs		(34,105)	(4,271)	-	(38,376)
Warrants exercised	50,000	12,745	(2,745)		10,000
Loss for period		-	-	(519,312)	(519,312)
September 30, 2019	51,652,477	6,451,089	1,941,581	(3,904,767)	4,487,903

ZEPHYR MINERALS LTD.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

Nine Months Ended September 30, 2019 and 2018

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 1301 - 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, 2018. 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, 2018. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2018 which are filed at www.sedar.com

ZEPHYR MINERALS LTD.
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(Expressed in Canadian dollars)
Nine Months Ended September 30, 2019 and 2018

Going Concern

The Company holds a 100% interest in mineral claims in Colorado, USA, collectively referred to as the Dawson-Green Mountain property (the "Property"). The Dawson section ("Dawson"), located at the eastern end of the Property comprises an advanced gold project with exploration potential. The Green Mountain section ("Green Mountain"), located at the western end of the Project, is prospective for copper and gold. The El Plomo section ("El Plomo") forms the central portion of the Property and is believed to be prospective for Broken Hill Type ("BHT") silver-lead-zinc mineralization. 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, 2019, the Company has cash of \$120,782, working capital of \$241,296 and shareholders' equity of \$4,487,903. The Company's financial statements as at September 30, 2019 have been prepared on a going concern basis, 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, 2019, the Company did not have sufficient funds to meet its corporate, administrative and property obligations for the next 12 months. In order to alleviate the situation, the Company intends to raise additional capital. Currently the Company is required to make minimum annual payments of approximately US\$52,075 to keep the Dawson-Green Mountain project. The Company's 2019 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 28, 2019.

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, 2019 and 2018****3. ACCOUNTS RECEIVABLE**

	September 30, 2019	December 31, 2018
HST receivable	\$ 22,819	\$ 18,372
	\$ 22,819	\$ 18,372

4. EXPLORATION AND EVALUATION ASSETS

	Dawson-Green Mountain
	\$
<u>Acquisition Costs</u>	
Balance as at January 1, 2018	276,357
Additions	101,927
Impairment	-
Balance as at December 31, 2018	378,284
Additions	58,335
Impairment	-
Balance as at September 30, 2019	436,619
<u>Exploration</u>	
Balance January 1, 2018	2,572,435
Expenditures	930,146
Balance December 31, 2018	3,502,581
Expenditures	340,024
Balance September 30, 2019	3,842,605
<u>Carrying amount</u>	
As at December 31, 2018	3,880,865
As at September 30, 2019	4,279,224

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Dawson-Green Mountain Project

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 Dawson. The acquisition was done by way of a share purchase agreement, whereby Zephyr acquired 100% of Celtic Gold Ltd. ("Celtic Gold"), a Colorado company which holds title to Dawson. Celtic Gold was subsequently renamed Zephyr Gold USA Ltd. ("Zephyr USA").

Dawson comprises 57 contiguous unpatented lode mining claims, and eight patented lode mining claims and one patented placer claim. Dawson encompasses five gold exploration areas which are, from east to west: the Sentinel zone, the Dawson zone, the Copper King zone, the Windy Gulch zone and the Windy Point zone. Dawson forms the eastern portion of the Dawson-Green Mountain Property which is located in west-central Colorado, 9.5 km southwest of Canon City in Fremont County. Zephyr holds a 100% interest in the unpatented claims, and 50% interest in the eight patented claims, and a 50% interest in one patented placer claim, which constitute Dawson.

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 57 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 2019 obligation in fiscal 2018. To date Zephyr USA has made advance royalty payments totalling US\$454,000 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.

In 2018, the Company expanded its holdings in west-central Colorado by acquiring 77 unpatented lode mining claims and one patented lode mining claim located approximately 3.2 km west of Dawson, forming the Green Mountain section of the Dawson-Green Mountain Property. The one patented claim was purchased for US\$25,000 in an arm-length transaction and the 77 unpatented lode-mining claims were acquired through staking. Zephyr holds a 100% ownership in these claims with no overriding royalties. Zephyr USA is required to make annual maintenance payments of \$165 to the State, for each for the unpatented claims.

In 2019, the Company entered into a mining lease agreement with the State of Colorado for a 259 hectare (640 acre) parcel of land referred to as the El Plomo section, located in the central area of the Property and contiguous with Dawson and

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(Expressed in Canadian dollars)

Nine Months Ended September 30, 2019 and 2018

Green Mountain. Under the terms of the mining lease agreement with the State of Colorado Zephyr USA is required to make annual payments of US\$1,920.

The Dawson-Green Mountain property now comprises three distinct sections from east to west referred to as Dawson, El Plomo and Green Mountain, which cover an area of 1,388 hectares (3,430 acres) hosting a prospective mineralized trend over 12 km (7.5 miles) long.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2019	December 31, 2018
Trade payables	\$ 34,068	\$ 65,051
Accrued liabilities	20,677	25,564
	\$ 54,745	\$ 90,615

6. SHARE CAPITAL

Authorized capital consists of an unlimited number of common shares.

Issuance of common shares in 2019

During the third quarter, 50,000 warrants were exercised to acquire 50,000 common shares at an exercise price of \$0.20 each, resulting in gross proceeds to the Company of \$10,000.

On June 5, 2019 the Company completed a private placement through the issuance of 2,859,857 units at a price of \$0.21 per unit raising a total of \$600,570. 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 June 5, 2020. 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	1.71%
Expected dividend yield	0.00%
Expected stock price volatility	53.21%
Expected life of warrants	1 year
Grant date fair value of warrant	\$0.045

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(Expressed in Canadian dollars)

Nine Months Ended September 30, 2019 and 2018

The Company paid cash finder's fees of \$26,460 and issued 126,000 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 June 5, 2020.

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 26, 2019 the Company completed a private placement through the issuance of 1,410,000 units at a price of \$0.15 per unit raising a total of \$211,500. 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 \$0.20 per common share at any time on or before February 26, 2020. 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	1.68%
Expected dividend yield	0.00%
Expected stock price volatility	68.68%
Expected life of warrants	1 year
Grant date fair value of warrant	\$0.055

The Company paid cash finder's fees of \$1,050 and issued 7,000 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 \$0.20 per share until expiry on February 26, 2020.

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 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

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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

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.

On November 2, 2018 the Company completed 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 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. 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	2.1%
Expected dividend yield	0.00%
Expected stock price volatility	56.54%
Expected life of warrants	1 year
Grant date fair value of warrant	\$0.0431

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, 2019 and 2018**

The Company paid cash finder's fees of \$10,500 and issued 70,000 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 \$0.20 per share until expiry on November 2, 2019.

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.

Warrants

A summary of the change in warrants for the periods ended September 30, 2019 and December 31, 2018 is provided below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Years to Expiry
At January 1, 2018	6,496,984	0.34	0.86
Issued	5,219,948	0.27	
At December 31, 2018	7,031,378	0.31	.36
Expired	(6,461,378)	0.33	
Issued	2,267,928	0.27	
Exercised	(50,000)	0.20	
At September 30, 2019	2,787,928	0.26	.49

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.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

Nine Months Ended September 30, 2019 and 2018

On February 27, 2019 the Company granted stock options to a consultant to purchase 250,000 common shares of Zephyr. The exercise price of the stock options is \$0.20 per share. The options vest upon grant and will expire 5 years from date of grant.

On March 4, 2019 the Company granted stock options to a geological consultant to purchase 200,000 common shares of Zephyr. The exercise price of the stock options is \$0.22 per share. The options vest upon grant and will expire 3 years from date of grant.

On June 28, 2019 the Company granted stock options to a officers and directors to purchase an aggregate of 600,000 common shares of Zephyr. The exercise price of the stock options is \$0.231 per share. The options vest upon grant and will expire 5 years from date of grant.

On September 11, 2019 the Company granted stock options to a consultant to purchase 50,000 common shares of Zephyr. The exercise price of the stock options is \$0.31 per share. The options vest upon grant and will expire 2 years from date of grant.

In determining the share-based payments expense, in fiscal 2019, the fair value of the options issued were estimated using a Black-Scholes option pricing model with the following range of assumptions:

Risk-free interest rate	1.39 -2.25%
Expected dividend yield	0.00%
Expected stock price volatility	69 - 121%
Expected life of options	2 - 5 years

A summary of the change in stock options for the periods ended September 30, 2019 and December 31, 2018 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, 2019 and 2018**

	Number of Options	Weighted Average Exercise Price	Weighted Average Years to Expiry
At January 1, 2018	3,525,000	0.16	2.8
Issued	25,000	0.30	
Expired	(375,000)	0.25	
At December 31, 2018	3,175,000	0.17	2.0
Issued	1,100,000	0.27	
Expired	(325,000)	0.18	
At September 30, 2019	3,950,000	0.19	2.3

(Note: Of the options issued 3,900,000 are exercisable as of September 30, 2019)

7. RELATED PARTY TRANSACTIONS

Rent expense of \$1,500 (2018 - \$1,500) during the quarter was paid to an officer of the Company.

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, 2019 is \$10,531 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, 2019 and 2018 were as follows:

	2019		2018	
Salaries and consulting fees	\$	119,100	\$	101,150
Share-based payments		102,920		-
	\$	222,020	\$	101,150

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

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Nine Months Ended September 30, 2019 and 2018

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, 2019, the Company had a cash balance of \$120,782 to settle current liabilities of \$54,745. 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, 2019 and 2018****As at September 30, 2019:**

Country	Cash and cash equivalents	Mineral Properties	Receivables and prepaid	Payables	Income (Loss)
Canada	\$ 39,813	\$ -	\$ 55,565	\$ 39,273	\$ (522,685)
USA	80,969	4,279,224	119,694	15,472	(1,927)
	<u>\$ 120,782</u>	<u>\$ 4,279,224</u>	<u>\$ 175,259</u>	<u>\$ 54,745</u>	<u>\$ (524,612)</u>

As at December 31, 2018:

Country	Cash and cash equivalents	Mineral Properties	Receivables and prepaid	Payables	Year Ended Loss
Canada	\$ 88,103	\$ -	\$ 17,195	\$ 57,670	\$ (400,920)
USA	13,188	3,880,865	129,516	32,945	(3,411)
	<u>\$ 101,291</u>	<u>\$ 3,880,865</u>	<u>\$ 146,711</u>	<u>\$ 90,615</u>	<u>\$ (404,331)</u>

10. SUBSEQUENT EVENTS

On October 30, 2019, 570,000 warrants were exercised to acquire 570,000 common shares at an exercise price of \$0.20 each, resulting in gross proceeds to the Company of \$114,000.