Pima Zinc Corp.

Interim Condensed Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(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.

"Albert Contardi" , CEO
Albert Contardi

"Arvin Ramos" , CFO
Arvin Ramos

Toronto, Ontario
August 4, 2020

PIMA ZINC CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in U.S. Dollars)

		March 31, 2020		December 31, 2019
ASSETS				
Current assets				
Cash	$	**10,810**	$	26,860
Total assets	$	**10,810**	$	26,860
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (notes 4 and 9)	$	**171,361**	$	140,701
Notes payable - related parties (note 9)		**5,612**		5,612
		176,973		146,313
Shareholders' equity				
Capital stock (note 5)		**3,867,771**		3,867,771
Reserve for share-based payments (note 7)		**332,000**		332,000
Reserve for warrants (note 8)		**1,205,647**		1,205,647
Accumulated deficit		**(5,571,581)**		(5,524,871)
Total shareholders' equity		**(166,163)**		(119,453)
Total liabilities and shareholders' equity	$	**10,810**	$	26,860

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.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in U.S. Dollars)

	Three months ended		Six Months ended	
	June 30, 2020	June 30, 2019	**June 30, 2020**	June 30, 2019
OPERATING EXPENSES:				
Consulting fees (note 9)	$ **10,051**	$ 5,828	$ **20,652**	$ 8,313
Exploration and evaluation expenditures (note 4)	**-**	-	**3,777**	1,800
Professional fees	**5,697**	19,428	**10,657**	20,860
General and administrative expenses	**9,118**	2,732	**9,663**	6,020
Transfer agent and filing fees	**988**	-	**1,809**	-
	(25,854)	(27,988)	**(46,558)**	(36,993)
Loss on settlement of debt	**-**	-	**-**	-
Foreign exchange gain	**393**	148	**(152)**	1,299
NET LOSS	$ **(25,461)**	(27,840)	$ **(46,710)**	$ (35,694)
NET LOSS PER SHARE				
- BASIC AND DILUTED	$ **(0.00)**	$ (0.01)	$ **(0.00)**	$ (0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED	**13,702,797**	4,617,374	**25,143,496**	4,617,374

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

PIMA ZINC CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS

(Expressed in U.S. Dollars)

	Common Stock Shares	Common Stock Amount	Shares to be Issued	Reserve for Warrants	Reserve for Share based payments	Accumulated Deficit	Total Shareholders' Equity
Balance, December 31, 2018	4,617,374	$ 3,343,161	$ 613,818	$ 888,000	$ 332,000	$ (4,997,977)	$ 179,002
Net loss for the period	-	-	-	-	-	(35,694)	(35,694)
Balance, June 30, 2019	4,617,374	$ 3,343,161	$ 613,818	$ 888,000	$ 332,000	$ (5,033,671)	$ 143,308
Shares issued for cash (note 5)	7,400,000	282,584	(282,584)	-	-	-	-
Shares issued for debt settlement (note 5)	8,126,122	385,053	(331,234)	-	-	-	53,819
Shares issued for directors' fees (note 5)	200,000	6,000	-	-	-	-	6,000
Shares issued for exploration assets (note 5)	5,000,000	168,620	-	-	-	-	168,620
Valuation of warrants issued upon private placement (note 5)	-	(191,885)	-	191,885	-	-	-
Valuation of warrants issued upon debt settlement (note 5)	-	(125,762)	-	125,762	-	-	-
Net loss for the period	-	-	-	-	-	(491,200)	(491,200)
Balance, December 31, 2019	25,343,496	$ 3,867,771	$ -	$ 1,205,647	$ 332,000	$ (5,524,871)	$ (119,453)
Net loss for the period	-	-	-	-	-	(46,710)	(46,710)
Balance, June 30, 2020	**25,343,496**	**$ 3,867,771**	**$ -**	**$ 1,205,647**	**$ 332,000**	**$ (5,571,581)**	**$ (166,163)**

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

PIMA ZINC CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

	Six months ended	
	June 30, 2020	June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ **(46,710)**	$ (35,694)
Changes in assets and liabilities:		
Accounts payable and accrued liabilities	**30,660**	28,429
Net cash used by operating activities	**(16,050)**	(7,265)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds received for shares issued (note 5)	-	(14,627)
Net cash used by financing activities	-	(14,627)
Net decrease in cash and cash equivalents	**(16,050)**	(21,892)
Cash, beginning of perid	**26,860**	108,923
Cash, end of period	$ **10,810**	$ 87,031
Supplementary Information		
Shares issued for settlement of debt	-	-
Shares issued for exploration asset	-	-

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 401 – 217 Queen Street West, Toronto, ON, M5V 0R2.

1. NATURE OF OPERATIONS AND GOING CONCERN

At June 30, 2020 the Company had working capital deficiency of $166,163 (December 31, 2019 - $119,453) and had not yet achieved profitable operations, had accumulated losses of $5,571,581 (December 31, 2019 - $5,524,871) 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.

During the period, there was a global outbreak of COVID-19 ("Coronavirus"), which has had a significant impact on businesses through the restrictions put in place by Canadian government regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the Coronavirus outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, and staff shortages, all of which may negatively impact the Company's business and financial condition.

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 three and six months ended June 30, 2020 and 2019 should be read together with the annual financial statements as at and for the year ended December 31, 2019. 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, 2019.

These unaudited interim condensed consolidated financial statements were authorized by the Board of Directors of the Company on August 4, 2020.

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, 2019 audited annual financial statements.

2.3 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.

2.4 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 PREPARATION (continued)

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. EXPLORATION AND EVALUATION EXPENDITURES

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 fair market value of the issued shares was $168,620 and were reported on the Statement of Comprehensive Loss. The transaction closed on July 24, 2019.

During the period ended June 30, 2020, the Company incurred claim costs in the amount of $3,777 (2019 - $1,800) 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:

As at June 30,		**2020**		2019
Trade payables	**$**	**112,923**	$	67,163
Accrued liabilities		**58,438**		17,000
Total Trade and Other Payables	**$**	**171,361**	$	84,163

5. CAPITAL STOCK

Share Capital

Pima is authorized to issue an unlimited number of common shares. The issued and outstanding common shares at June 30, 2020 consist of the following:

	Number	Amount ($)
Balance at 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**	**168,620**
Shares issued on debt settlement	**8,126,122**	**385,053**
Shares issued for directors' fees	**200,000**	**6,000**
Fair market value of warrants issued	**-**	**(317,647)**
Balance at June 30, 2020 and December 31, 2019	**25,343,496**	**3,867,771**

Shares issued

- During the year ended December 31, 2019, the Company recognized a loss on settlement of debt on the transaction as the value of the 8,126,122 units valued at $391,053 exceeded the value of the debt settled of $322,605 resulting in a loss on settlement of debt of $68,448.

- 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. These common shares were issued on July 24, 2019.

- On July 24, 2019, the Company issued 5,000,000 common shares pursuant to the Purchase Agreement with 1139432 B.C. Ltd. Please see note 4.

- On July 24, 2019, 200,000 common shares were issued directors' fees.

(Expressed in US dollars)

5. CAPITAL STOCK (continued)

Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the period ended June 30, 2020:

	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	**4,063,060**	**$0.05**	July 24, 2022
Balance at June 30, 2020 and December 31, 2019	**11,463,060**	**$0.08**	

Date of Grant	Warrants Granted	Exercise Price	Expiry Date
July 24, 2019	**7,400,000**	**$0.10**	July 24, 2021
July 24, 2019	**4,063,060**	**$0.05**	July 24, 2022
	11,463,060		

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

	December 31, 2019
Expected dividend yield	Nil
Risk free interest rate	1.80% to 1.83%
Expected volatility	198.81% - 202.96%
Expected life	2-3 years
Share price (CDN)	$0.05 -$0.10

6. 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, 2020 and 2019 there are no stock options outstanding.

(Expressed in US dollars)

7. RESERVE FOR SHARE BASED PAYMENTS

	June 30, 2020	December 31, 2019
Balance at beginning of period/year	**$ 332,000**	$ 332,000
Balance at end of period/year	**$ 332,000**	$ 332,000

8. RESERVE FOR WARRANTS

	June 30, 2020	December 31, 2019
Balance at beginning of period/year	**$ 1,205,647**	$ 888,000
Valuation of warrants issued – private placement	**-**	191,885
Valuation of warrants issued – debt settlement	**-**	125,762
Balance at end of period/year	**$ 1,205,647**	$ 1,205,647

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

During the six-month period ended June 30, 2020, $10,000 (June 30, 2019 –$nil) was charged for services by the former Chief Executive Officer.

During the six-month period ended June 30, 2020, $10,000 (June 30, 2019 –$5,000) was charged for services by the Chief Financial 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 June 30, 2020, $28,750 (2019 - $47,387) 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, 2020, $5,612 (2019 - $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.

There were no changes in the Company's approach to capital management during the period ended June 30, 2020. 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, 2020 totaled ($166,163) (December 31, 2019 – ($119,453)).

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.

11. FINANCIAL INSTRUMENTS (continued)

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 deposit certificates. A change in the interest rate of 1% would cause interest income to change by less than $100 (December 31, 2019 - $300).

Foreign Currency Risk
The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial institution. As at June 30, 2020 and 2019, 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, 2020, the Company had current assets of $10,810 (December 31, 2019 - $26,860) and current liabilities of $176,973 (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 $166,163 (December 31, 2019 - $119,453).