FIREWEED ZINC LTD.

(An Exploration Stage Company)

(Unaudited - Expressed in Canadian Dollars)

Interim Financial Statements

June 30, 2020 and 2019

Index

Notice of non-review of condensed interim financial statements

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators, notice is given that the attached condensed interim financial statements for the six-month period ended June 30, 2020 have not been reviewed by the Company's auditors.

FIREWEED ZINC LTD.
Statements of Financial Position as at
(Expressed in Canadian Dollars)

	Note		June 30, 2020		December 31, 2019
Assets					
Current assets:					
Cash		$	950,099	$	783,789
Receivables			16,871		30,147
Prepaid expenses			102,707		151,170
			1,069,677		965,106
Equipment	5		19,824		22,042
Reclamation bond			39,596		39,596
Exploration and evaluation assets	4		24,935,135		24,437,449
		$	26,064,232	$	25,464,193
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	6, 10	$	190,207	$	288,800
Loan payable	7		40,000		-
			230,207		288,800
Deferred tax liability			874,000		874,000
Rehabilitation provisions	8		263,359		261,023
			1,367,566		1,423,823
Shareholders' equity:					
Capital stock	9		28,163,172		26,879,253
Options reserve	9		1,620,607		1,532,985
Warrants reserve	9		140,004		133,910
Deficit			(5,227,117)		(4,505,778)
			24,696,666		24,040,370
		$	26,064,232	$	25,464,193

Nature and continuance of operations (Note 1)
Commitment (Note 14)
Subsequent event (Note 15)

On behalf of the Board:

"Brandon Macdonald" Director *"George Gorzynski"* Director

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

FIREWEED ZINC LTD.

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Expenses					
Consulting and management	10	$ 103,913	$ 100,730	$ 209,791	$ 273,021
Depreciation	5	1,078	1,382	2,218	2,845
Director and committee fees	10	31,625	36,750	68,375	73,500
Investor relations and corporate development		43,101	87,786	108,781	164,569
Insurance expense		3,583	2,275	7,083	5,688
Office and payroll expenses		15,377	11,291	25,392	22,346
Professional fees		12,503	21,996	45,218	40,483
Rent		10,366	19,251	21,785	34,806
Share-based compensation	9,14	152,627	90,811	200,122	222,281
Transfer agent & filing fees		13,300	13,488	27,143	24,464
Travel		48	10,948	7,960	22,067
		(387,521)	(396,708)	(723,868)	(886,070)
Accretion on rehabilitation provision	8	(1,168)	-	(2,336)	-
Amortization of flow-through liability		-	133,128	-	185,537
Foreign exchange		35	236	(83)	476
Interest income		1,875	28,089	4,948	47,533
Loss before income taxes		**$ (386,779)**	**$ (235,255)**	**$ (721,339)**	**$ (652,524)**
Deferred income tax		-	(186,090)	-	(259,349)
Loss and comprehensive loss for the period		**$ (386,779)**	**$ (421,345)**	**$ (721,339)**	**$ (911,873)**
Loss per share – basic and diluted		$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted		41,283,839	36,466,621	39,540,485	34,950,951

FIREWEED ZINC LTD.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note(s)		Six Months Ended June 30, 2020		June 30, 2019
OPERATING ACTIVITIES					
Loss for the period		$	(721,339)	$	(911,873)
Adjustment for items not affecting cash:					
Amortization of flow-through liability			-		(185,537)
Deferred income tax			-		259,349
Depreciation	5		2,218		2,845
Accretion on rehabilitation provision	8		2,336		-
Share-based compensation	9,14		200,122		222,281
Change in non-cash working capital items:					
Receivables			13,276		(3,242)
Prepaid expenses			48,463		(296,502)
Accounts payable and accrued liabilities	6		(41,358)		(93,524)
			(496,282)		**(1,006,203)**
INVESTING ACTIVITIES					
Exploration and evaluation assets	4		(479,921)		(1,061,510)
			(479,921)		**(1,061,510)**
FINANCING ACTIVITIES					
Capital stock			1,142,301		5,013,992
Share issue costs			(39,788)		(223,806)
Proceeds from warrants exercised			-		189,000
Proceeds from loan	7		40,000		-
			1,142,513		**4,979,186**
Increase (decrease) in cash			166,310		2,911,473
Cash, beginning of the period		**$**	**783,789**	**$**	**1,575,784**
Cash, end of the period		**$**	**950,099**	**$**	**4,487,257**

Supplemental disclosures with respect to cash flows:

Non-cash investing and financing activities:					
Exploration and evaluation expenditures included in accounts payable		$	67,375	$	398,462
Fair value of finders' warrants			6,094		10,094
Fair value of shares issued for property	4,9		75,000		118,813
Fair value of performance shares issued	9,14		112,500		-
Fair value of exercised finders' warrants			-		99,016
Flow-through premium liability			-		649,609
Share-issue costs allocated to flow-through premium			-		48,853

FIREWEED ZINC LTD.

Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Notes	Capital Stock Shares	Capital Stock Amount	Warrants reserve	Options reserve	Deficit	Total
Balance at December 31, 2018		**31,696,776**	**$ 22,242,738**	**$ 222,832**	**$ 1,152,711**	**$ (3,138,381)**	**$ 20,479,900**
Shares issued for resource property	4,9	171,875	118,813	-	-	-	118,813
Shares issued in private placement	9	2,379,750	1,903,800	-	-	-	1,903,800
Flow-through shares issued in private placement	9	3,075,728	2,509,436	-	-	-	2,509,436
Share issue costs		-	(233,900)	10,094	-	-	(223,806)
Share-based compensation		-	-	-	222,281	-	222,281
Warrants exercised	9	378,000	288,016	(99,016)	-	-	189,000
Loss for the period		-	-	-	-	(911,873)	(911,873)
Balance at June 30, 2019		**37,702,129**	**$ 26,828,903**	**$ 133,910**	**$ 1,374,992**	**$ (4,050,254)**	**$ 24,287,551**
Balance at December 31, 2019		**37,797,129**	**$ 26,879,253**	**$ 133,910**	**$ 1,532,985**	**$ (4,505,778)**	**$ 24,040,370**
Shares issued for resource property	4,9	200,000	75,000	-	-	-	75,000
Shares issued in private placement	9	3,807,670	1,142,301	-	-	-	1,142,301
Share issue costs		-	(45,882)	6,094	-	-	(39,788)
Share-based compensation	9,14	300,000	112,500	-	87,622	-	200,122
Loss for the period		-	-	-	-	(721,339)	(721,339)
Balance at June 30, 2020		**42,104,799**	**$ 28,163,172**	**$ 140,004**	**$ 1,620,607**	**$ (5,227,117)**	**$ 24,696,666**

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

1. Nature and Continuance of Operations

Fireweed Zinc Ltd. (the "Company") was incorporated under the Business Corporations Act of the Yukon in Canada on October 20, 2015. The Company is a mineral exploration and development company and is engaged in the acquisition and exploration of mineral assets. Currently the Company has one project, the Macmillan Pass Project, which includes the Tom and Jason claims and zinc-lead-silver deposits, the Nidd claims and optioned large blocks of adjacent claims (MAC, MC, MP, Jerry, BR and NS) in Yukon, Canada (collectively, the "Project"). The Company is listed on the TSX Venture Exchange and trades under the symbol FWZ.

The Company's head office and principal address is Suite 1020 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The registered and records office is 3081 3rd Avenue, Whitehorse, Yukon, Canada Y1A 4Z7.

The Company's ability to continue operations is not assured and is dependent upon the ability to obtain necessary financing to meet its liabilities and commitments as they become due, and the ability to generate future profitable production or operations or obtain sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. As at June 30, 2020, management estimates that the Company does not have sufficient working capital to maintain its operations and activities for the next twelve months and will need to raise additional capital in order to further fund its operations. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its full effects on the Company's business or ability to raise funds.

The financial statements for the period ended June 30, 2020 have been prepared by management, reviewed by the Audit Committee and authorized for issue by the Board of Directors on August 25, 2020.

2. Basis of Presentation and Statement of Compliance.

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for interim information, specifically International Accounting Standards ("IAS") 34 - Interim Financial Reporting. In addition, these interim financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") in effect at June 30, 2020 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These interim financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2019. In management's opinion, all adjustments necessary for fair presentation have been included in these condensed interim financial statements. Interim results are not necessarily indicative of the results expected for the year ending December 31, 2020.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. Significant Accounting Policies

The accounting policies in preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2019.

Critical accounting estimates, judgments, and assumptions

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

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below with further details of the assumptions contained in the relevant note

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

<u>Exploration and evaluation assets</u>

Exploration and evaluation costs are initially capitalized as intangible exploration assets with the intent to establish commercially viable reserves. The Company is required to make estimates and judgments about the future events and circumstances regarding whether the carrying amount of intangible exploration assets exceeds its recoverable amount.

Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

<u>Share-based compensation</u>

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based compensation expense for the six months ended June 30, 2020 and 2019 is disclosed in Note 9.

<u>Rehabilitation provision</u>

The calculation of the asset retirement obligation involves significant measurement estimates and assumptions of the amount and timing of reclamation costs and applicable inputs used in the calculation, such as discount rates. The Company bases its estimates on historical experience, government regulations and assumptions that are believed to be reasonable given the scope of the exploration project. Refer to Note 8 for more details.

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

Macmillan Pass Project (Yukon, Canada)		Six Months Ended June 30, 2020		Fiscal Year Ended December 31, 2019
Acquisition and maintenance costs:				
Opening balance	$	8,685,780	$	8,226,892
Additions during the period:				
Cash payments		3,930		289,725
Shares issued		75,000		169,163
		78,930		458,888
Total acquisition costs		**8,764,710**		**8,685,780**
Exploration costs:				
Opening balance		15,751,669		11,436,663
Additions during the period:				
Assaying		35,906		220,260
Camp and field		38,557		1,000,780
Drilling		-		845,070
Engineering		16,190		115,316
Geological Consulting		271,583		1,812,011
Legal Fees		-		4,318
Other		6,348		17,607
Permitting		32,550		39,870
Rehabilitation provisions		-		-
Reporting		12,663		65,102
Travel & Support		4,959		194,672
		418,756		4,315,006
Total exploration costs		**16,170,425**		**15,751,669**
Ending balance	**$**	**24,935,135**	**$**	**24,437,449**

Macmillan Pass Project, Yukon, Canada

Option Agreement with Hudbay

On December 14, 2016, the Company entered into a two-year option agreement with Hudbay Minerals Inc. (“Hudbay”) whereby the Company could acquire a 100% interest in the Tom Jason zinc-lead-silver property.

During the year ended December 31, 2018, the Company incurred the required exploration expenditures of $1,250,000 under the option agreement and, accordingly, exercised its option by paying a total of $1,000,000 cash and issuing 3,565,406 shares to acquire a 100% interest in the Tom Jason property.

Upon exercise of the option, the Company assumed a pre-existing 3% net smelter royalty ("NSR") on the Jason claims to third parties but has the right to purchase at any time – 1.5% of the NSR for $1,250,000 and the remaining 1.5% NSR for $4,000,000.

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (cont'd…)

Macmillan Pass Project, Yukon, Canada (cont'd…)

Option Agreement with Newmont/Maverix

On July 24, 2017, the Company entered into an option agreement with Newmont Canada Holdings, ULC ("Newmont"), whereby the Company can acquire a 100% interest in the MAC claims located on the northwest extension of the Company's Tom Jason claims by paying $450,000 in staged cash payments over four years (see summary of payments in the schedule below), maintaining the MAC claims in good standing, and granting Newmont a 0.25% NSR on base metals, 1% NSR on silver and 3% NSR on gold. Newmont will also have an exclusive but limited 30 days right of first offer on any future proposed sale, transfer or disposition by the Company of its interest in the MAC claims. The MAC claims are considered part of the MacMillan Pass project cash generating unit. On June 29, 2018 Newmont sold the MAC claims option agreement to Maverix Metals Inc. ("Maverix") as part of a larger transaction and as such the new registered owner and optionor of the MAC claims is now Maverix.

In July 2019, the Company entered into an amending agreement with Maverix modifying the second anniversary payment clause from $95,000 cash payment to $50,000 in cash and 95,000 common shares of the Company. The schedule below summarizes updated option payment terms between the Company and Maverix:

Due Date	Amount	Common Shares
July 24, 2017 (signing of the option)	$50,000 (paid)	-
July 24, 2018 (first anniversary)	$80,000 (paid)	-
July 24, 2019 (second anniversary)	$50,000 (paid)	95,000 (issued)
July 24, 2020 (third anniversary)	$110,000[1]	-
July 24, 2021 (fourth anniversary)	$115,000[2]	-
TOTAL	**$405,000**	**95,000 (issued)**

(1) The Company made a payment on July 21, 2020, subsequent to the period ended June 30, 2020.
(2) On August 7, 2020, Maverix and the Company signed another amendment to the option agreement changing the fourth anniversary cash payment to $2,500 cash and 225,000 shares. In all other respects the option agreement remained unchanged.

The Company may prepay any of the option payments and/or prepay the entire purchase price at any time.

Option Agreement with Constantine Metal Resources Ltd./Epica Gold Inc. and Carlin Gold Corporation

In March 2018, the Company entered into a mineral property option agreement with Constantine Metal Resources Ltd. ("Constantine") and Carlin Gold Corporation ("Carlin") to purchase the MC, MP and Jerry Claims.

On July 31, 2019, Constantine transferred its rights, title and interest in and to the Constantine claims and assigned its right and interest in and to the aforementioned agreement, to its wholly-owned subsidiary, Epica Gold Inc. ("Epica") and later transferred 100% interest in Epica to its spinoff company, HighGold Mining Inc. (TSX.V: High).

On May 6, 2020, the Company entered into an amending agreement with Epica and Carlin deferring the third share payment to the period on or before May 14, 2020 and the third cash payment of $150,000 until August 9, 2020. A total of 100,000 shares (50,000 shares each) were issued to Constantine and Epica on May 11, 2020.

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (cont'd…)

Macmillan Pass Project, Yukon, Canada (cont'd…)

Option Agreement with Constantine Metal Resources Ltd./Epica Gold Inc. and Carlin Gold Corporation (cont'd…)

The updated terms of the agreement whereby the Company will have the right to earn a 100% interest in the MC, MP, and Jerry claims (the "Constantine-Epica claims") are summarized below

Due Date	Cash	Common shares
Exchange approval of the option agreement (May 9, 2018)	$75,000 (paid)	50,000 (issued)
On or before May 9, 2019	$125,000 (paid)	50,000 (issued)
On or before May 9, 2020	-	100,000 (issued)
On or before August 9, 2020	$150,000[1]	-
On or before May 9, 2021	$150,000[1]	100,000[1]
TOTAL	**$500,000**	**300,000**

(1) On August 11, 2020, subsequent to the period ended June 30, 2020, Epica, Carlin and the Company signed another amendment to the option agreement, allowing the Company exercise the option upon issuance of 350,000 shares to Epica, and payment of $75,000 and 200,000 shares to Carlin within five days of TSX Venture Exchange approval of the amendment.

Although not part of the consideration payable to exercise the option, the Company will pay an additional $750,000 in cash or equivalent in shares, upon receiving a resource calculation of at least 2.0 million tonnes of indicated (or better) resource on any part of the Epica-Carlin claims. Epica and Carlin will retain the right to receive a NSR on any future mine production from the Epica-Carlin claims as follows: 0.5% NSR on base metals and silver and 2% NSR on all other metals including gold. The Company maintains a right of first refusal on the sale of any NSR royalty from these claims by Constantine and/or Carlin

Option Agreement with Golden Ridge Resources Ltd.

In April 2018, the Company entered into a mineral property option agreement with Golden Ridge Resources Ltd. ("Golden Ridge") extending the Company's Macmillan Pass Project land position.

This option allows the Company to acquire a 100% interest in a number of quartz claim tenures from Golden Ridge ("BR and NS claims"). As per the initial agreement, the Company can exercise the option and acquire a 100% interest in these claims by making payments totaling $500,000 and issuing 450,000 shares over three years to Golden Ridge.

During the year ended December 31, 2019 the Company signed an amending agreement, the terms of which are reflected in the schedule below. The cash payment of $37,500 was made and 121,875 shares issued in May 2019 representing a second installment towards 100% interest in BR and NS claims.

On May 6, 2020, Golden Ridge and the Company signed another amending agreement to the option agreement delaying the May 9, 2020 cash $150,000 payment to on or before August 9, 2020. A total of 100,000 shares were issued to Golden Ridge on May 11, 2020.

Due Date	Cash	Common shares
Exchange approval of the option agreement (May 9, 2018)	$75,000 (paid)	75,000 (issued)
On or before May 9, 2019	$37,500 (paid)	121,875 (issued)
On or before May 9, 2020	-	100,000 (issued)
On or before August 9, 2020	$150,000[1]	
On or before May 9, 2021	$200,000[1]	200,000[1]
TOTAL	**$462,500**	**496,875**

(1) On August 7, 2020, subsequent to the period ended June 30, 2020, Golden Ridge and the Company signed another amendment to the option agreement, allowing the Company exercise the option by issuing 900,000 shares to Golden Ridge within five days of TSX Venture Exchange approval of this amendment.

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (cont'd…)

Macmillan Pass Project, Yukon, Canada (cont'd…)

Option Agreement with Golden Ridge Resources Ltd. (cont'd…)

Although not part of the consideration payable to exercise the option, the Company will pay an additional $750,000 in cash or equivalent in shares, to Golden Ridge, upon receiving a resource calculation of at least 2.0 million tonnes of indicated (or better) resource on any part of the BR and NS claims.

Golden Ridge will retain the right to receive NSR royalties on any future mine production from the BR and NS claims as follows: 0.5% NSR on base metals and silver and 2% NSR on all other metals, including gold. There is also a third party 3% NSR on any future cobalt production from the BR and NS claims. The Company will have the right to purchase one-half of these NSR royalties (excluding the cobalt royalty) for $2,000,000 at any time prior to the commencement of commercial production. The Company maintains a right of first refusal on the sale of any NSR royalty from the BR and NS claims by Golden Ridge.

Acquisition of Nidd Property

On November 2, 2018, the Company entered into a purchase and sale agreement with Teck Metals Ltd. and Teck Mining Worldwide Holdings Ltd. ("Teck"). to acquire the right, title and interest in and to the Nidd property on the western extension of the Macmillan Pass Zinc Project in Yukon.

On November 27, 2018, as per the terms of the purchase and sale agreement, the Company issued 1,500,000 common shares of the Company with a fair value of $1,350,000 and granted Teck a 1% NSR on the production from the Nidd Property. The fair value of the shares issued was determined based on the market price at the date of the issuance.

5. Equipment

		Exploration Equipment		Computer Hardware		Total
Cost						
As at December 31, 2018 and 2019	$	38,026	$	3,603	$	41,629
Balance as at June 30, 2020		**38,026**		**3,603**		**41,629**
Accumulated Depreciation						
As at December 31, 2018		(11,223)		(2,513)		(13,736)
Depreciation expense		(5,360)		(491)		(5,851)
As at December 31, 2019		(16,583)		(3,004)		(19,587)
Depreciation expense		(2,091)		(127)		(2,218)
Balance as at June 30, 2020		**(18,674)**		**(3,131)**		**(21,805)**
Net book value						
As at December 31, 2019	$	21,443	$	599	$	22,042
As at June 30, 2020	**$**	**19,352**	**$**	**472**	**$**	**19,824**

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities mainly consist of payables to management and to vendors for work completed on the Company's project as well as accrual of professional and director fees. The breakdown of accounts payable and accrued liabilities are as follows:

		June 30, 2020		December 31, 2019
Payable to related parties	$	80,269	$	124,688
Payable to vendors		109,938		164,112
Total Accounts Payable and Accrued Liabilities	**$**	**190,207**	**$**	**288,800**

(Expressed in Canadian Dollars)

7. Loan Payable

In May 2020, the Company secured a $40,000 interest-free operating line of credit after applying for the government-sponsored Canada Emergency Business Account ("CEBA") under the Government of Canada COVID-19 relief program.

Terms of the CEBA agreement:

i. The CEBA funds are intended for non-deferrable operating expenses, including but not limited to payroll, rent and insurance,

ii. If there is a balance outstanding after December 31, 2020, the remaining outstanding amount will be converted into a 2-year interest-free term loan effective January 1st, 2021,

iii. If $30,000 is repaid by December 31, 2022, $10,000 of the operating line will be forgiven,

iv. On December 31, 2022, the Company may choose to exercise an option to extend the term loan for another 3 years at the rate of 5% per annum on any balance remaining.

8. Rehabilitation Provisions

The Company has estimated that the present value of future rehabilitation costs required to remediate the Tom Jason property based on its current state. The Company did not have any rehabilitation provisions prior to the acquisition of the Tom Jason property.

Although the ultimate amount of the rehabilitation liability is uncertain, the best estimate of these obligations is based on information currently available. Current significant closure and rehabilitation activities include dismantling and removing camp facilities, roads reclamation and mobile equipment removal costs.

The total amount of estimated undiscounted cash flow required to settle the Company's estimated obligation as at June 30, 2020 was $234,596. The calculation of present value of estimated future cash flows assumed a discount rate of 1.79% and an inflation rate of 2.70%. Rehabilitation costs are estimated to be settled at various dates during 2028.

		December 31, 2019
Balance, December 31, 2018	**$**	256,433
Accretion		4,590
Balance, December 31, 2019	**$**	**261,023**
Accretion		2,336
Balance, June 30, 2020	**$**	**263,359**

9. Capital Stock and Reserves

The authorized capital stock of the Company consists of an unlimited number of common shares without nominal or par value. As at June 30, 2020, the Company had 42,104,799 (December 31, 2019 – 37,797,129) common shares issued and outstanding.

Transactions for the six months ended June 30, 2020

On April 14, 2020, the Company closed a private placement financing for gross proceeds of $1,142,301. The financing consisted of 3,807,670 common shares of the Company at a price of $0.30 per share with a full four-year warrant exercisable at $0.60 per share but subject to accelerated expiry terms if the Company's shares trade at or above $1.00 per share for 20 consecutive days. In connection with the private placement, the Company incurred $45,882 share issuance costs, including a cash finders' fee of $30,930 and 103,099 finders' warrants with a fair value of $6,094, which are exercisable at a price of $0.40 per share until April 14, 2021.

9. Capital Stock and Reserves (cont'd…)

On May 11, 2020, the Company issued 50,000 shares to Epica and Carlin each for the total of 100,000 shares as part of the third option payment for the MC, MP and Jerry Claims. The shares were valued at the closing market price of $0.375 at the date of issue (Note 4) for the total fair value of $75,000.

On May14, 2020, the Company issued 300,000 performance shares to a former director of the Company, as per the performance shares agreement dated December 19, 2016, following the director's resignation in April 2020. The fair value of the shares was recorded at $112,500, based on the marked closing price on the date of issuance of the shares.

Transactions for the six months ended June 30, 2019

The Company closed a non-brokered private placement for gross proceeds of $5,013,992 on February 15, 2019. The Company issued a total of 2,379,750 common shares at a price of $0.80 per share, 1,820,728 flow-through common shares at a price of $0.95 and 1,255,000 charity flow-through common shares at a price of $1.10 through a donation arrangement. An associated flow-through liability of $649,609 was recognized on the statement of financial position (Note 7).

The Company incurred a total of $233,900 issue costs, $48,853 of which was allocated to flow-through share issue costs. The issue costs included 6% finders' cash commission ($36,237) and a fair value of 34,680 agents' warrants in the amount of $10,094 as well as other legal, advisory and filing fees. All the agent's warrants are exercisable at $0.95 for a period of two years from the grant date.

During the six months ended June 30, 2019, the Company issued 378,000 shares on the exercise of agent's warrants for the total proceeds of $189,000 and allocated a fair value of $99,016 from reserves to capital stock.

On May 3, 2019, the Company issued 25,000 shares to Constantine and Carlin each for the total of 50,000 shares as part of the second option payment for the MC, MP and Jerry Claims. The shares were valued at the closing market price of $0.67 at the date of issue (Note 4) for the total fair value of $33,500.

On May 27, 2019, Fireweed issued 121,875 shares to Golden Ridge for NS and BR claims, as per the option agreement amendment effective April 15, 2019 (Note 4). The fair value of the shares issued was $85,313, based on the closing market price at the share issue date.

Escrow shares

As of June 30,2020, $Nil (December 31, 2019 – 1,713,811) common shares are held in escrow. The common shares issued in connection with IPO and held in escrow were released as to 10% on the listing date and the balance in equal 15% tranches were released every six months from the listing date.

On February 2, 2018, the Company issued 3,565,406 shares to Hudbay upon exercise of the option to acquire 100% interest in the Tom Jason property (Note 4), which were placed in escrow with 25% of shares released on Feb 6, 2018 and another 15% released on May 29, 2018. The balance was released in equal 15% tranches every six months.

The remaining shares held in escrow were released on May 29, 2020.

(Expressed in Canadian Dollars)

9. Capital Stock and Reserves (cont'd…)

Stock options

The Company adopted a stock option plan ("the Plan") whereby it can grant options to directors, officers, employees, and technical consultants of the Company. The maximum numbers of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time and are exercisable within a maximum of ten (10) years. The vesting period for all options is at the discretion of the directors. The exercise price will be set by the directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

The following is a summary of the Company's stock option activity:

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2018	2,445,000	$0.86
Granted	250,000	$0.65
Balance as at December 31, 2019	2,695,000	$0.86
Granted	820,000	$0.59
Forfeited	(55,000)	$0.83
Balance as at June 30, 2020	**3,460,000**	**$0.78**

Share-based payments relating to options vested during the period ended June 30, 2020 using the Black-Scholes option pricing model were $87,622 (2019 - $131,470), which was recorded as reserves on the statements of financial position and as share-based compensation expense on the statement of loss and comprehensive loss.

On June 11, 2020, the Company granted a total of 820,000 stock options to its employees and consultants, exercisable at $0.59 per share for a five-year term. They options vest 20% every 6 months following the grant date.

On July 11, 2019, the Company granted a total of 250,000 stock options to its employees and consultants, exercisable at $0.65 per share for a five-year term. They options vest 20% every 6 months following the grant date.

The associated share-based compensation expense for the options granted was calculated based on the following weighted average assumptions:

	June 30, 2020	December 31, 2019
Risk-free interest rate	0.37%	1.56%
Expected life of options	5 years	5 years
Annualized volatility	72.87%	62.66%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%
Share price on grant date	$0.54	$0.57
Weighted average fair value of options granted	$0.59	$0.29

(Expressed in Canadian Dollars)

9. Capital Stock and Reserves (cont'd…)

Stock options (cont'd…)

As at June 30, 2020, the Company had outstanding stock options exercisable as follows:

Expiry date (mm/dd/yyyy)	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Remaining life in Years	Weighted Average Exercise Price
04/26/2022	1,380,000	1,380,000	2.07	$0.50
10/27/2022	30,000	30,000	2.58	$0.70
12/06/2022	120,000	120,000	2.68	$0.83
03/14/2023	860,000	703,000	2.95	$1.45
07/11/2024	250,000	58,000	4.28	$0.65
06/11/2025	820,000	-	4.95	$0.59
	3,460,000	**2,291,000**	**2.97**	**$0.78**

Share purchase warrants, agents' warrants and compensation options

The share purchase warrants, agents' warrants and options activities are summarized below:

	Number of Warrants	Weighted Average Exercise Price
Balance as at December 31, 2018	**628,064**	**$0.83**
Issued	34,680	$0.95
Exercised	(378,000)	$0.50
Balance as at December 31, 2019	**284,744**	**$1.27**
Expired	(250,064)	$1.32
Issued	3,910,769	$0.59
Balance as at June 30, 2020	**3,945,449**	**$0.60**

During the six months ended June 30, 2020, 250,064 agents' warrants expired unexercised, 3,807,670 share purchase warrants were issued in a private placement and 103,099 finders' warrants with a fair value of $6,094 were granted. The share purchase warrants are exercisable at $0.60 per share for four years and finders' warrants are exercisable at a price of $0.40 per share until April 14, 2021

During the year ended December 31, 2019, the Company issued 34,680 agents' warrants with a fair value of $10,094. In addition, 378,000 common shares of the Company were issued upon the exercise of agent warrants for gross proceeds of $189,000.

The fair value of the agents' warrants was determined using the Black Scholes option valuation model with the assumptions indicated below:

	June 30, 2020	December 31, 2019
Risk-free interest rate	$0.38	1.78%
Expected life of options	1 year	2 years
Annualized volatility	74.51%	66.65%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%
Share price on grant date	$0.30	$0.87
Weighted average fair value of the warrants granted	$0.06	$0.29

(Expressed in Canadian Dollars)

9. Capital Stock and Reserves (cont'd…)

Share purchase warrants, agents' warrants and compensation options (cont'd…)

The entire amount of the finders' warrants was recorded directly to warrants reserve on the statement of financial position.

10. Related Party Transactions

Related party transactions mainly include management and consulting fees, director and committee fees as well as share-based compensation. The related parties are represented by the key management personnel, which include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Related parties also include companies, controlled by officers and/or directors.

The remuneration to directors and key management personnel during the period ended June 30, 2020 and 2020 was as follows:

Nature of the transaction		Six months ended June 30, 2020		Six months ended June 30, 2019
Director and committee fees	$	38,375	$	73,500
Investor relations and corporate development		1,063		-
Management and consulting fees expensed		166,592		233,140
Management and consulting fees capitalized to exploration and evaluation		13,713		14,361
Share-based compensation		34,983		101,303
	$	**284,726**	**$**	**422,304**

The following amounts were owed to directors and key management personnel. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

			June 30, 2020		December 31, 2019
Directors	Director and committee fees	$	18,750	$	110,250
Key management	Management fees and expense recoveries		61,519		14,438
		$	**80,269**	**$**	**124,688**

11. Segmented Information

The Company operates in one reportable segment, being the acquisition and exploration of mineral projects. All of the Company's operations are within the mineral exploration sector in Canada.

12. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. In the management of capital, the Company includes components of shareholders' equity. 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. The properties in which the Company currently has an interest are in the exploration stage, as such the Company is dependent on external financing to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company may continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has or feels it can raise adequate financial resources to do so. The Company is not subject to any externally imposed capital requirements and there were no changes to management's approach to capital manager during the period ended June 30, 2020.

13. Financial Instruments and Risk Management

The Company has classified its financial instruments as follows:

Financial instrument	IFRS 9 Classification
Cash	Fair value through profit and loss
Receivables	Financial asset measured at amortized cost
Reclamation bond	Financial asset measured at amortized cost
Accounts payable and accrued liabilities	Financial liability measured at amortized cost

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or 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 fair value of the Company's receivables, reclamation bond, and accounts payable and accrued liabilities, approximate carrying value, which is the amount recorded on the statements of financial position. The fair value of the Company's other financial instruments, cash, under the fair value hierarchy are based on level 1 quoted prices in active markets for identical assets and liabilities.

13. Financial Instruments and Risk Management (cont'd…)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Receivables of $16,871 consist of Goods and Services Tax ("GST") recoverable from the Federal Government of Canada. The Company believes its exposure to credit risk is equal to the carrying value of this balance. The Company has exposure to credit risk with respect to its cash as it places most of its cash in one financial institution in Canada. The Company believes its exposure is limited as it banks with a large Canadian institution.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company had a cash balance of $950,099 to settle current liabilities of $230,207. The Company believes it has sufficient funds to meet its current liabilities as they become due.

The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2020, the Company is not exposed to significant interest rate risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Foreign currency risk

The Company operates predominately in Canada and is not exposed to any significant foreign currency risk.

14. Commitment

On December 19, 2016, the Company granted but did not issue, 1,000,000 performance shares to each of four founders/directors for a total of 4,000,000 shares, in recognition of services to date and as incentive for continuing services in advancing the project and increasing shareholder value. Each founder/director will receive, upon request, the following performance shares upon achievement of the following milestones:

(Expressed in Canadian Dollars)

14. Commitment (cont'd…)

Number of shares to be issued	Milestone
300,000	Preparation of a positive preliminary economic assessment of the Tom and Jason zinc-lead-silver deposits (or any part of this property thereof).
300,000	Increasing the mineral resources contained within the Tom and Jason property by at least 50% over the current stated mineral resources as stated in the 2007 Technical Report by D. Rennie (either by additional tonnage or increased total zinc+lead+silver content at similar or higher grade).
Balance(1)	Preparation of a positive Pre-Feasibility Study of the Tom and Jason deposits (or any part thereof).
Balance(1)	The effective disposition of greater than 50% of the Tom and Jason deposits or of the Company, whether by way of sale, business combination, joint venture or other similar form of transaction, demonstrating a value of at least $10,000,000.

(1) Balance of the 1,000,000 performance shares which have not been previously issued will be issued upon the achievement of either one or the other of these two milestones.

Under the terms of the performance shares agreement above, the Company issued 300,000 performance shares to a former director on May 14, 2020, following his resignation in April 2020 (see Note 9 for more details).

15. Subsequent Event

Subsequent to the period ended June 30, 2020, the following events took place:

- On August 6, 2020 the Company closed a non-brokered private placement for aggregate gross proceeds of $5,239,351 consisting of:

  (i) 3,154,673 units at $0.53 per unit with each unit comprising one share and a half two-year warrant exercisable at $0.80 per share,

  (ii) 3,582,423 flow-through common shares $0.65 per share, and

  (iii) 1,630,000 charity flow-through units at $0.76 per unit through a charity donation arrangement with each unit consisting of one share with a half two-year warrant exercisable at $0.80 per share.

  In connection with the private placement, the Company incurred aggregate cash finders' fees of $131,691 and issued 232,386 one-year finders' warrants, which are exercisable at prices of:

  (i) $0.60 per share for the 75,532 warrants issued for the $0.53 units,

  (ii) $0.65 per share for the 71,054 warrants issued for the $0.65 flow-through shares, and

  (iii) $0.76 per share for the 85,800 units issued for the $0.76 charity flow-through units. The Company also paid 56,604 units (56,604 shares and 28,302 two-year warrants exercisable at $0.80 per share) to an arm's length party for corporate finance services.