

Due Diligence and Valuation Report

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 Fair share value bracket: CAD 1.78 to CAD 2.19ⁱ
 Share price on date: CAD 0.345ⁱⁱ

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Company: ZincX Resources Corp.
 Ticker: TSXV: ZNX
 Headquarters: British Columbia, Canada
 Managing Director: Peeyush Varshney
 Website: www.zincxresources.com

Market Data

52-Week Range:	CAD 0.235 – CAD 0.39 ⁱⁱⁱ
Average Daily Volume (3M Avg):	150,599 ^{iv}
Market Cap. on date:	CAD 57.3 MM ^v

Fiscal Year (FY) 1st July– 30th June

Summary

ZincX Resources Corp. ("ZincX Resources" or "the company") is a mineral exploration company listed on the Canadian stock exchange. The company owns several properties in the highly prolific Kechika Trough mineral district that hosts numerous zinc-lead-silver deposits.

The company owns 100% of 230 mineral claims totaling 79,780 hectares (798 km²) overlying 140km of the prospective Gunsteel Formation in British Columbia. The company has the potential to become a significant supplier of zinc by developing these properties.

The Kechika Trough represents the southeastern extension to the very large sedimentary basin known as the Selwyn Basin which is an important host for economic sedimentary exhalative base metal deposits ("SEDEX") in Canada.

Zinc is the third most-used nonferrous metal in the world after aluminum and copper. It is primarily used to galvanize other metals such as iron and is commonly used in alloys such as brass, nickel silver and aluminum solder. Zinc oxide is widely used in the manufacturing including the paint, rubber, cosmetic, pharmaceutical, plastic, ink and battery industries. Zinc is forecast to experience a chronic shortage of supply due to continuing long-term urbanization and industrialization across the globe. Major mine closures during the last two years and lack of new supply are expected to have

a positive impact on zinc prices. Moreover the demand from China and other emerging countries is expected to increase over the next few years.

The company's has divided its assets into key two projects - The Akie Project and The Kechika Project. The southern part of the Kechika Project is subject to an Earn-in agreement with Teck Resources Ltd. (Teck) and Korea Zinc Company Ltd. (Korea Zinc).

The Akie Project: The 100% owned property covers a total area of 116 km² and is located 260 km northwest of Mackenzie in British Columbia, Canada. Akie is the company's flagship project whereby a NI-101 Indicated and Inferred resource estimate has been defined with early engineering and environmental baseline studies commenced. The company announced positive Preliminary Economic Assessment (PEA) in June 2018.

The Akie project was operated by Inmet Mining Corporation between 1994 and 1996. There are total 151 holes to date with a total core length of 64,352 m. Recently, the company announced an updated mineral resource estimate incorporating the drilling results of eight new drill intercepts from the 2017 drill program. All the drill holes have continued to intercept significant high-grade mineralization with defined new target areas.

The updated NI 43-101 resource estimates contain Indicated Resources of 22.7 million tonnes at an average grade of 8.32% Zn, 1.61% Pb, and 14.1 g/t Ag; and Inferred Resources of 7.5 million tonnes at an average grade of 7.04% Zn, 1.24% Pb, and 12.0 g/t Ag.

Based on the current Resource Estimate, the gross contained metals are 5.3 billion pounds of zinc, 1.0 billion pounds of lead, and 13.2 million ounces of silver (at 5% Zn base case cut-off grade).

ZincX Resources Corp. plans to expand the Resource Estimate by conducting approximately 16,000 meters of underground diamond drilling. The company has secured all the necessary surface and underground exploration permits for drilling in 2018.

Kechika Regional Project: The company also holds more than 68,000 hectares of claims that constitute the Kechika Regional Project of which the southern 177 km² is optioned under an Earn-in Agreement with Teck and Korea Zinc, whereby the partners can earn up to 70% interest in the Pie, Cirque East and Yuen properties. The optioned properties are located adjacent to some of their own projects including the Cirque Project.

The Kechika Regional properties have district scale exploration potential within a vast area of highly prospective and underexplored Kechika Trough sediments.

Historical exploration conducted in the 1970's to 1980's focused on visually generated surface targets and little work has been completed since. Numerous sulphide-barite targets have been mapped and require follow up drill testing. The sample coverage over much of the area is considered sparse. Mt. Alcock, Bear/Spa and Pie are the most advanced prospects showing potential for the discovery of new deposits.

The company has compiled over 155 GB of historical exploration data from over 35 years of exploration in the Kechika region. This data combined with newly generated data compiled with the latest exploration techniques will assist with the generation of new targets.

The Versatile Time Domain Electromagnetic (VTEM), Airborne gravity and satellite-based regional structural interpretations have been completed to further identify new targets. The 2017 regional satellite structural interpretation alone identified 41 new target areas for exploration with the potential for more across the properties.

Teck and Korea Zinc have exercised their option to acquire 51% interest in JV properties by spending CAD 3.5 million by end-2017. The joint venture has spent CAD 3.0 million in exploration and has paid the remaining CAD 0.5 million in cash before FY 2017.

Furthermore, the JV also offers the option to acquire an additional 19% interest by spending a further CAD 5.0 million on exploration before December 31, 2019.

In addition, company management is considering spinning off some of the properties into another public traded company to create value for shareholders.

Given the current forecasts of limited growth in production, the continuing demand fundamentals in the global zinc market and the quality/scale of the assets, the company is well placed.

Arrowhead believes that the company has a highly experienced management team, excellent JV partners and strategic investor support to reach its goal of becoming a key supplier of zinc.

Given the due diligence and valuation estimations based on forecast discounted cash flows of its projects, the fair share value of ZincX Resources Corp. is estimated between CAD 1.78 and CAD 2.19.

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Company Presentation

ZincX Resources Corp explores and evaluates properties in Canada. The company has stakes in the Akie Project (100% interest) and the Kechika Regional Project (Out of 10 properties, 100% share in 7 and 49% in the rest 3) in British Columbia, Canada.

Key Projects:

- The Akie property is located in the Akie River Valley of northeastern British Columbia, approximately 260 km NNW from the town of Mackenzie. The property consists of 46 claims covering a total area of 11,583.4 hectares. In January 2018, the company reported an NI 43-101 Mineral Resource estimate for the Cardiac Creek deposit comprising Indicated Resources of 22.7 million tonnes grading at 8.32% zinc, 1.61% lead, and 14.1 g/t silver and Inferred Resources of 7.5 million tonnes grading at 7.04% zinc, 1.24% lead, and 12.0 g/t silver (at 5% Zn base case cut-off grade).
- ZincX Resources Corp owns 100% interest in 7 highly prospective mineral properties within the Kechika Project that covers of more than 68,000 hectares. The mineral claims when combined with the Akie property and the Pie Option properties constitute over 140 km of strike extent of the highly prospective Gunsteel Formation. The properties are prospective for SEDEX style mineralization. These properties include significant historical drill intercepts and there has been no recent drilling activities in most of the region. The company has digitally compiled historical exploration data from 35 years and seeks to develop these assets.

Teck and Korea Zinc have the option to acquire up to 70% of the Pie, Cirque East, and Yuen properties that constitute 3 of the total of 10 Kechika Regional properties, for a total area of 177 km².

Financial Summary: ZincX Resources' operations are currently in the exploration phase. The company's cash and cash equivalents amounted to CAD 6.3 million as on March 31, 2018. It has sufficient working capital to finance exploration activities for the next twelve months. It has registered a loss of CAD 1.3 million in 9M 2018 in comparison to CAD 2.1 million in 9M 2017. As on 31 March 2018, the company has an equity capital of CAD 101.4 million.

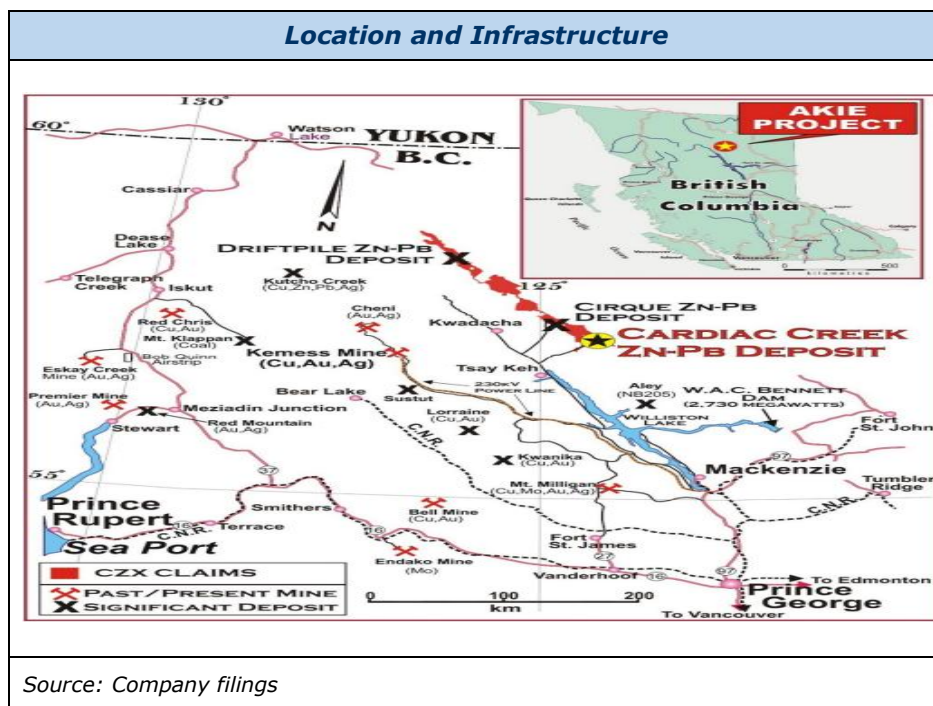
Portfolio and Premiums

Promising portfolio of mines: ZincX Resources Corp. controls 798 km² of mineral tenures in the highly prospective Kechika Trough region of British Columbia. The Akie property is one of the most promising with significant NI 43-101 zinc-lead-silver mineral resources defined. The current Mineral Resources contain 4.162 billion pounds of zinc, 804 million pounds of lead, and 10.3 million ounces of silver in the Indicated category; and 1.169 billion pounds of zinc, 205 million pounds of lead, and 2.9 million ounces of silver in the Inferred category (at 5% Zn base case cut-off grade). The Kechika Regional project includes highly prospective land packages with significant potential for new mineralization. The combined Akie and Kechika regional projects represent a significant opportunity for the company to become a dominant supplier of these metals.

Connectivity to infrastructure facilities and manpower: The Akie property is accessible by an all-season road and has access to an existing paved highway and railway at Mackenzie. The entire property is well connected through the Akie Forest Service Road that has been constructed up to the Cardiac Creek deposit to enable underground access.

Ability to raise funds through debt and equity: The company had no debt outstanding and had the ability to raise financing to meet its capital expenditure needs. ZincX Resources Corp. also has 3.4 million outstanding warrants at an exercisable price of CAD 0.54. Historically, the company has successfully raised capital to meet exploration expenses.

Experienced leadership team helps in efficient management: Company management has relevant experience in the mining industry. Additionally, ZincX Resources Corp. also has leaders from diversified industries such as law, accounting and construction.



Source: Company filings

Portfolio and Risks

Commodity price risk: Once operational, company revenue will be exposed to fluctuations in commodity prices due to external factors. However, the diversified revenue stream from zinc, lead, and silver should reduce the commodity price risk significantly. The company closely monitors certain commodity prices to determine the appropriate course of action.

Exploration and mining risks: ZincX Resources Corp. owns several properties, all of which are in the exploration stage. There is a risk that the mineralization discovered could be inferior in quality or insufficient in quantity to cover the mining costs. Recoverability depends on various factors, including the discovery of economically recoverable reserves and the company's ability to obtain the necessary financing to complete the development. However, the experience of the management team in exploring and developing such projects will help mitigate the risk.

Financing risk: The future development of the project will depend on securing the necessary financing for capex and opex of the project. To date, the company has been able to arrange sufficient financing to conduct exploration and is confident of continuing to do so.

Corporate Strategy

Development of the flagship Akie Project: ZincX Resources Corp is currently focused on developing the Akie property, one of the largest undeveloped zinc-lead-silver deposits in the world. To further define its Resource estimate, currently 22.7 million tonnes in Indicated Resource and 7.5 million tonnes in Inferred Resources (both at 5% Zn base case cut-off grade), the company is planning to conduct an underground exploration program. In June 2018, the company announced PEA for the Akie property.

Development of other Projects: The Kechika Regional Project is a highly prospective and district scale project with a large land package/holding with the potential for high-grade base metal mineralization. The mineral claims cover thrust-repeated panels of the Gunsteel Formation shale, the rock known to host SEDEX mineralization in the Kechika Trough. The company's long-term strategy is to develop this asset and became a leading supplier of zinc and other metals. The company has compiled a substantial database

representing 35 years of exploration work in the area and has conducted targeted exploration on several of the more advanced properties. While the company is primarily focused on developing the Akie property, it is also advancing the earlier stage exploration properties along regional strike. The company has recently concluded satellite-based regional structural analysis to identify new exploration targets for SEDEX mineralization.

Asset divestiture: ZincX Resources Corp. has the ability to diversify some of its Kechika Regional property assets to established companies such as it has done with Teck and Korea Zinc, who are actively exploring their own properties in the Kechika Trough. The earn-in agreement provides Teck and Korea Zinc the option to acquire up to 70% of the Pie, Yuen, and Cirque East properties that border their Cirque advanced-stage exploration property to the east and south.

News

- **Mobilizes Exploration Crew to the Akie Property to commence exploration program:** On June 25, 2018 ZincX Resources announced that its field crew have been mobilized to the Akie property to commence its diamond drilling program on its Akie Project. This program is expected to start shortly and continue through to September.
- **Announced Positive Preliminary Economic Assessment for the Cardiac Creek (Akie Property):** The company received positive and robust results from the recently commissioned independent Preliminary Economic Assessment (PEA) for the 100% owned zinc-lead-silver Cardiac Creek deposit located on the Akie property in northeast British Columbia, Canada.
- **ZincX Resources announced 2018 exploration plans:** The company announced its 2018 exploration plans for 2018 field season for the 100% Akie project. The company has outlined a comprehensive 2,500-meter diamond drill program that will focus on its 100% owned property. The company also mentioned that it is in the final stages of its Preliminary Economic Assessment (PEA) on the cardiac and expects to be able to announce the results shortly.
- **Canada Zinc Metals Corp changed name to ZincX Resources Corp:** On May 07, 2018 The company announced that it has changed its name from Canada Zinc to ZincX Resources Corp and will be traded under a new stock symbol of "ZNX". The new corporate name is a part of rebranding initiative to highlight and distinguish the company in the expanding junior zinc space so that it can stand out from the peer group.
- **Announced metallurgical results from the cardiac creek deposit:** The company announced metallurgical results on April 9, 2018. Floatation testing on the global composite indicated that a conventional reagent scheme produced clean, marketable concentrates. Zinc and Lead were recovered 89% and 46% into concentrate respectively.
- **Announced engagement of JDS for Preliminary Economic Assessment (PEA) for Akie Project:** On March 15, 2018, the company announced that it has formally engaged JDS Energy and Mining Inc. of Vancouver, British Columbia, to conduct a PEA of its 100% owned zinc-lead-silver Cardiac Creek deposit.
- **Updated Mineral Resource Estimates for the Cardiac Creek Deposit:** On January 29, 2018, the company released its updated Mineral Resource estimates for the Cardiac Creek Deposit incorporating the results of eight new drill holes from the 2017 drill program. The updated NI 43-101 resource estimates contain Indicated Resources of 22.7 million tonnes at an average grade of 8.32% Zn, 1.61% Pb, and 14.1 g/t Ag; and Inferred Resources of 7.5 million tonnes at an average grade of 7.04% Zn, 1.24% Pb, and 12.0 g/t Ag. Based on the current Resource estimates, gross contained metals are 5.3 billion pounds of zinc, 1.0 billion pounds of lead, and 13.2 million ounces of silver (at 5% Zn base case cut-off grade).
- **Completion of initial earn-in on the Pie option property:** On January 11, 2018, the company announced that Teck has served the First Exercise Notice by spending CAD 3.5 million of cumulative aggregate expenditures (also made a cash payment for the shortfall), earning a 51% interest in the company's Pie, Cirque East and Yuen properties. Till date the exploration work includes airborne geophysics, soil sampling, mapping, rock sampling and ground geophysics leading to advance and refine ranked drill targets across the three option properties.
- **Akie Underground Exploration Permit extended:** On December 06, 2017, the company announced that it secured a three-year extension of the Akie Underground Exploration Permit till December 31, 2020. The extension, approved by the British Canada Ministry of Energy and Mines and Petroleum Resources, will allow the company to carry out underground drill programs in the coming years.
- **Positive results announced for 2017 Akie diamond drill program:** On November 20, 2017, ZincX Resources announced excellent results from the final drill program of 2017 that covered a total of 4,700 meters drilled on the Cardiac Creek deposit. Drill hole A-17-142 intersected high-grade mineralization of 11.15% Zn+Pb and 15.5 g/t Ag over 32.65 meters, with the Footwall Zone returning

the highest-ever mineralization for A-17-142 of 23.32% Zn+Pb and 30.9 g/t Ag over a true width of 11.31 meters. The company will incorporate the results from the drill program into its models, followed by an updated Mineral Resource Estimate.

- **CAD 1.5 million raised through private placement:** On November 03, 2017, the company raised CAD 1.5 million in private equity funding from the sale of 4.1 million common shares at CAD 0.37 per share. The funds raised will be used to finance the exploration of Akie and Kechika Regional properties.
- **Additional results announced from the 2017 Akie diamond drill program:** On October 30, 2017, the company announced encouraging results from two additional drill holes in the Akie drill program with high-grade mineralization at depth. Drill hole A-17-140 returned 8.99% Zn+Pb and 13.8 g/t Ag over a true width of 7.51 meters from the Footwall Zone. Drill hole A-17-141 returned more high-grade mineralization of 11.89% Zn+Pb and 18.4 g/t Ag over a true width of 18.34 meters from the Cardiac Creek Zone, including 22.48% Zn+Pb and 29.3 g/t Ag over a true width of 7.49 meters. The company also believes that the Footwall Zone remains available for continued expansion at depth.
- **High-grade mineralization of drill holes A-17-137 and A-17-138:** On October 03, 2017, ZincX Resources announced that the results of drill hole A-17-137 demonstrated the best intersection ever on the Cardiac Creek deposit, with mineralization of 11.79% Zn+Pb and 19.1 g/t Ag over a true width of 57.79 meters. The drilling result at Cardiac Creek deposit continues to intersect high-grade mineralization and huge potential deposits at the depth. The company also reported the results of drill hole A-17-138 with mineralization of 7.75% Zn+Pb and 10.4 g/t Ag over a true width of 24.96 meters.
- **ZincX Resources announced first results of the 2017 Akie diamond drill program:** On September 14, 2017, ZincX Resources announced that it achieved positive results from the first two holes of the Akie drill program, A-17-132 and A-17-133. Drill hole A-17-132 returned 10.38% Zn+Pb and 14.2 g/t Ag over a true width of 28.67 meters, and drill hole A-17-133 returned 12.11% Zn+Pb and 16.0 g/t Ag over a true width of 9.42 meters.
- **2017 exploration program completed:** On August 30, 2017, ZincX Resources announced the completion of the last two drill holes, completing a total of eight on the Cardiac Creek deposit for this year. The program, totaling approximately 4,700 meters, was completed on schedule and within the budget. The company submitted 1,100 samples to the assay lab. The program focused on resource expansion and new target development on the high-grade central core of the zinc-lead-silver Cardiac Creek deposit.
- **Secured conditional approval to buy back shares:** On July 28, 2017, ZincX Resources announced that it received conditional approval from TSX Venture Exchange to purchase up to 8,152,189 common shares (approximately 5% of the company's issued and outstanding common shares) at the market price. The bid commenced on August 01, 2017 and will stay open for 12 months. The company already purchased 569,000 common shares under its existing bid over the past 12 months.
- **Structural Analysis of Akie and Southern Kechika Trough completed:** On July 11, 2017, ZincX Resources received the final report of the structural interpretation of Akie and southern parts of the Kechika Regional Project. The study was undertaken to identify additional exploration targets for SEDEX mineralization over the Akie and Southern Kechika Trough. Using a number of criteria, the study identified 41 exploration targets within the area.
- **Additional equity funding raised through private placement:** On April 12, 2017, ZincX Resources announced that it raised private equity funding of CAD 458,800 through the sale of 1.3 million common shares at a price of CAD 0.35 per flow-through common share. On April 5, 2017, the company announced the completion of flow-through private placement through the sale of 3.4 million flow-through common shares at CAD 0.44 per common share to raise CAD 1.5m. The funds raised will be used to finance the general working capital and the exploration and development activities on the Akie property.
- **ZincX Resources participated in PDAC 2017:** On February 28, 2017, ZincX Resources announced that it would present at the forum for investors at Prospectors & Developers Association of Canada (PDAC) 2017. The event would host over 1,000 exhibitors and more than 22,000 attendees

representing at least 100 countries. Since its inception in 1932, the PDAC has grown to become one of the world's leading mineral and mining investment conventions.

- **Diamond drilling plans for 2017 Exploration program:** On February 15, 2017, ZincX Resources announced exploration plans for the Akie project. The company outlined an aggressive diamond drill program of up to 7,500 meters, focusing mainly on the Cardiac Creek deposit to increase its size. The company has planned 5,000 meters of drilling focusing on expanding the down-dip limits of the high-grade deposit area. The other 2,500 meters of drill would be targeted to provide additional material for metallurgical lab testing.
- **2016 Exploration Program Completed on the Pie Option properties:** Teck and partner Korea Zinc completed the 2016 exploration program on the Pie Option Properties. Geological mapping helped identify mineralization on the Cirque East property. The program confirmed the high-grade mineralization identified by 733 soil samples collected from the three priority target areas.
- **ZincX Resources to Showcase Akie Property at Roundup 2017:** On January 17, 2017, ZincX Resources announced that it would showcase the Akie and Kechika Regional projects at the Roundup 2017 Mineral Exploration Conference. The annual conference is a showcase event for the Association for Mineral Exploration (AME) and brings together provincial, national, and international mineral explorers, mining companies, financiers, investors, and geoscientists from a broad spectrum of the mining industry.

Listing Information

ZincX Resources Corp. is listed on the TSX Venture Exchange (CVE - ZNX) in Canada.

Contacts

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Major Shareholders

Equity Holder	No. of shares	Percentage (%)
Tongling Nonferrous Metals Group	48,636,224	29.09
Bank of Montreal	2,425,500	1.45
BMO Asset Management Inc	2,300,000	1.38
Strub Marco	380,000	0.23
Varshney Peeyush K	333,375	0.20
<i>Source: Bloomberg</i>		

Management and Governance

Personnel	Designation	Current and total experience
Peeyush Varshney, LL.B.	CEO, Chairman & President	Mr. Peeyush Varshney graduated from the University of British Columbia with a Bachelor of Commerce degree (1989) and a Bachelor of Laws degree (1993). He is a Principal and Director of Varshney Capital Corp., a public venture capital firm. He is currently a director of Mountain Province Diamonds Inc. (TSX: MPVD) which is a partner, alongside De Beers, in one of the largest new diamond mines in the world.
Ken MacDonald, P.Geo	VP Exploration	Mr. Ken MacDonald is a Qualified Person under National Instrument 43-10 and has over 30 years' experience in the mining sector. He has overseen and participated in exploration projects in varied terrains, primarily in Western Canada, and has experience in South America. He has been in charge of the design and implementation of exploration programs from the initial stages to advanced drilling. He has also dealt with mine scoping, pre-feasibility and feasibility projects, bulk sample projects and environmental assessments; recently, he was responsible for all mine permitting for the Mt. Milligan open pit copper-gold mine. He has worked as a consulting exploration geologist, as senior project manager for a Canadian engineering company, and as senior permitting official with the Mines Branch of the British Columbia Government.
Dr. John Thomas, Ph.D.	Director	Mr. John Thomas holds a Bachelor of Science (honors), MSc, and Ph.D. in chemical engineering from the University of Manchester Institute of Science and Technology. He has over 34 years' experience in the mining industry including in base and valuable metals and has worked in Brazil, Venezuela, Costa Rica, Kazakhstan, Russia, Canada and Zambia. His broad experience covers an extensive range of activities in the mining industry such as process development, management of viability studies, engineering and the management of the construction and operation of mines.
Marco Strub	Director	Mr. Marco Strub received a Master of Arts degree from the University of St. Gallen, Switzerland in 1982. He served as a Partner of Exulta AG from 1997 to 2003 and currently serves as the principal of Sircon AG, both of which are portfolio management companies based in Zurich, Switzerland. He has been an Independent Director of ZincX Resources Corp. since November 2004.
Praveen Varshney, FCPA, FCA	Chief Financial Officer	Mr. Praveen Varshney received a Bachelor of Commerce degree from the University of British Columbia in 1987. He serves as a Principal and Director of Varshney Capital Corp. He has been a director or officer of several public companies listed on the TSX Venture Exchange or the TSX, including Mogo Finance Technology Inc. (TSX : MOGO) and Hempco Food and Fiber Inc. (TSX.V : HEMP).

Assets and Projects

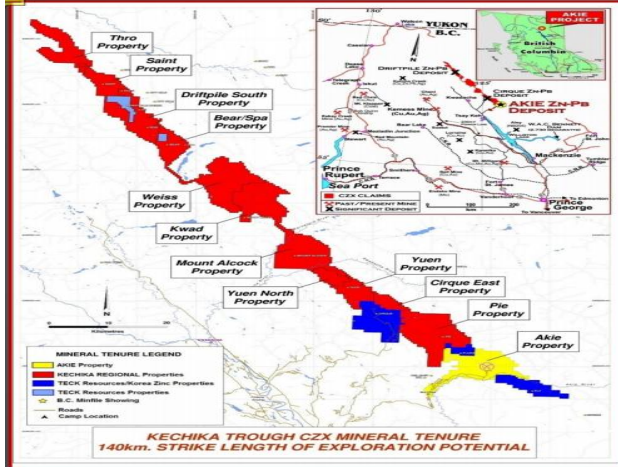
Overview

ZincX Resources Corp is a mineral exploration company in British Columbia, Canada. The company holds interests in several large properties in the Kechika Trough which hosts significant zinc-lead-silver metal deposits. The company’s strategy is to unlock the potential mineralization in these assets and become a dominant supplier of zinc. The company’s assets are:

Akie Project (hosting the Cardiac Creek deposit): The Akie Project is a zinc-lead-silver project in the advanced exploration stage, with 151 drill holes. ZincX Resources has recently concluded the 2017 exploration program at the Akie property, with excellent drill results confirming high-grade mineralization. The company has completed metallurgical testing on Cardiac Creek and PEA report and announced that it has received positive results from it.

Kechika Regional Project: In addition to Akie property, ZincX Resources owns interest in adjacent properties, covering a total area of more than 68,000 hectares. These properties cover a large area of prospective geology that has seen limited modern exploration activities. The company compiled 35 years of historical exploration data and recently completed a detailed structural interpretation over some of the properties to identify potential targets for testing.

Company’s Asset Portfolio

Project locations	Projects overview
	<div style="text-align: right;">British Columbia</div> <div style="background-color: #4F81BD; color: white; padding: 5px; text-align: center; margin-bottom: 10px;">Zinc Metals Projects</div> <ul style="list-style-type: none"> • Akie Project: • Target Commodity: Zinc, Lead, and Silver • Interest: 100% • Kechika Regional Project: • Target Commodity: Zinc, Lead, and Silver • Interest: 100% (Except Pie Option properties)
<p>Source: Company filings</p>	<p>Source: Company filings</p>

Akie Property

Company’s interest: The flagship Akie Property is 100% owned by ZincX Resources.

Target Commodity: Zinc-Lead-Silver

Summary: ZincX Resources’ flagship Akie project is one of the largest underdeveloped zinc-lead-silver properties in the world. Historical drilling by Inmet Mining Corporation from 1994 to 1996 and current drilling by ZincX Resources from 2005 has

identified significant high-grade zinc-lead-silver SEDEX mineralization. The company further plans to conduct an extensive underground exploration drilling program in 2018 to further delineate the mineralization.

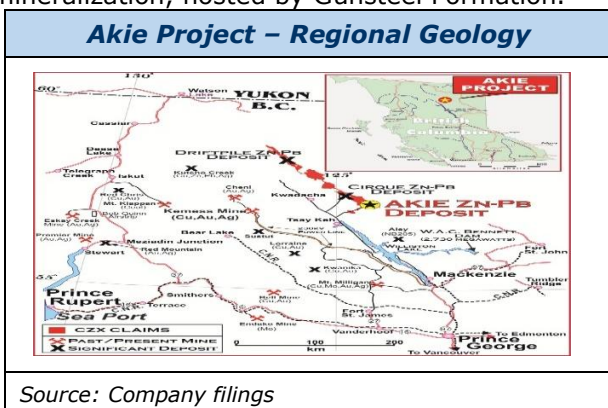
Location: The Akie property is located within the Western ranges of the northern Rocky Mountains of British Columbia. The property is situated at the southern end of the Paleozoic Selwyn Basin, which is host to SEDEX zinc-lead-silver and stratiform barite deposits.

The Akie project is accessible by road and is approximately 65 km from Tsay Keh Dene First Nation, 100 km from Kwadacha, 250 km from the town of Mackenzie, and 450 km from the urban center of Prince George.

Accessibility: The property and the exploration camp is well established and connected by an all-weather forest service road, which was extended by ZincX Resources in the south-central area of the property. The property is well accessible from the Mackenzie rail network. The project is strategically placed and has all the necessary infrastructure in the region. The largest hydroelectric power station is 160 km away from the Akie project.

Asset Summary: The Akie project includes 46 contiguous claims covering an area of 11,583.4 hectares, with high-grade zinc-lead-silver SEDEX mineralization. The project has obtained all the necessary approvals to conduct underground exploration drilling. Since the acquisition of the Akie property, ZincX Resources has conducted numerous drilling programs focused principally on the Cardiac Creek deposit. Currently, there are 151 drill holes, with a combined depth of 64,352 meters.

Regional geology: The Akie property is in the center of the Kechika Trough, situated within the Rocky Mountain Fold and Thrust Belt of northeastern British Columbia. The Kechika Trough is the southeastern extension of the expansive sedimentary Selwyn Basin, surrounded by shallow water sedimentary rocks. The geology of the Akie project is similar to the Cirque deposit, which is jointly owned by Teck Resources and Korea Zinc, with high-grade zinc and lead within pyritic sulfide mineralization, hosted by Gunsteel Formation.



Property Geology: Silver Creek divides the Akie property geology into two segments. The western segment is characterized by a series of southeast-striking, southwest-dipping imbricated thrust

panels and Earn Group rocks, forming Gunsteel shales that primarily host the Cardiac Creek deposit.

The eastern part of the property is covered by an east-dipping thrust fault whereby Road River Group limestone has been deposited on top of the Earn Group stratigraphy. The Cardiac Creek deposit is characterized as a SEDEX-type deposit.

Historical Exploration:

- Riocanex Inc. (1978–1981)**
 - 1418 soil samples collected
 - Results indicated the presence of anomalous zinc and lead soils overlying prospective shale of the Gunsteel Formation
- Ecstall Mining Corp. (1989–1992)**
 - No exploration work was completed during this time period.
- Inmet Mining Corporation (1992–1996)**
 - Executed a number of exploration programs prospecting and mapping, soil sampling, litho-geochemical sampling, geophysical surveys and diamond drilling.

Outcomes of 43-101 Report: Robert Sim of SIM Geological Inc. conducted an independent Qualified Person review of the Cardiac Creek deposit in May 2016. This study highlighted that the Cardiac Creek mineral resource occurs in a continuous zone, and the deposit is currently open along strike and at depth.

The report confirmed the economic potential of the Cardiac Creek deposit and recommended additional exploration and development of the property.

Aerial view of the Akie Camp



Source: Company filings

Potential Mineralization: In January 2018, the company updated its Mineral Resource estimates for the Cardiac Creek deposit. The new updated mineral resource estimate incorporated the results of eight new drill intercepts from the 2017 drill program covering 4,700 meters. The study implicates results of all drilling activities conducted by the company on the deposit since 2005 along with 29 holes drilled by Inmet Mining Corporation during 1994-1996.

The company compiled the Mineral Resource estimates with Indicated Resource estimates of 22.7 million tonnes at 8.32% zinc, 1.61% lead, and 14.1 g/t silver grade; and Inferred Resources of 7.5 million tonnes at 7.04% zinc, 1.24% lead, and 12.0 g/t silver grade (at 5% Zn base case cut-off grade).

Category	Tonnes (million)	Zn (%)	Pb (%)	Ag (%)
Indicated	22.7	8.32	1.61	14.1
Inferred	7.5	7.04	1.24	12.0

Mineral resource estimate at 5% Zn cut off.

Category	Contained metal		
	Zn (Mlbs)	Pb (Mlbs)	Ag (Moz)
Indicated	4,162	804	10.3
Inferred	1,169	205	2.9

2017 Drilling Program: The 2017 drilling program was completed on August 30, 2017, with the center focus of the program directed toward Resource Expansion and new target development for high-grade zinc-lead-silver mineralization. The drilling was completed ahead of schedule and within the allocated budget.

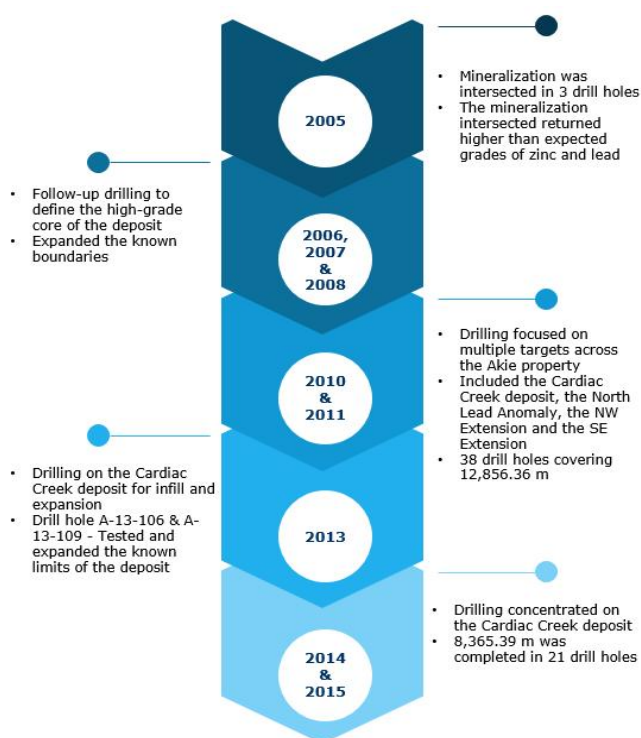
The table below highlights the key results of the activities of the eight drill holes:

Drill Hole ID	Zn+Pb (%)	Ag (g/t)	True Width
---------------	-----------	----------	------------

A-17-132	10.38	14.2	28.67
A-17-133	12.11	16.0	9.42
A-17-137	11.79	19.1	57.79
A-17-138	7.75	10.4	24.96
A-17-140	8.99	13.8	7.51
A-17-141	11.89	18.4	18.34
A-17-142	11.15	15.5	32.65
A-17-143	7.77	9.8	20.49

Drilling Program (2005–2015)

From 2005 to 2015, ZincX Resources conducted nine helicopter-supported diamond drilling programs, completing 110 drill holes totaling 45,709 meters. The following shows the summary details of the drill programs:



Akie Underground Development:

The company plans to conduct underground exploration drilling at the Cardiac Creek deposit in 2018. The program will constitute upwards of 16,000 meters of drilling and is planned to focus on upgrading the NI 43-101 compliant Mineral Resource Estimate.

The company secured an extension of the underground drill permit from the British Columbia government until December 31, 2020. The original permit was first secured in August 2011 and has since been extended. The permit enables the

company to conduct advanced exploration by means of a close-spaced, infill drill definition program on the Cardiac Creek deposit.

The company commenced 3.5 km of road construction to the planned portal site. Work began in 2008 with an initial 2.2 km stretch, with an additional 1.3 km of extension in 2011.

The company is examining the costs associated with the planned underground exploration program and has yet to make a construction decision. Drill data from exploration drilling will provide additional important inputs for systematic metallurgical sampling and will also provide valuable engineering and geotechnical data to assist with future mine design.

Future Plans: ZincX Resources is expected to complete metallurgical testing for Cardiac Creek in 1Q 2018, followed by the PEA for the Akie property by 2Q 2018.

Kechika Project

Company's interest: The Kechika project is owned by ZincX Resources.

Target Commodity: Zinc-Lead-Silver

Asset Summary: The Kechika properties includes 10 properties, namely, the Pie, Yuen, Cirque East, Mount Alcock, Bear/Spa, Driftpile South, Saint, Thro, Kwad, and Weiss. Three of the southernmost properties (the "Pie Option properties") have been optioned to Teck and its partner, Korea Zinc, who may earn up to 70% by spending CAD 8.5m in exploration expenditures by December 31, 2019. As of December 31, 2017, Teck and Korea Zinc have spent a total of CAD 3.5m and have earned-in a total of 51% of the three Pie Option properties.

These Kechika Regional properties are adjacent to each other and cover a total area of more than 68,000 hectares. The mineral claims cover 140 km of Kechika Trough sediments from the Akie claims to the northern part of the Gataga River. The mineral claims are in good standing until 2027.

Location: The Kechika properties are located adjacent to the Akie property in the northeastern region of British Columbia, Canada. The town of Mackenzie is 260 km away from the southern region of the project area. The properties are strategically positioned near the base of Gunsteel Formation shales, between limestone reef and basin.

SEDEX Deposits: SEDEX deposits are one of the main primary global sources of lead, zinc, barite, silver, copper, gold, bismuth, and tungsten. SEDEX deposits are different from other zinc-lead-silver deposits as ore minerals are deposited within a marine basin geological environment. SEDEX deposits are formed by the periodic upwelling of hydrothermal metal-rich brines into restricted marine basins. The Sullivan Mine in British Columbia, Canada, produced 16 million tonnes of lead and zinc and 9,000 tonnes of silver. The deposit is a sediment-hosted ore body and was closed in 2001 after 92 years of active production.

The Kechika Regional project hosts the highly prospective Gunsteel Formation shale, with significant SEDEX zinc-lead-silver deposits and occurrences have been noted over the entire sequence.

Kechika Project Assets:

The Pie Option Properties: The Pie, Yuen, and Cirque East properties together form the Pie Option Properties and are subject to an Earn-in agreement with Teck and Korea Zinc.

Pie Property: The Pie property comprises 36 contiguous mineral claims covering 11,680 hectares. The property is located in the Akie River area adjoining the Akie claims block to the south.

Yuen Property: The Yuen property covers a total area of 2,687 hectares. Historical work in 1980s and 2013 included mapping, prospecting, and geochemical sampling. ZincX Resources has not conducted any significant drilling activities in the region.

Earn-in Agreement: Teck and Korea Zinc hold a series of options to acquire up to 70% interest in the JV properties by spending CAD 8.5 million in exploration activities.

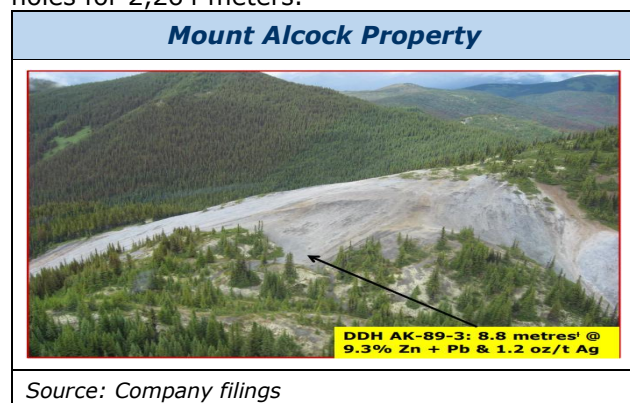
- As of December 31, 2017 the partners have earned a 51% interest in the properties through expenditure of CAD 3.5 million in exploration activities and have formally provided the Company notification of the 1st Exercise Option.
- The partners can earn an additional 19% interest (total 70% interest) by spending another CAD 5.0 million before Dec 31, 2019.

Since the execution of the agreement on September 9, 2013, the JV partners have spent CAD 3.0 million and have paid the Company the remaining CAD 0.5 million in cash prior to December 31, 2017, to acquire 51% interest.

Exploration activities: Activities during 2016 by the Teck and Korea Zinc included mapping, prospecting, soil sampling and ground geophysics. One drill hole reported favorable Gunsteel shale stratigraphy. The following points highlight the results of the exploration program:

- 21 geological traverses were identified covering key high-priority target areas.
- Geological mapping and prospecting identified new mineralization located on the Cirque East property.
- 733 samples at 3 priority target confirmed historical metal association of Zn-Pb+/-Ag.
- The successful execution of 10 ground gravity survey lines confirmed the validity of several small AGG anomalies.

Mount Alcock Property: The Mount Alcock project covers an area of 9,172 hectares, and its geology is similar to that of the Cardiac Creek, Cirque, and Driftpile projects. Exploration activities since the 1970s have focused on SEDEX lead-zinc-silver mineralization. Limited historical drilling was conducted from 1989 to 1991 and includes 17 holes for 2,264 meters.



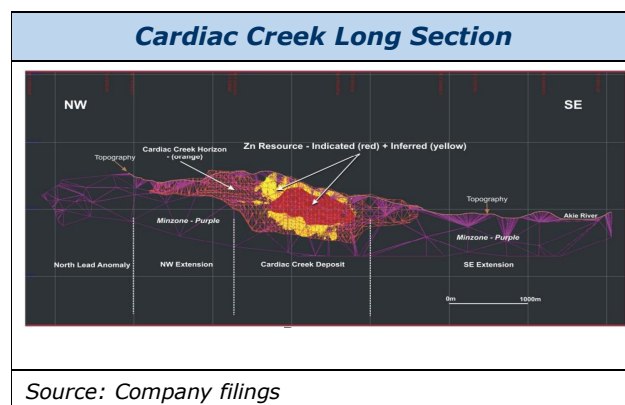
Source: Company filings

The best historical drill result returned 8.8 meters grading 9.3% Zn+Pb and 1.2 oz/ton Ag in 1989. Since then, no significant drilling activities have been reported. The 2012 Airborne VTEM survey and the 2016 satellite structural analysis identified additional drill targets along strike of the deposit, which are yet to be tested.

Kwad & Weiss Properties: The Kwad and Weiss properties cover a total of 18,229 hectares and share similar prospective geology. Historical exploration work in 1980–1982 includes the exploration of two thrust panels of Gunsteel Shale.

Preliminary geological mapping and geochemical sampling on select areas was completed

historically and recent airborne VTEM surveys concluded that the Kwad and Weiss properties have more complex geology than first interpreted. The company is planning to conduct a comprehensive geological mapping, and prospecting soil sampling program to identify new high-priority drill targets.



Source: Company filings

Bear/Spa Property: The Bear/Spa property covers 4,070 hectares and historical work includes drilling of 19 holes for 2,084 meters, mapping, prospecting and geochemical sampling. The results from 13 holes demonstrated multiple horizons of bedded barite rich in Zn-Pb-Ag mineralization with four distinct styles of mineralization. The highest grades from the historical work reported 5.73% Pb, 10.70% Zn, and significant silver values up to 52.5 g/t Ag.

Driftpile South Property: The project includes 6,614 hectares of land near Teck's Driftpile Creek deposit. Historical work includes mapping, prospecting, geochemical sampling, trenching and limited diamond drilling.

Four historical holes covering a depth of 604.9 meters were drilled. and returned 0.38% Zn and 5.4 g/t Ag over 2.1 meters and 0.33% Zn & 0.6g/t Ag over 4.2 meters. The soil sampling demonstrated several significant Pb and Zn trends along strike of the Driftpile Creek deposit.

Saint Property: The project area covers 3,538 hectares of land with prospective Gunsteel Formation shale. Historical exploration between 1978 and 1995 on the western edge of the property and mapping suggest significant barite and pyrite mineralization.

A priority target for drilling is the mapped "M2" mineralized horizon where a 30 meter thick thrust fault was identified; no drilling has been

conducted. The company plans to complete soil sample coverage and identify high-priority targets.

Thro Property: The Thro property is at the northern end of the Kechika Trough region, covering a total area of 6,205 hectares. Historical exploration was focused on three target areas: one area on the "Western Arm" and two areas on the "Northern Arm" of the property. The geology of the property includes significant occurrences of barite, iron seeps, gossans and zinc carbonate mineralization. Additional drilling was recommended on the Western Arm to test the mineralization, but no work has been completed.

Structural Analysis: On June 30, 2017, ZincX Resources appointed Murphy Geological to undertake a detailed structural interpretation of the Akie Property and southern parts of the Kechika Regional Project. The study was conducted

using high-resolution satellite imagery obtained by the company in 2013.

The study was designed to identify key exploration targets for SEDEX mineralization in a cost-effective manner. It identified 41 priority targets for exploration based on factors such as the presence of the Gunsteel Formation, proximity to the flanks of the intra-basinal horst block, presence of re-activated major thrusts, proximity to known mineral occurrences and deposits and the presence of geochemical anomalies etc.

The company plans to further expand the structural study to include all the property blocks in the Kechika Regional project including Bear/Spa, Driftpile South, and Saint which lie to the north of the current study area.

Technologies and Markets

Zinc

Chemistry and Properties: Zinc (Zn; atomic number 30) is a nonferrous lustrous bluish-white metal. It combines with oxygen and other non-metals and is fairly reactive.

Production^{vi}: China remains the world’s largest zinc producer in terms of mine production. It is also the world’s largest consumer and largest refiner of zinc. The other major zinc mining countries are Canada, Russia, Australia, the US, and Peru. The global production exceeds 7 million tons a year, whereas commercially exploitable reserves exceed 100 million tons. More than 30% of the world's need for zinc is met by recycling.

Applications^{vii}: Zinc is mainly used to galvanize other metals, such as iron, to prevent rusting. The largest consumers of galvanized metal are the construction and automotive industries, as it is used to produce die-castings, which are important in the automobile, electrical, and hardware industries. Around 60% of zinc is used for galvanizing steel, 15% for zinc-based alloys in die casting, 14% for brass and bronze, 8% for compounds containing zinc oxide or zinc sulfate, and the rest in other alloys.

Demand^{viii}: The global demand for refined zinc increased by 0.6% to 6.786 million tons during H1 2016, from 6.746 million tons during 2015. The demand from China increased by 7.1% during this period, whereas the demand from Europe increased by 3.6%. This growth in demand was offset by a 24.3% decrease in usage in the US. The usage of the refined metal also declined in Japan, South Korea, Taiwan, and Thailand. The global consumption of zinc increased from 10,648,000 metric tons in 2004 to 13,861,000 metric tons in 2016.

Production and supply^{ix}: The global zinc mine production in 2016 was 11.9 million tonnes, 7% less than that of 2015. The production of refined zinc declined 3.45% to 4.399 million tons during the first four months of 2016 from 4.556 million tons during the same period in 2015. The production surged higher in the Republic of Korea and Namibia, while India, Japan, and the US recorded decline in production. The table below

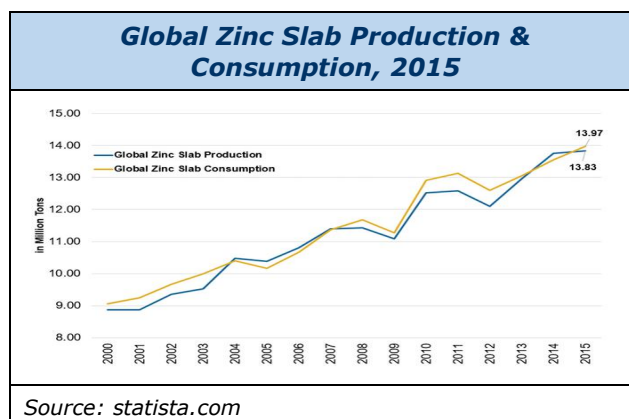
shows the annual global refined zinc supply and usage in 2016 and 2017.



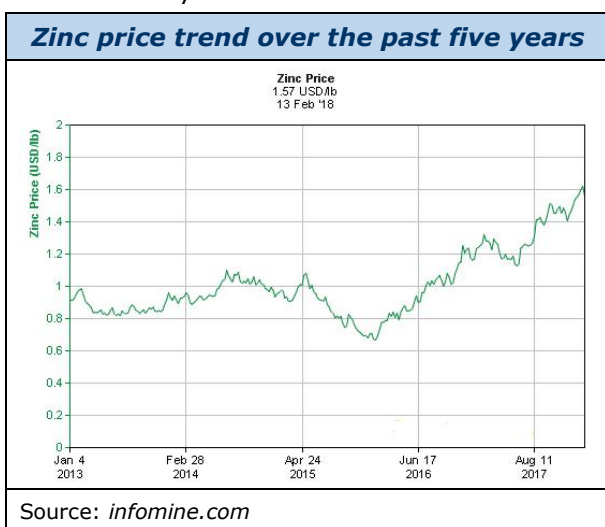
Despite the declining zinc output in Canada over the past few years, its output increased from 277,000 MT in 2015 to 310,000 MT in 2016. The country has been producing less zinc due to the closure of the Brunswick mine in May 2013. Of the total global reserve of 220,000 MT, Canada’s zinc reserve stood at 5,700 MT in 2016.

Thousand tonnes	2016	2017
	Jan – Sep	
Mine Production	9,389.0	9,812.0
Metal Production	10,147.0	10,089.0
Metal Usage	10,366.0	10,437.0

The graph below showing the supply and demand of zinc indicates that the demand higher as of 2015.



Commodity Prices: The primary drivers of zinc prices in 2016 were the sharp inventory declines and signs of increased demand from China. In 2016, the price of zinc jumped more than 64% in 12 months. However, in 2017, it continued to climb at a slower pace, with a 21% gain since January. The monthly average North American Special High-Grade zinc price increased by ~50% in the first nine months of 2016 to an average of USD 1.10 per pound in September from USD 0.75 per pound in January.



Lead

Chemistry and Properties: Lead (Pb; atomic number 82) is a bluish-white lustrous metal. It is a soft, malleable, and ductile metal with very poor thermal and electrical conductivity.

Applications^x: Lead is a major constituent of lead-acid batteries used in car batteries. It acts as a coloring agent in ceramic glazes and is a traditional base metal for organ pipes. Lead is used in computer and television glasses, sheeting, cables, solders, lead crystal glassware, ammunitions, bearings, and as weight in sport equipment.

Demand^{xi}: The global demand for refined lead metal decreased 3.4% to 5.124 million tons from January to June of 2016. The demand from Europe increased by 10.6% during this period, whereas the demand in China and the US fell by 12.8% and 2.0%, respectively. The global consumption of lead increased from 10,569,000 metric tons in 2012 to 11,129,000 metric tons in 2016. China remains the major producer and consumer of lead, and its consumption is expected to exceed 6.6 million MT

in 2017. Batteries account for 80% of the worldwide lead consumption.

Production and Supply^{xii}: In 2016, global lead extraction stood at 4.7 million MT. The global production of lead metal was 11.18 million MT in 2016, registering a 5% increase from 2012. The production of refined lead declined 2.44% to 5.161 million tons during the first six months of 2016 compared with 5.290 million tons during the same period in 2015. The major lead producers include China, Australia, the US, and Mexico. Global lead reserves stood at 88.0 million MT in 2016. The table below shows the yearly world lead production and usage in 2016 and 2017.

000 tonnes	2016	2017
	Jan – Sep	
Mine Production	3,554.0	3,754.0
Metal Production	8,261.0	8,645.0
Metal Usage	8,220.0	8,787.0

Commodity price trends^{xiii}: Despite the growing demand for lead, its prices have increased only slightly from USD 1 to USD 1.13 per pound in 2017.

Silver

Chemistry and Properties: Silver (Ag; atomic number 47) is a soft, white, and lustrous metal. It is also a strong, malleable, and ductile metal with the highest electrical conductivity. The metal is stable in pure air and water; however, it gets tarnished when exposed to ozone or hydrogen sulfide, leading to the formation of a black layer of silver sulfide.

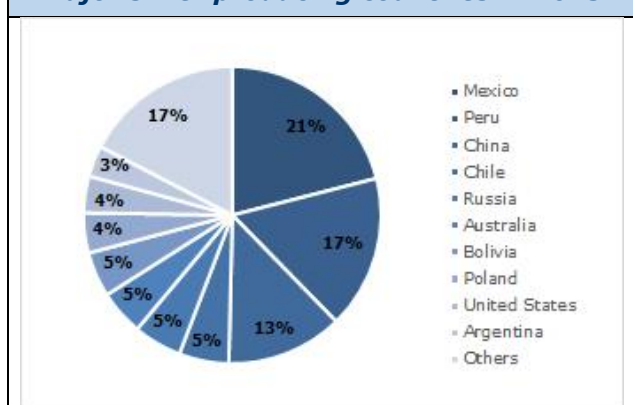
Sources^{xiv}: Silver generally occurs in its pure form, as an alloy (mainly with gold), in minerals (argentite), and in ores containing sulfur, arsenic, and chlorine. The main sources of silver are copper, nickel, lead, and zinc ores. It is mostly found in Peru, Bolivia, Mexico, China, Australia, Chile, Poland, and Serbia.

Production: In 2016, silver mine production increased 7.56% to 27,000 tons from 25,100 tons in 2015, attributable mainly to the mining sector, which had strong growth from the beginning, and the ramp up of production operations in recent years. Mexico is the largest producer with 5,765 tons, followed by Peru, China, Chile, and Russia.

The major producers of silver are Fresnillo Plc in Mexico (output of 45.7 Moz), followed by Glencore

plc. (39.1 Moz, Switzerland), KGHM Polska Miedź S.A. Group (38.8 Moz, Poland), Polymetal International plc. (29.2 Moz), and Gold Corp (28.1 Moz, Canada).

Major silver producing countries in 2015

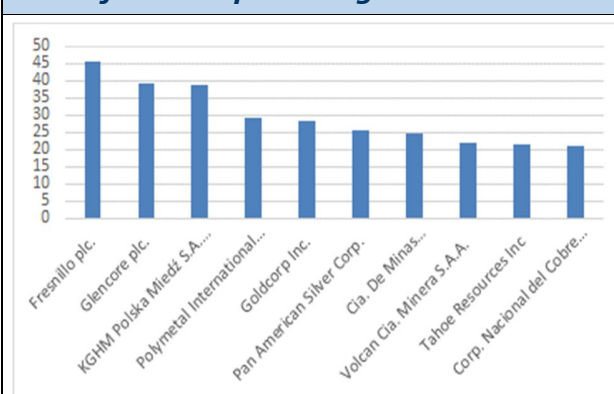


Source: Silver Institute

Applications^{xvi}: Silver is primarily used as a precious metal in jewelry as it does not react with sulfuric acid, due to which it helps remove copper oxide while making jewelry. Being photosensitive, its halide salts, such as silver nitrate, are used in photography as they can record latent images. Silver is mainly used to make currency coins, jewelry, and utensils; it is also used in dentistry (for dental fillings), photography and electronics (due to its high conductivity), and other industrial applications. Silver paints can be used to make printed circuits.

Demand: The demand for silver is mainly driven by its physical demand and its use in industrial applications. Its price and margin are affected by the supply and demand in the physical silver market. In 2016, the total physical demand fell 11% to 31,968 tons, of which coin and bar contributed to the major fall of 29% despite high demand in the first half. Jewelry fabrication reached a four-year low of 6,438 tons as a result of higher prices and poor economic conditions, especially in China and India.

Major silver producing firms in 2016



Source: Silver Institute

Production and supply^{xvi}: The global silver mine production declined by 0.6% in 2016 to 27,551 tons due to lower by-product output from lead/zinc and gold and a 10-year-low scrap supply. Mexico faced the largest drop in production, followed by Australia and Argentina, partially offset by gains in Central and South America and Asia.

Commodity Prices: In 2016, silver prices averaged USD 17.14/oz, up 28.0% from USD 13.38/oz in 2007, marking the first increase since 2011. Silver prices increased further due to investor expectations as a result of geopolitical concerns.

Silver price trend over the past five years



Source: infomine.com

Project Risk Profile Analysis

According to our analysis, the company has a LOW Risk Profile.

Akie Project - LOW

Project Stage Risk – MEDIUM

- The Akie project is currently in the advanced exploration stage with 151 drill holes on the property. The recently concluded 2017 diamond drilling program comprising a total of 4,700 meters intersected high-grade mineralization.
- With the updated resource estimates, the deposits in the Indicated Resources contain 4.162 billion pounds of zinc, 804 million pounds of lead, and 10.3 million ounces of silver (at 5% Zn base case cut-off grade); in the Inferred category, it contains 1.169 billion pounds of zinc, 205 million pounds of lead, and 2.9 million ounces of silver (at 5% Zn base case cut-off grade).
- The company plans to conduct extensive underground Resource infill drilling on the Akie property, with an initial plan to drive an exploration adit a total of 1,600 meters followed by 16,000 meters of diamond drilling.
- A PEA study is underway and is expected to be delivered by 2Q 2018.

Considering the current resource estimate and a PEA report scheduled to be delivered, the company is assessed to have a MEDIUM risk profile. We expect the risk to decrease once the project advances to the construction stage.

Financing/Capex Risk – LOW

- As of March 2018, the company had cash and cash equivalents of CAD 6.3 million to fund its exploration activities.
- On November 03, 2017, the company completed private placement of CAD 1.5 million through the sale of 4.1 million flow-through common shares at USD 0.37 per flow-through common share.
- The company has 3.4 million outstanding warrants at an exercisable price of CAD 0.54. Historically, the company has been able to raise capital whenever required.

With no debt outstanding and the ability to raise funding when required, we consider the company to have LOW financing risk.

Operational Risk – LOW

- The Akie project has excellent connectivity through an extensive forest service road network.
- All the necessary mining infrastructure is readily available in the region.
- The company has all the necessary permits to conduct underground exploration drilling activities. It would further assess various operational scenarios in the pre-feasibility study.
- The current NI 43-101 Mineral Resource estimates stand at 22.7 million tonnes of Indicated Resources grading 8.32% zinc, 1.61% lead, and 14.1 g/t silver; and 7.5 million tonnes of Inferred Resources grading 7.04% zinc, 1.24% lead, and 12.0 g/t silver (at 5% Zn base case cut-off grade).

Based on these factors, we believe the project's operational risk to be LOW.

Key Personnel Risk – LOW

- The company's management team is experienced in various fields such as mining, exploration, corporate advisory, project development, and capital markets.
- Considering the diversified experience of the management, we believe the project to have a LOW key personnel risk.

Risk Parameters – Definition

Project Stage Risk

The following are the various stages of a project:

- **Early stage exploration:** In this stage, the exploration location is decided using a combination of various techniques such as samplings, drilling, geophysics, and other extensive geological and exploration services.
- **Pre-feasibility study:** A preferred base-case option is identified from the possible options available to the company. The preferred base-case option provides some level of confidence in the production capacity, ore grades, metal recovery, capital and operating costs, project schedule, and project risks/opportunities. A financial analysis is also carried out to assess the economic viability of the project.
- **Feasibility study:** This includes a collection of more detailed information, additional designs, and project-specific cost information to refine the project cost and schedule. It also addresses information gaps, issues of concern, risks, and opportunities identified in the advanced exploration stage.
- **Detailed engineering:** Detailed designs based on the project scope, concept designs, and the purchase of key plant equipment are completed.
- **Site construction:** Site construction starts as per the field engineering designs and is expected to confirm adherence to appropriate quality-control practices.
- **Commissioning and start of operations:** After the completion of construction, operability testing, and acceptance, the owner is asked to confirm if the project construction and performance are as per the design and meet the required plant performance and safety requirements. The final operating control programs are then completed, installed, and tested for functional efficiencies.

High risk: We consider a project to have high-risk when it is in the initial stages of development and is yet to report a resource estimate on the prospect.

Medium risk: On the completion of a pre-feasibility report having initial evaluations of mine

characteristics and other operational estimates like capex and opex, project stage risk is reduced from high to medium.

Low risk: As the project advances site construction and commissioning, the project stage risk is reduced further to the low risk category.

Project Financing Risk

Initial stages of project development, including exploration and resource estimation, require higher levels of capital investment. Investments in the exploration stage can be riskier as the economic viability of deposit is not established. The risk level of the capital reduces as it advances through various exploration stages.

Initial stages of exploration and development of the project attract high-risk-capital investors. As the project stages proceed, the company has varied options such as equity (IPO) and debt financing, among others.

High risk: Companies in the initial stages of project development without proper estimates on fund requirement and clear view on financing options are considered to have high financing risk.

Medium risk: When a company has established reasonable estimates on fund requirement and has visibility on early funding for planned project milestones, it is estimated to have medium financing risk.

Low risk: When the company's fund requirements are clearly stated and has already secured adequate funding, the company has low financing risk.

Operational Risk

Following are the various parameters considered to measure operational risk:

- **Geopolitical and Regulatory factors:** The location of projects and their regulatory environment are key factors in acquiring licence and the subsequent development of the project. Obtaining necessary approvals can be time consuming, the delay of which could result in monetary losses, and operational delay.
- **Environmental factors:** The potential for environmental damage caused by mining

activity and the likely cost to be covered by the company contribute to the economic viability of the project.

- **Mining technique:** The development plan for the mines, including the extraction methodology and the corresponding capex estimates, together define the operational efficiency of the project. The high quality of ore reserves (grade) and the ease for extraction provide higher return on investment and reduce the operational risk involved.
- **Geotechnical and other factors:** Mining machinery transportation, implementation of new technology for operations, and availability of power supply in areas with complicated geological and climatic conditions determine operational risks. Other risks include chances of flooding, pit slope, rim slide and accidents caused by the use of mining transport equipment in adverse weather conditions.

We consider a project based on all the above parameters and assign high/medium/low risk profiles in comparison with their peers. Also, as the company moves to advanced stages, operational risks reduce considerably.

High risk: The company has a high operational risk profile with assets that are in an early stage of development and located in countries with regulatory uncertainties.

Medium risk: As the company progresses toward the acquisition of necessary licenses and environmental clearances, regulatory risks are reduced. Also, depending on the resource grade and the possible methodologies of extraction, an operational risk profile is assigned in comparison with peers.

Low risk: A company that is in the advanced stages of development has attractive project characteristics such as ore grade, capex, opex. NPV and IRR too have low operational risk profile.

Key Personnel Risk

We consider a project to be of a lower risk profile if the management team is highly qualified, has a good experience in the resource sector and has lower dependability on a few people. It is desirable that the company has independent directors on its board and does not rely heavily on a few individuals.

Peer Project Analysis – Zinc Explorer Comparable

ZincX Resources Corp. currently trades at an EV/Zinc Resource of CAD 0.010/lb compared to peer average of CAD 0.080/lb. Based on EV/Zinc equivalent Resource, ZincX Resources trade at CAD 0.0090/lb compared to a peer average of CAD 0.0345/lb.

Company	Market Cap (CAD)	Cash (CAD)	EV (CAD)	Net Debt (CAD)
ZincX Resources Corp	58,159,389	4,464,425	56,097,099	(4,580,867)
Arizona Mining Inc	1,932,037,551	76,541,223	1,878,861,404	(76,541,223)
Tinka Resources Ltd	133,094,750	6,036,919	128,255,538	(6,036,919)
Aquila Resources Inc	92,232,815	21,487,141	73,089,137	(9,523,062)
Zinc One Resources Inc	26,857,001	525,364	25,851,054	(1,005,947)
Canadian Zinc Corp	37,255,616	12,979,000	26,697,616	(13,010,000)
Ironbark Zinc Ltd	30,537,293	2,458,712	29,256,429	(2,458,712)
Rathdowney Resources Ltd	22,638,165	981,572	22,120,900	(981,572)

Company	Total Contained Zinc Metal (Mlbs)	EV / Zinc Resource (CAD ¢ / lbs)	Total Zinc equivalent Resources (Mlbs)	EV / Zinc equivalent Resource (CAD ¢ / lbs)
ZincX Resources Corp	5,311	1.06	6,241	0.90
Arizona Mining Inc	9,630	19.51	20,082	9.36
Tinka Resources Ltd	2,446	5.24	2,718	4.72
Aquila Resources Inc	224	32.63	1,714	4.26
Zinc One Resources Inc	578	4.47	578	4.47
Canadian Zinc Corp	3,579	0.75	6,622	0.40
Ironbark Zinc Ltd	8,394	0.35	8,951	0.33
Rathdowney Resources Ltd	2,975	0.74	3,580	0.62
<i>Average</i>		9.10		3.45
<i>Average – Excluding ZincX Resources</i>		8.09		3.13

Source: Companies filling and Bloomberg

Value

The Fair Market Value for ZincX Resources Corp. shares stands between CAD 296.1MM and CAD 363.6MM.

The Fair Market Value for one of ZincX Resources Corp. publicly traded shares stands between CAD 1.78 and CAD 2.19.

ZincX Resources Corp. Balance Sheet Forecast

CONSOLIDATED BALANCE SHEET

*all figures 'CAD
000's, unless stated
differently*

Low bracket estimates

<i>year ending June 30</i>	2018E	2019E	2020E	2021E	2022E	2023E
Total Current Assets	6,143	7,004	7,566	7,804	7,689	54,065
Total Non-Current Assets	73,317	75,314	77,411	79,593	81,861	1,99,311
TOTAL ASSETS	79,460	82,318	84,978	87,397	89,550	2,53,377
Total Current Liabilities	881	881	881	881	881	881
Total Non-current Liabilities	1,603	1,603	1,603	1,603	1,603	60,328
TOTAL LIABILITIES	2,484	2,484	2,484	2,484	2,484	61,209
Total Shareholders' Equity	76,976	79,835	82,494	84,913	87,067	1,92,168
TOTAL LIABILITIES and EQUITY	79,460	82,318	84,978	87,397	89,550	2,53,377

Important information on Arrowhead methodology

The principles of the valuation methodology employed by Arrowhead BID are variable to a certain extent, depending on the sub-sectors in which the research is conducted. But all Arrowhead valuation researches possess an underlying set of common principles and a generally common quantitative process.

With Arrowhead commercial and technical due diligence, the company researches the fundamentals, assets and liabilities of a company, and builds estimates for revenue and expenditure over a coherently determined forecast period.

Elements of past performance such as price/earnings ratios, indicated as applicable, are mainly for reference. Still, elements of real-world past performance enter the valuation through their impact on the commercial and technical due diligence.

Arrowhead BID Fair Market Value Bracket

The Arrowhead Fair Market Value is given as a bracket. This is based on quantitative key variable analyses such as key price analysis for revenue and cost drivers or analysis and discounts on revenue estimates for projects, especially relevant to projects estimated to provide revenue near the end of the chosen forecast period. Low and high estimates for key variables are produced as a valuation tool.

In principle, an investor comfortable with the high brackets of our key variable analysis will align with the high bracket in the Arrowhead Fair Value Bracket, and, likewise, in terms of low estimates. The investor will also note the company intangibles to analyze the strengths and weaknesses, and other essential company information. These intangibles serve as supplementary decision factors for adding or subtracting a premium in investor's own analysis.

The bracket should be taken as a tool by Arrowhead BID for the reader of this report and the reader should not solely rely on this information to make his decision on any particular security. The reader must also understand that while on the one hand global capital markets contain inefficiencies, especially in terms of information, on the other, corporations and their commercial and technical positions evolve rapidly. This present edition of the Arrowhead valuation is for a short to medium term alignment analysis (one to twelve months). The reader should refer to important disclosures on page 27 of this report.

Information on the ZincX Resources Corp. valuation

ZincX Resources Valuation Methodology: The Arrowhead fair valuation for ZincX Resources is based on the discounted cash flow (DCF) method. Our valuation is based on the Akie project. We have calculated the NPV of the project based on estimated cash flows, which we have subsequently discounted by a discount rate.

Time Horizon: The time period chosen for the valuation is based on expected mine life of the Akie Project. The Akie project is expected to be operational in FY 2023. The later years are heavily discounted and have a marginal effect on valuation, which are included primarily to present a full project cycle situation.

Underlying Business Plan: ZincX Resources owns 100% in the Akie project. The company strategy is to develop the Akie property and become one of the important supplier of zinc-lead-silver in global industry. In addition to Akie, the company also owns interest in 10 adjacent property blocks in the Kechika Trough region. Over the longer run, the company will be involved in unlocking the potential mineralization in these assets.

Terminal Value: Terminal Value is estimated to depend on a terminal growth rate of 0%, representing the maturity, technology change and prospective competitiveness in the business.

Prudential Nature of Valuation: This Arrowhead Fair Value Bracket estimate is a relatively prudential estimate, as it is based on the company's current flagship project – The Akie Project.

Key variables in ZincX Resources revenue estimations

Variable 1 – Hypothesis for production

We believe company would be able to achieve the below annual production target. Grades are based on the company's estimates from the technical report.

Tonnes Milled	000's Tonnes
Low	1,425
High	1,475

Grade - Indicated	Zinc (%)	Lead (%)	Silver (g/t)
Low	8.30%	1.58%	14.00
High	8.32%	1.61%	14.10

Grade - Inferred	Zinc (%)	Lead (%)	Silver (g/t)
Low	7.00%	1.20%	11.95
High	7.04%	1.24%	12.00

Variable 2 – Commodity Price

Forecasted prices are based on the estimates from Bloomberg

Average Price	Zinc (USD/lb)	Lead (USD/lb)	Silver (USD/ozt)
Low	1.3	1.1	15.5
High	1.4	1.2	16.0

Variable 3 – Exchange rate

We have based the forecasted exchange rate in line with the current exchange rate

Average Exchange rate	
CAD/USD	1.3

Analyst certifications

I, Auditya Sankaranarayanan, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and the subject company.

I, Sumit Wadhwa, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and the subject company.

Important disclosures

Arrowhead Business and Investment Decisions, LLC received fees in 2017 and will receive fees in 2018 from ZincX Resources Corp for researching and drafting this report and for a series of other services to ZincX Resources Corp, including distribution of this report, investor relations and networking services. Neither Arrowhead BID nor any of its principals or employees own any long or short positions in ZincX Resources Corp. Arrowhead BID's principals intend to seek a mandate for investment banking services from ZincX Resources Corp. and expect to receive compensation for investment banking activities from ZincX Resources Corp. in 2018.

Aside from certain reports published on a periodic basis, the large majority of reports are published by Arrowhead BID at irregular intervals as appropriate in the analyst's judgment.

Any opinions expressed in this report are statements of our judgment to this date and are subject to change without notice.

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, any of the financial or other money-management instruments linked to the company and company valuation described in this report, hereafter referred to as "the securities", may not be suitable for all investors.

Investors are advised to gather and consult multiple information sources before making investment decisions. Recipients of this report are strongly advised to read the information on Arrowhead Methodology section of this report to understand if and how the Arrowhead Due Diligence and Arrowhead Fair Value Bracket integrate alongside the rest of their stream of information and within their decision taking process.

Past performance of securities described directly or indirectly in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from any of the financial securities described in this report may rise as well as fall, and may be affected by simple and complex changes in economic, financial and political factors.

Should a security described in this report be denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the security.

This report is published solely for information purposes, and is not to be considered as an offer to buy any security, in any state.

Other than disclosures relating to Arrowhead Business and Investment Decisions, LLC, the information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete statement or summary of the available data.

Arrowhead Business and Investment Decisions, LLC is not responsible for any loss, financial or other, directly or indirectly linked to any price movement or absence of price movement of the securities described in this report.

Valuation

WACC

Risk-free Rate	1.9%	xvii
Beta	0.9	xviii
Risk Premium	8.9%	xix
Additional Risk Premium	0.0%	
Cost of Equity	9.9%	
Terminal Growth Rate	0.0%	

	Production Rate	Commodity Price	USD/CAD
Max Value	<i>Please refer to the Key Variable Section</i>		
Min Value			

FCFE (High) Time Period

	2018E	2019E	2020E	2021E	2022E	2023E	2024E
EBITDA	(2,780)	(3,059)	(3,343)	(3,687)	(4,066)	39,223	1,81,912
Tax	834	918	1,003	1,106	1,220	(11,326)	(53,693)
Capital Expenditure	(1,998)	(2,098)	(2,182)	(2,269)	(1,17,450)	(1,17,450)	(7,431)
Change in Working Capital	3	-	-	-	-	-	-
Free Cash Flow	(3,941)	(4,239)	(4,522)	(4,850)	(1,20,296)	(89,553)	1,20,788
Discount Factor	0.95	0.87	0.79	0.72	0.65	0.59	0.54
Present Value of FCF	(3,759)	(3,677)	(3,568)	(3,481)	(78,543)	(53,186)	65,252

FCFE (Low) Time Period

	2018E	2019E	2020E	2021E	2022E	2023E	2024E
EBITDA	(2,780)	(3,059)	(3,343)	(3,687)	(4,066)	34,163	1,60,659
Tax	834	918	1,003	1,106	1,220	(9,808)	(47,317)
Capital Expenditure	(1,998)	(2,098)	(2,182)	(2,269)	(1,17,450)	(1,17,450)	(7,431)
Change in Working Capital	3	-	-	-	-	-	-
Free Cash Flow	(3,941)	(4,239)	(4,522)	(4,850)	(1,20,296)	(93,096)	1,05,911
Discount Factor	0.95	0.87	0.79	0.72	0.65	0.59	0.54
Present Value of FCF	(3,759)	(3,677)	(3,568)	(3,481)	(78,543)	(55,289)	57,215

In the model, the valuation is continued to the year 2040. For all data, see reference table below:

<i>In CAD 000, unless stated otherwise</i>	High	Low
Implied Enterprise value	3,61,570	2,94,071
+Cash ^{xx}	2,062	2,062
Equity Value Bracket	3,63,632	2,96,133
Shares Outstanding ^{xxi}	1,66,169.2	1,66,169.2
Fair Value Bracket (CAD)	2.19	1.78
Current Market Price (CAD)	0.345	0.345

Notes and References

- i Arrowhead Business and Investment Decisions (ABID) Fair Value Bracket. See information on valuation on pages 24-28 of this report and important disclosures on page 27 of this report.
- ii Bloomberg as on 10-July-2018
- iii Bloomberg as on 10-July-2018
- iv 3-month average volume from Bloomberg as on 10-July-2018
- v Bloomberg as on 10-July-2018
- vi <http://www.lenntech.com/periodic/elements/zn.htm#ixzz4XthBmLCV>
<http://www.etf.com/sections/features-and-news/6893-zincs-supply-a-demand-equation-not-simple-math?nopaging=1>
- vii <http://www.chemistryexplained.com/elements/T-Z/Zinc.html#ixzz4XtrrzP2O>
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<http://www.scrapmonster.com/news/ilzsg-releases-demand-and-supply-statistics-for-zinc-lead-for-h1-2016/1/63532>
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<https://news.metal.com/newscontent/100093739/zinc-lead-supply-and-demand-statistics-for-jan-apr-2016-released>
<https://investingnews.com/daily/resource-investing/base-metals-investing/zinc-investing/top-zinc-producing-countries/>
<https://minerals.usgs.gov/minerals/pubs/commodity/zinc/mcs-2017-zinc.pdf>
- x <https://www.lenntech.com/periodic/elements/pb.htm>
- xi <https://www.statista.com/statistics/264872/world-production-of-lead-metal/>
<http://www.scrapmonster.com/news/ilzsg-releases-demand-and-supply-statistics-for-zinc-lead-for-h1-2016/1/63532>
- xii <http://www.ilzsg.org/static/statistics.aspx?from=1>
<http://www.scrapmonster.com/news/ilzsg-releases-demand-and-supply-statistics-for-zinc-lead-for-h1-2016/1/63532>
<https://minerals.usgs.gov/minerals/pubs/commodity/lead/mcs-2017-lead.pdf>
- xiii <http://www.infomine.com/search/?q=lead%20prices>
- xiv <http://www.lenntech.com/periodic/elements/ag.htm>
- xv <http://www.lenntech.com/periodic/elements/ag.htm>
- xvi <https://www.silverinstitute.org/WorldSilverSurvey2016.pdf>
<http://www.silverinstitute.org/global-silver-mine-production-drops-in-2016-for-first-time-in-14-years/>
- xvii Bloomberg as on 10-July-2018
- xviii Arrowhead estimates
- xix Bloomberg as on 10-July-2018
- xx Company's filings
- xxi Bloomberg as on 10-July-2018