Pima Zinc Corp

Unaudited Interim Condensed Financial Statements

For the three and six month period ended
June 30, 2019 and 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed financial statements of Pima Zinc Corp. (the "Company"), are the responsibility of the management and Board of Directors of the Company.

The unaudited interim condensed financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Chris Irwin", President and Director
Chris Irwin

"Arvin Ramos", CFO
Arvin Ramos

PIMA ZINC CORP.
UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION
(expressed in U.S. Dollars)

		June 30, 2019		December 31, 2018
ASSETS				
CURRENT ASSETS:				
Cash	$	87,031	$	108,923
Deposits (Note 3)		125,813		125,812
TOTAL CURRENT ASSETS		212,844		234,735
TOTAL ASSETS	$	212,844	$	234,735
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
CURRENT LIABILITIES:				
Accounts payable (Note 11)	$	78,551	$	50,121
Notes payable - related parties (Note 8)		5,612		5,612
TOTAL CURRENT LIABILITIES		84,163		55,733
SHAREHOLDERS' DEFICIENCY:				
Capital stock (Note 4)		3,343,161		3,343,161
Shares to be issued (Note 4)		599,191		613,818
Reserve for warrants (Note 7)		888,000		888,000
Reserve for share based payments (Note 6)		332,000		332,000
Accumulated deficit		(5,033,671)		(4,997,977)
TOTAL SHAREHOLDERS' DEFICIENCY		128,681		179,002
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$	212,844	$	234,735

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 12)

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

PIMA ZINC CORP.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(expressed in U.S. Dollars)

	Three months ended,				Six months ended			
	June 30, 2019		June, 2018		June 30, 2019		June 30, 2018	
OPERATING EXPENSES:								
Consulting fees (Note 8)	5,828	$	2,625	$	8,313	$	5,327	
Exploration and evaluation expenditures (Note 3)	-		-		1,800		-	
Professional fees	19,428		12,137		20,860		21,789	
Other general and administrative expenses	2,732		1,006		6,020		4,425	
	(27,988)		(15,768)		(36,993)		(31,541)	
Foreign exchange gain (loss)	148		3,431		1,299		3,484	
NET LOSS	(27,840)	$	(12,337)	$	(35,694)	$	(28,057)	
NET LOSS PER SHARE								
- BASIC AND DILUTED	(0.01)	$	(0.00)	$	(0.01)	$	(0.01)	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING,								
BASIC AND DILUTED	4,617,374		4,617,374		4,617,374		4,617,374	

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

PIMA ZINC CORP.

UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

(expressed in U.S. Dollars)

	Common Stock		Shares to be	Reserve	Reserve for Share based	Accumulated	Total Stockholders'
	Shares	Amount	Issued	Warrants	payments	Deficit	Deficiency
Balance, December 31, 2017	4,617,374	$ 3,343,161	$ -	$ 888,000	$ 332,000	$ (4,712,062)	$ (148,901)
Net loss	-	-	-	-	-	(28,057)	(28,057)
Balance, June 30, 2018	4,617,374	$ 3,343,161	$ -	$ 888,000	$ 332,000	$ (4,740,119)	$ (176,958)
Proceeds received for shares to be issued (Note 4)	-	-	282,584	-	-	-	282,584
Debt settlements - shares to be issued (Note 4)	-	-	331,234	-	-	-	331,234
Net loss	-	-	-	-	-	(257,858)	(257,858)
Balance, December 31, 2018	4,617,374	$ 3,343,161	$ 613,818	$ 888,000	$ 332,000	$ (4,997,977)	$ 179,002
Refund of proceeds received for shares to be issued (Note 4)	-	-	(14,627)	-	-	-	(14,627)
Net loss	-	-	-	-	-	(35,694)	(35,694)
Balance, June 30, 2019	4,617,374	$ 3,343,161	$ 599,191	$ 888,000	$ 332,000	$ (5,033,671)	$ 128,681

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

PIMA ZINC CORP.
UNAUDITED INTERIM STATEMENTS OF CASH FLOWS
(expressed in U.S. Dollars)

	Six months ended June 30, 2019	Six months ended June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (35,694)	$ (28,057)
Changes in assets and liabilities:		
Accounts payable and accrued liabilities	28,429	27,504
Net cash used by operating activities	(7,265)	(553)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Refund of proceeds received for shares to be issued (Note 4)	(14,627)	-
Net cash used by financing activities	(14,627)	-
Net decrease in cash and cash equivalents	(21,892)	(553)
CASH AT BEGINNING OF PERIOD	108,923	4,755
CASH AT END OF PERIOD	$ 87,031	$ 4,202
Supplementary Information		
Shares issued for settlement of debt	-	-

General

Pima Zinc Corp (hereinafter "Pima" or "the Company") was incorporated under the laws of the State of Idaho in 1916. After several decades of dormancy, the Company reorganized in 1997 as an exploration stage company focused on evaluating, acquiring and exploring mineral prospects with potential for economic deposits. In 2011, the Company was re-domiciled to the Cayman Islands. The Company's head office is located at 400 – 365 Bay Street, Toronto, ON, M5H 2V1.

1. NATURE OF OPERATIONS AND GOING CONCERN

At June 30, 2019 the Company had working capital of $128,681 (December 31, 2018 - $179,002) and had not yet achieved profitable operations, had accumulated losses of $5,033,671 (December 31, 2018 - $4,997,977) and expects to incur further losses in the development of its business, all of which raises substantial doubt upon the Company's ability to continue as a going concern. Pima will require additional financing in order to operate and meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

These financial statements have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption were not used then the adjustments required to report Pima's assets and liabilities on a liquidation basis could be material to these financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unaudited interim condensed financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim condensed financial statements were authorized by the Board of Directors of the Company on August 29, 2019.

2.2 Basis of presentation

These unaudited interim condensed financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2018 audited annual financial statements.

2. BASIS OF PREPARATION (continued)

2.3 Recent accounting pronouncement

Adoption of New Standards

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2019. These changes were made in accordance with the applicable transitional provisions.

IFRS 16 – Leases was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. There was no impact on the Company's financial statements.

3. MINERAL PROPERTIES

Pima Zinc Property

On August 9, 2018, the Company entered into a share purchase agreement to acquire all of the issued and outstanding shares of 1139432 B.C. Ltd., who controls a 100% interest in the Pima Zinc property located in southern Arizona, USA.

The Pima Zinc Property consists of 133 BLM unpatented lode mining claims with a total area of 2,506 acres and, subject to approval, 7 Arizona State Land Department Mineral Exploration permit applications for an additional 2,080 acres.

Pursuant to the terms of the Purchase Agreement, the Company will acquire all of the issued and outstanding shares of 1139432 B.C. Ltd., a private company, which controls a 100% interest in the Pima Zinc Property, in consideration of a cash payment of CAD $165,000 (USD $125,813 paid and reflected as deposit on the statement of financial position) and the issuance of 5,000,000 common shares (not yet issued) of the Company to the existing shareholders of 1139432 B.C. Ltd., on a pro-rata basis.

During the period ended June 30, 2019, the Company incurred claim costs in the amount of $1,800 (December 31, 2018 - $21,526) related to the project.

As of June 30, 2019, the transaction has not closed. See Note 12.

(expressed in US dollars)

4. CAPITAL STOCK

Share Capital
Pima is authorized to issue an unlimited number of common shares. The issued and outstanding common shares consist of the following:

	Number	Amount ($)
Balance at January 1, 2017, December 31, 2017	**27,704,523**	**3,343,161**
6 for 1 share consolidation[(1)]	(23,087,149)	-
Balance at June 30, 2019 and December 31, 2018	**4,617,374**	**3,343,161**

[(1)] On August 20, 2018 the Company consolidated its shares on a 1 for 6 basis which was approved at the annual shareholders meeting held on November 24, 2017.

Shares to be issued

Cash:
During the year ended December 31, 2018, consideration of $282,584 ($369,955 CAD) been received pertaining to share subscriptions for 7,400,000 units to be in the second quarter of 2019. See Note 12.

Debt:
On September 10, 2018, the Company entered into debt forgiveness and conversion agreements to convert $261,706 (CAD) of indebtedness of the Company, through the issuance of 8,723,554 units of the Company. Each unit is comprised of one common share in the capital of the Company, and one-half of a common share purchase warrant, each warrant entitles the holder thereof to acquire one common share at an exercise price of $0.05 (CAD) per common share for a period of three years form the date of the issuance. As at June 30, 2019, these share issuances have not yet been completed. See Note 12.

During the year ended December 31, 2018, the Company recognized a loss on settlement of debt on the transaction as the value of the 8,723,554 units of $331,233 (0.038 cents per share, 5 cents CAD) exceeded the value of the debt settled of $197,786 (261,706 CAD) resulting in a loss on settlement of debt of $133,447.

5. SHARE BASED PAYMENTS

Pima established a stock option plan (“Plan”) to provide additional incentive to its officers, directors, employees and consultants in their effort on behalf of the Company in the conduct of its affairs. The Plan authorizes the granting of stock options to employees, directors and consultants and may not exceed 10% of the Company's issued and outstanding common shares. Options vest immediately and expire on the fifth anniversary from the date of issue unless otherwise specified.

As at June 30, 2019 and December 31, 2018, there are no stock options outstanding.

6. RESERVE FOR SHARE BASED PAYMENTS

	June 30, 2019	December 31, 2018
Balance at beginning of period/year	**$ 332,000**	$ 332,000
Balance at end of period/year	**$ 332,000**	$ 332,000

(expressed in US dollars)

7. RESERVE FOR WARRANTS

	June 30, 2019	December 31, 2018
Balance at beginning of period/year	**$ 888,000**	$ 888,000
Balance at end of period/year	**$ 888,000**	$ 888,000

As at June 30, 2019 and December 31, 2018, there are no warrants outstanding.

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

During the period ended June 30, 2019, CAD $5,000 (2018 – CAD $nil) was charged for services by the former Chief Financial Officer.

During the period ended June 30, 2019, CAD $3,000 (2018 – CAD $6,000) was charged for services by the former Chief Financial Officer.

During the period ended June 30, 2019, the Company was charged a total of CAD $15,142 (2018 – CAD $18,487) in legal fees by a law firm in which the former President and former Director of the Company is a partner.

These expenses have been measured at their exchange amount, being the amounts negotiated and agreed to by the parties to the transactions. As at June 30, 2019, $47,387 (2018 - $159,000) of amounts due to related parties is included in accounts payable and accrued liabilities.

Management believes these transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As of June 30, 2019, $5,612 (2018 - $5,612) in interest accrued on promissory notes previously issued by directors and officers is still outstanding to be paid.

9. MANAGEMENT OF CAPITAL

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, exploration and development of mineral properties. 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 Company defines capital to include its shareholders' equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will 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 adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended June 30, 2019. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, reserves, and accumulated deficit, which as at June 30, 2019 totaled $128,681 (December 31, 2018 - $179,002).

9. MANAGEMENT OF CAPITAL (continued)

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

10. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Company designed its cash as Fair Value Through Profit and Loss ("FVTPL") instruments, which is measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying value of the Company's cash, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject in and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit Risk

The Company is not exposed to major credit risk attributable to customers. Additionally, the majority of the Company's cash is held with a high rated Canadian financial institution in Canada.

Interest Rate Risk

The Company invests cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it keeps its Canadian and U.S. Bank accounts. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates. A change in the interest rate of 1% would cause interest income to change by less than $900 (December 31, 2018 - $1,000).

Foreign Currency Risk

The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial institution. As at June 30, 2019 and December 31, 2018, the Company believes that it is not exposed to major foreign currency risks.

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, 2019, the Company had current assets of $212,844 (December 31, 2018 - $234,735) and current liabilities of $84,163 (December 31, 2018 - $55,733). All of the Company's financial liabilities and receivables have contractual maturities of less than 90 days and are subject to normal trade terms. Current working capital of the Company is $128,681 (December 31, 2018 - $179,002).

(expressed in US dollars)

11. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at,	
	June 30, 2019	December 31, 2018
1-3 months	**$ 34,068**	$ 21,194
Over 3 months	**50,095**	28,927
Total Trade and Other Payables	**$ 84,163**	$ 50,121

12. SUBSEQUENT EVENTS

Acquisition

Subsequent to June 30, 2019, the Company closed its previously announced acquisition of 1139432 B.C. Ltd. (the "**Acquisition**"). In connection with the Acquisition, the Company issued 5,000,000 common shares ("**Consideration Shares**") to the existing shareholders of 1139432 B.C. Ltd., on a pro-rata basis.

Private Placement

The Company completed, subsequent to June 30, 2019, a private placement for gross proceeds of $369,955 (the "**Offering**") through the issuance of an aggregate of 7,400,000 units (each, a "**Unit**") of the Company. Each Unit is comprised of one common share (each, a "**Common Share**") and one common share purchase warrant (each, a "**Warrant**"). Each Warrant entitles the holder thereof to acquire one Common Share at a price of $0.10 for a period of twenty four (24) months from the date of issuance.

Debt Settlement

Concurrently with the closing of the Acquisition and the Offering, the Company eliminated an aggregate of $258,501.23 of indebtedness of the Company (the "**Debt Settlement**"), through the issuance of 8,326,122 units of the Company (the "**Debt Units**") to certain creditors of the Company. Each Debt Unit is comprised of one Common Share and one-half of one Warrant. Each Warrant entitling the holder thereof to acquire one Common Share at a price of $0.05 for a period of thirty-six (36) months from the date of issuance.