

**PIMA ZINC CORP.**  
**Management's Discussion and Analysis**  
**For the three-month period ended March 31, 2020**

*Management's discussion and analysis ("MD&A") is current to June 25, 2020 and is management's assessment of the operations and the financial results together with future prospects of Pima Zinc Corp. ("Pima" or the "Company"). This MD&A should be read in conjunction with our unaudited interim condensed consolidated financial statements for the three months ended March 31, 2020 and notes thereto prepared in accordance with International Financial Reporting Standards. All figures are in U.S. dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Pima's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A. Additional information relevant to Pima's activities, including Pima's Press Releases can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

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**1. Description of Business**

Pima Zinc Corp. 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. The Company was re-domiciled to the Cayman Islands in 2011.

The profitability and operating cash flow of the Company is affected by various factors, including the market price of zinc and other commodities, operating costs, political risk, interest rates, regulatory and environmental compliance, general and administrative costs, the level of exploration and development expenditures and other discretionary costs. While Pima seeks to manage the level of risk associated with its business, many of the factors affecting these risks are beyond the Company's control.

As at the date of this report, the directors and officers of the Company were:

Albert Contardi	Chief Executive Officer, Director
David MacMillan	Director
Daniel Nauth	Director
Arvin Ramos	Chief Financial Officer

**2. Developments up to and subsequent to March 31, 2020**

**Business Developments**

**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 acquired 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) 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.

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**Project details:**

The Pima Zinc Property lies within fifteen kilometres of three current and past producing mines: the Mission mine, Asarco Grupo Mexico; the Twin Butte mine, Freeport-McMoran; and the Sierrita mine, Freeport-McMoran. The Company has recently completed a technical report (the “Technical Report”) for the Pima Zinc Property prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”), a copy of which will be filed on the Company’s profile at [www.sedar.com](http://www.sedar.com). Investors are cautioned mineralization on the Mission, Twin Butte and Sierrita mines is not necessarily indicative of similar mineralization on the Pima Zinc Property.

The Pima Zinc Property is primarily a zinc-copper skarn and related copper porphyry target. During the 1960’s Continental Exploration Ltd. mined the CWT Mine which lies within the property bounds. A historical resource was calculated on the CWT Mine consisting of 1,208,000 tons grading 7.2% Zn, 1.08% Cu, 0.30% Pb, and 1.54 oz/ton Ag, using 38 diamond drill holes.

There is limited historical information available on the ground underlying the Pima Zinc Property. Several shafts, pits, and other workings are present on the claim block suggesting the Pima Zinc Property has undergone significant undocumented exploration. Exploration in the area dramatically increased in the early 1960’s as a result of the discovery and opening of the East PimaMission mine in 1953, and the Sierrita and Twin Butte mines in 1960 and 1961, respectively.

As a verification exercise for the Technical Report, 12 selective grab samples were taken from mine dumps and waste piles proximal to historic workings. Zinc assays ranged from 72 ppm to 12.35% zinc, with three of these samples returning assays greater than 1% zinc, with associated enrichment in copper, lead, and silver. The highest-grade sample returned a value of 12.35% zinc.

**3. Overall Performance**

For the period ended March 31, 2020, the Company's cash position decreased by \$17,165, to \$9,695 from \$26,860 at December 31, 2019. This decrease is due to general, administrative and operating costs.

**Results of Operations**

**Selected Financial Information**

	<b>Three Months Ended March 31, 2020</b>	<b>Year Ended December 31, 2019</b>	<b>Year Ended December 31, 2018</b>
	\$	\$	\$
Loss before income taxes	(21,249)	(526,894)	(285,915)
Net loss	(21,249)	(526,894)	(285,915)
Loss per weighted average share – basic and fully diluted	\$(0.00)	\$(0.04)	\$(0.06)
Total Assets	9,695	26,860	234,735

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**Three months ended March 31, 2020 vs. March 31, 2019**

The Company incurred a net loss of \$21,249 or \$0.00 a share for the three-month period ended March 31, 2020, compared with a net loss of \$7,854 or \$0.00 a share for the same period ended in 2019.

For the three-month period ended March 31, 2020, consulting fees were \$10,601 compared to \$2,485 in the same period in 2019. Consulting fees are made up primarily of fees for management and business consultants to the Company.

For the three-month period ended March 31, 2020 exploration and evaluation expenditures were \$3,777 compared to \$1,432 in the same period in 2019. This expenditures relate to the Nevada property.

Professional fees increased to \$4,960 during the three-month period ended March 31, 2020, compared to \$1,432 in the same period in 2019. The increase is attributable to higher in legal costs relating to general business activity.

During the three-month period ended March 31, 2020, general and administrative expenses were \$545 as compared to \$3,288 in 2019. The amounts consist primarily of bank charges and costs in connection with shareholder information.

**4. Summary of Quarterly Results**

Selected financial information for the eight quarters as follows:

	<b>March 31, 2020</b>	<b>Dec 31, 2019</b>	<b>Sept 30, 2019</b>	<b>June 30, 2019</b>
	\$	\$	\$	\$
Total revenue	-	-	-	-
Expenses	(21,249)	(441,184)	(50,086)	(27,840)
Net Loss	(21,249)	(441,184)	(50,086)	(27,840)
Loss per share – basic and diluted	\$(0.00)	\$(0.03)	\$(0.00)	\$(0.01)
	<b>March 31, 2019</b>	<b>Dec 31, 2018</b>	<b>Sept 30, 2018</b>	<b>June 30, 2018</b>
	\$	\$	\$	\$
Total revenue	-	-	-	-
Expenses	(7,854)	(22,600)	(235,258)	(12,337)
Net Loss	(7,854)	(22,600)	(235,258)	(12,337)
Loss per share– basic and diluted	\$(0.00)	\$(0.01)	\$(0.05)	\$(0.00)

**Working Capital**

As at March 31, 2020, the Company had a net working capital deficiency of \$140,702 compared to a deficiency of \$119,453 as at December 31, 2019.

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A summary of the Company's cash position and changes in cash for the three months ended March 31, 2020 and 2019 are provided below:

<b>Three Months ended March 31,</b>	<b>2020</b>	<b>2019</b>
Cash used in operating activities – net	\$ (17,165)	\$ (7,427)
Increase (decrease) in cash	(17,165)	(7,427)
Cash, beginning of period	26,860	108,923
Cash, end of period	\$ 9,695	\$ 101,496

**Liquidity Outlook**

Pima had cash of \$9,695 available at March 31, 2020, a decrease of \$17,165 from the balance at December 31, 2019 of \$26,860. The decreased is due to general, administrative and operating activities.

The Company has a need for equity capital and financing for working capital and to explore future business opportunities. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and/or to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

**5. Related-party Transactions**

During the three-month period ended March 31, 2020, \$5,000 (March 31, 2019 –\$nil) was charged for services by the former Chief Financial Officer.

During the three-month period ended March 31, 2020, \$5,000 (March 31, 2019 –\$nil) was charged for services by the former Chief Executive Officer.

These expenses have been measured at their exchange amount, being the amounts negotiated and agreed to by the parties to the transactions. As at March 31, 2020, \$18,750 (2019 - \$15,975) 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 March 31, 2020, \$5,612 (2019 - \$5,612) in interest accrued on promissory notes previously issued by directors and officers is still outstanding to be paid.

**Disclosure of Outstanding Share Data**

As at the date of this report, the Company has the following issued and outstanding:

Common shares– issued and outstanding	25,343,496
Warrants	11,463,060

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**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Dividends**

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

**Assessment of Recoverability of Deferred Tax Assets**

In preparing the financial statements, the Company is required to estimate its income tax obligations. This process involves estimating the actual tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. The Company assesses, based on all available evidence, the likelihood that the future income tax assets will be recovered from future taxable income and, to the extent that recovery cannot be considered "more likely than not," a valuation allowance is established. If the valuation allowance is changed in a period, an expense or benefit must be included within the tax provision on the income statement.

**Estimate of Stock Based Compensation and Associated Assumptions**

The Company recorded stock-based compensation based on an estimate of the fair value on the grant date of stock options issued. This accounting required estimates of interest rate, life of options, stock price volatility and the application of the Black-Scholes option pricing model.

**Assessment of Recoverability of Receivables**

The carrying amount of accounts receivables, are considered representative of their respective values. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is recorded.

**Critical Accounting Policies**

**Share based payments**

***Share based payment transactions***

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share based payment.

***Equity-settled transactions***

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

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The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest.

The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

**Taxation**

Income tax expense represents the sum of tax currently payable and deferred tax.

***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

***Deferred income tax***

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

***Deferred income tax***

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

**Loss per share**

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the periods ended March 31, 2020 and 2019, all the outstanding stock options and warrants were antidilutive.



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**Financial assets**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash is classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company’s trade and other receivables are classified as loans-and-receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company does not have any assets classified as available-for-sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

**Financial liabilities**

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company’s trade and other payables, promissory notes payable and current and long-term portions of long-term debt are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At March 31, 2020, the Company has not classified any financial liabilities as FVTPL.

**Impairment of financial assets**

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

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***Assets carried at amortized cost***

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

**Impairment of financial assets**

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

***Available-for-sale***

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

**Impairment of non-financial assets**

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

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Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

**Cash**

Cash in the statement of financial position comprises cash at banks, in the Company's lawyers trust account, and on hand.

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

**Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

**Significant accounting judgments and estimates**

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to recoverability of trade and other receivables, valuation of deferred income tax amounts, impairment testing and the calculation of share based payments. The most significant judgements relate to recognition of deferred tax assets and liabilities.

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**6. Financial Instruments and other Instruments**

**Net Fair Value of Financial Assets and Liabilities**

The Company's financial instruments comprise cash, accounts receivable, accounts payable and accrued liabilities.

Cash has been designated as held-for-trading, which is measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and are classified as other financial liabilities, which are measured at amortized cost. The Company has no available for sale instruments.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favorable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Environmental and Permitting

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favorable terms, or that any acquisition completed will ultimately benefit the Company.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

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**Financial Risk Factors**

**Fair Value**

The carrying amount of cash, accounts payable and accrued liabilities approximate fair value due to the relatively short term maturity of these financial instruments. The fair value of loans receivable, contingent liabilities and due to related parties cannot be determined with sufficient reliability as there are no fixed terms of repayment. The carrying value of loans and interest payable approximate the fair value based on discounted cash flows. Fair value represents the amount that would be exchanged in the arm's length transaction between willing parties and is best evidenced by a quoted market price if one exists.

**Credit Risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and loans payable. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable Canadian chartered banks which are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and loans receivable is minimal.

**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 March 31, 2020, the Company had current assets of \$9,695 (December 31, 2019 - \$26,860) and current liabilities of \$150,397 (December 31, 2019 - \$146,313). 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 \$140,702 (December 31, 2019 - \$119,453).

**Market Risks**

**a) Interest Rate Risk**

The Company has cash balances and no variable interest bearing debt. The Company has fixed rates on its debt changes in interest rates could result in fair value risk on the Company's fixed rate debt.

**Internal Control over Financial Reporting**

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

During the most recent year end there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Proposed Transactions**

In the normal course of business, as an ongoing part of the exploration process, the Company investigates transactions which are submitted to the Board of Directors for consideration.

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**Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the year covered by this management's discussion and analysis, management of the Corporation, with the participation of the

President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design and effectiveness of disclosure controls and procedures ("DC&P") and the design of international control over financial reporting ("ICFR") to provide reasonable assurance that material information related to the Corporation is made known to the Corporation's certifying officers. The Corporation's controls are based on the Committee of Sponsoring Organizations ("COSO") 2013 framework. The Corporation's CEO and the CFO have evaluated the design and effectiveness of the Corporation's DC&P as of March 31, 2020 and have concluded that these controls and procedures are effective in providing reasonable assurance that material information relating to the Corporation is made known to them by others within the Corporation. The CEO and CFO have also evaluated the design and effectiveness of the Corporation's ICFR as of March 31, 2020 and concluded that these controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

During the current period there have been no changes in the Corporation's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

**7. Cautionary Note Regarding Forward Looking Statements**

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including

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operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the

ability of Pima to fund the capital and operating expenses necessary to achieve the business objectives of Pima, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

**8. Management's Responsibility for Financial Information**

Management is responsible for all information contained in this report. The unaudited interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the unaudited interim condensed financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the unaudited interim condensed financial statements with management. The Board of Directors has approved the unaudited interim condensed financial statements on the recommendation of the Audit Committee