Pima Zinc Corp.

Interim Condensed Financial Statements

For the three and nine months ended
September 30, 2019 and 2018

(Unaudited)

(Prepared by Management)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed consolidated 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 consolidated 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 unaudited interim condensed consolidated 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 unaudited interim condensed consolidated 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 condensed consolidated 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.

"Brian Stecyk", CEO
Brian Stecyk

"John Dyer", CFO
John Dyer

Toronto, Ontario
November 29, 2019

PIMA ZINC CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019 AND DECEMBER 31, 2018
(Unaudited)
(Expressed in U.S. Dollars)

		September 30, 2019 (Unaudited)		December 31, 2018 (Audited)
ASSETS				
CURRENT ASSETS				
Cash	$	63,882	$	108,923
Deposits (Note 3)		-		125,812
TOTAL CURRENT ASSETS		63,882		234,735
OTHER ASSETS				
Exploration rights (Note 3)		315,848		-
TOTAL ASSETS	$	379,730	$	234,735
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities (Note 4)	$	105,419	$	50,121
Loan payable (Note 5)		75,000		-
Notes payable - related parties (Note 9)		5,612		5,612
TOTAL CURRENT LIABILITIES		186,031		55,733
SHAREHOLDERS' EQUITY:				
Capital stock (Note 6)		3,822,154		3,343,161
Shares to be issued (Note 6)		-		613,818
Reserve for share based payments (Note 7)		332,000		332,000
Reserve for warrants (Note 8)		1,123,232		888,000
Deficit		(5,083,687)		(4,997,977)
TOTAL SHAREHOLDERS' EQUITY		193,699		179,002
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	379,730	$	234,735

Nature of Operations and Going Concern (Note 1)

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

PIMA ZINC CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Unaudited)
(Expressed in U.S. Dollars)

	Three months ended,		Nine months ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
OPERATING EXPENSES:				
Consulting fees (Note 8)	$ **10,209**	$ 47,358	$ **18,522**	$ 52,685
Directors fees	**10,000**	-	**10,000**	-
Exploration and evaluation expenditures (Note 3)	**22,225**	21,526	**24,025**	21,526
Professional fees	**903**	31,678	**21,763**	53,467
General and administrative expenses	**(1,289)**	5,563	**4,731**	9,988
Transfer agent and filing fees	**8,046**	-	**8,046**	-
	(50,093)	(106,125)	**(87,087)**	(137,666)
Loss on settlement of debt	**-**	(133,447)	**-**	(133,447)
Foreign exchange gain (loss)	**8**	4,314	**1,377**	7,798
NET LOSS	$ **(50,086)**	$ (235,258)	$ **(85,710)**	$ (263,315)
NET LOSS PER SHARE				
- BASIC AND DILUTED	$ **(0.00)**	$ (0.05)	$ **(0.00)**	$ (0.06)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING,				
BASIC AND DILUTED	**25,740,928**	4,617,374	**25,740,928**	4,617,374

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

PIMA ZINC CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited)
(Expressed in U.S. Dollars)

	Common Stock		Shares to be Issued	Reserve for Warrants	Reserve for Share based payments	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount					
Balance, December 31, 2017	4,617,374	$ 3,343,161	$ -	$ 888,000	$ 332,000	$ (4,712,062)	$ (148,901)
Net loss for the period	-	-	-	-	-	(263,315)	(263,315)
Balance, September 30, 2018	4,617,374	$ 3,343,161	$ -	$ 888,000	$ 332,000	$ (4,975,377)	$ (412,216)
Proceeds received for shares to be issued (Note 5)	-	-	282,584	-	-	-	282,584
Debt settlements - shares to be issued (Note 5)	-	-	331,234	-	-	-	331,234
Net loss for the period	-	-	-	-	-	(22,600)	(22,600)
Balance, December 31, 2018	4,617,374	$ 3,343,161	$ 613,818	$ 888,000	$ 332,000	$ (4,997,977)	$ 179,002
Shares issued for cash (Note 5)	7,400,000	282,584	(282,584)	-	-	-	-
Shares issued for debt settlement (Note 5)	8,723,554	316,606	(331,234)	-	-	-	(14,628)
Shares issued for exploration assets (Note 5)	5,000,000	115,035	-	-	-	-	115,035
Valuation of warrants issued upon private placement (Note 5)	-	(147,997)	-	147,997	-	-	-
Valuation of warrants issued upon debt settlement (Note 5)	-	(87,235)	-	87,235	-	-	-
Net loss for the period	-	-	-	-	-	(85,710)	(85,710)
Balance, September 30, 2019	**25,740,928**	**$ 3,822,154**	**$ -**	**$ 1,123,232**	**$ 332,000**	**$ (5,083,687)**	**$ 193,699**

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

PIMA ZINC CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Unaudited)
(Expressed in U.S. Dollars)

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (85,710)	$ (263,315)
Changes in assets and liabilities:		
Deposits	125,812	-
Accounts payable and accrued liabilities	55,298	261,164
Net cash used by operating activities	95,400	(2,151)
CASH FLOWS USED BY INVESTING ACTIVITIES:		
Purchase of Exploration rights	(315,848)	-
Net cash used by investing activities	(315,848)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds received for shares issued (Note 4)	(613,818)	249,600
Capital stock issued (Note 4)	714,225	-
Loan payable	75,000	-
Net cash used by financing activities	175,407	249,600
Net decrease in cash and cash equivalents	(45,041)	247,449
CASH, BEGINNING OF PERIOD	108,923	4,755
CASH, END OF PERIOD	$ 63,882	$ 252,204
Supplementary Information		
Shares issued for settlement of debt	-	331,234

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

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 393 University Ave., Ste 1810, Toronto, ON, M5G 1E5.

1. NATURE OF OPERATIONS AND GOING CONCERN

At Sept 30, 2019 the Company had working capital deficiency of ($122,149) (December 31, 2018 - $179,002) and had not yet achieved profitable operations, had accumulated losses of $5,083,687 (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 unaudited interim condensed consolidated 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 unaudited interim condensed consolidated 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 unaudited interim condensed consolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements are unaudited and have been prepared on a condensed basis in accordance with the International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board and interpretations of the International Financial Interpretations Committee using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These unaudited interim condensed consolidated financial statements for the nine months ended Sept 30, 2019 and 2018 should be read together with the annual financial statements as at and for the year ended December 31, 2018. The same accounting policies and methods of computation were followed in the preparation of these interim condensed financial statements as were followed in the preparation of and as described in note 3 of the annual financial statements as at and for the year ended December 31, 2018.

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

2. BASIS OF PREPARATION (continued)

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.

2.3 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.

2.4 Basis of Consolidation

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned and controlled operating subsidiaries, 1139432 B.C. Ltd and 1139432 Nevada Ltd. The financial statements of its subsidiaries are included in the interim condensed consolidated statements from the date that control commences until the date that control ceases. All significant inter-company transactions and balances have been eliminated on consolidation. All references to the Company should be treated as references to the Company and its subsidiaries.

2.5 Critical Accounting Estimates, Judgments, and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the unaudited interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

2. BASIS OF PRESENTATION (Cont'd)

2.5 Critical Accounting Estimates, Judgments, and Assumptions (Cont'd)

The significant areas of estimation uncertainty considered by management in preparing the unaudited interim condensed consolidated financial statements are as follows:

(i) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense.

(ii) Valuation of warrants:

The Company uses the Black-Scholes option pricing model to calculate the value of warrants issued as part of the Company's private placements. The Black-Scholes model requires six key inputs to determine a value for a warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in the warrant value.

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 of the Company to the existing shareholders of 1139432 B.C. Ltd., on a pro-rata basis. The transaction closed on July 24, 2019.

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

(Expressed in US dollars)

4. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

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:

	September 30, 2019	December 31, 2018
1-3 months	**$ 52,003**	$ 21,194
Over 3 months	**53,416**	28,927
Total Trade and Other Payables	**$ 105,419**	$ 50,121

5. LOAN PAYABLE

As at September 30, 2019, the loan payable balance is $75,000 (December 31, 2018 - $Nil). The loan is non-interest bearing and has no specific terms of repayment.

6. CAPITAL STOCK

Share Capital

Pima is authorized to issue an unlimited number of common shares. The issued and outstanding common shares at September 30, 2019 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 September 30, 2018 and December 31, 2018	**4,617,374**	**3,343,161**
Shares issued on Private Placement	**7,400,000**	**282,584**
Shares issued on purchase of 1139432 B.C. Ltd.	**5,000,000**	**115,035**
Shares issued on debt settlement	**8,723,554**	**316,606**
Balance at September 30, 2019	**25,740,928**	**4,057,386**

(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.

(Expressed in US dollars)

6. CAPITAL STOCK (Cont'd)

Shares issued

- 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. Each unit is comprised of one common share in the capital of the Company, and one common share purchase warrant, each warrant entitles the holder thereof to acquire one common share at an exercise price of $0.10 (CAD) per common share for a period of two years from the date of the issuance.

- 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 from the date of the issuance.

- 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.

Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the period ended September 30, 2019:

	Number	Weighted-Average Exercise Price	Expiry Date
Balance at December 31, 2018	**-**	**-**	
Granted – Private Placement	**7,400,000**	**$0.10**	July 24, 2021
Granted – Debt Settlement	**4,361,777**	**$0.05**	July 24, 2022
Balance at September 30, 2019	**11,761,777**	**$0.19**	

(Expressed in US dollars)

6. CAPITAL STOCK (Cont'd)

Date of Grant	Warrants Granted	Exercise Price	Expiry Date
July 24, 2019	**7,400,000**	**$0.10**	July 24, 2021
July 24, 2019	**4,361,777**	**$0.05**	July 24, 2022
	11,761,777		

The fair value of the warrants issued is determined using the Black-Scholes model for pricing options under the following weighted average assumptions:

	Sept 30, 2019 (Unaudited)
Expected dividend yield	Nil
Risk free interest rate	1.50%
Expected volatility	543-624%
Expected life	2-3 years
Share price	$0.05-$0.10

Expected volatility is based on historical data.

7. 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 September 30, 2019 there are no stock options outstanding.

RESERVE FOR SHARE BASED PAYMENTS

	Sept 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)

8. RESERVE FOR WARRANTS

	Sept 30, 2019	December 31, 2018
Balance at beginning of period/year	**$ 888,000**	$ 888,000
Valuation of warrants issued – private placement	**147,997**	-
Valuation of warrants issued – debt settlement	**87,235**	-
Balance at end of period/year	**$ 1,123,232**	$ 888,000

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

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

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

During the nine month period ended September 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 September 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 September 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.

10. 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.

10. MANAGEMENT OF CAPITAL (Cont'd)

There were no changes in the Company's approach to capital management during the period ended September 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 September 30, 2019 totaled $193,699 (December 31, 2018 - $179,002).

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.

11. 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).

11. FINANCIAL INSTRUMENTS (Cont'd)

Foreign Currency Risk

The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial institution. As at September 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 September 30, 2019, the Company had current assets of $63,882 (December 31, 2018 - $234,735) and current liabilities of $186,031 (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. The Company currently has a working capital deficiency of ($122,149) (December 31, 2018 - $179,002).