Pima Zinc Corp.

Interim Condensed Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

(Prepared by Management)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The unaudited interim condensed financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited interim condensed 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 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 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
October 26, 2021

PIMA ZINC CORP.

STATEMENTS OF FINANCIAL POSITION

(Expressed in U.S. Dollars)

		September 30, 2021		December 31, 2020
		(Unaudited)		(Audited)
ASSETS				
Current assets				
Cash	**$**	**10,688**	$	11,181
Total assets	**$**	**10,688**	$	11,181
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current liabilities				
Accounts payable and accrued liabilities (notes 4 and 9)	**$**	**292,252**	$	197,807
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		**(5,686,982)**		(5,592,044)
Total shareholders' deficiency		**(281,564)**		(186,626)
Total liabilities and shareholders' deficiency	**$**	**10,688**	$	11,181

Nature of operations and going concern (note 1)

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

PIMA ZINC CORP.

STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited - Expressed in U.S. Dollars)

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
OPERATING EXPENSES:				
Consulting fees (note 9)	$ **10,000**	$ 10,000	$ **30,000**	$ 30,652
Exploration and evaluation expenditures (note 3)	**-**	(3,777)	**-**	-
Professional fees	**9,399**	4,155	**29,152**	14,812
General and administrative expenses	**170**	3,940	**13,825**	13,603
Transfer agent and filing fees	**4,563**	1,181	**22,114**	2,990
	(24,132)	(15,499)	**(95,091)**	(62,057)
Foreign exchange gain (loss)	**(141)**	109	**153**	(43)
NET LOSS	$ **(24,273)**	(15,390)	$ **(94,938)**	$ (62,100)
NET LOSS PER SHARE				
- BASIC AND DILUTED	$ **(0.02)**	$ (0.01)	$ **(0.07)**	$ (0.05)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED	**1,267,139**	1,267,139	**1,267,139**	1,267,139

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

PIMA ZINC CORP.

STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Unaudited - Expressed in U.S. Dollars)

	Common Stock		Reserve for	Reserve for		Total
	Shares	Amount	Warrants	Share based payments	Accumulated Deficit	Shareholders' Equity
Balance, December 31, 2019	1,267,139	$ 3,867,771	$ 1,205,647	$ 332,000	$ (5,524,871)	$ (119,453)
Net loss for the period	-	-	-	-	(62,100)	(62,100)
Balance, September 30, 2020	1,267,139	$ 3,867,771	$ 1,205,647	$ 332,000	$ (5,586,971)	$ (181,553)
Net loss for the period	-	-	-	-	(5,073)	(5,073)
Balance, December 31, 2020	1,267,139	$ 3,867,771	$ 1,205,647	$ 332,000	$ (5,592,044)	$ (186,626)
Net loss for the period	-	-	-	-	(94,938)	(94,938)
Balance, September 30, 2021	**1,267,139**	**$ 3,867,771**	**$ 1,205,647**	**$ 332,000**	**$ (5,686,982)**	**$ (281,564)**

*Post 20:1 share consolidation

Effective May 7, 2021, the Company consolidated its common shares on the basis of one new common share for every twenty (20) old common shares issued and outstanding at that time. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

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

PIMA ZINC CORP.

STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in U.S. Dollars)

	Nine months ended	
	September 30, 2021	September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	$ **(94,938)**	$ (62,100)
Changes in assets and liabilities:		
Accounts payable and accrued liabilities	**94,445**	46,111
Net cash used by operating activities	**(493)**	(15,989)
Net decrease in cash and cash equivalents	**(493)**	(15,989)
Cash, beginning of period	**11,181**	26,860
Cash, end of period	$ **10,688**	$ 10,871

The accompanying notes are an integral part of these unaudited interim condensed 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. Effective June 25, 2021, the Company continued into the Province of British Columbia under the provisions of the Business Corporations Act (British Columbia). 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 September 30, 2021 the Company had working capital deficiency of $281,564 (December 31, 2020 - $186,626) and had not yet achieved profitable operations, had accumulated losses of $5,686,982 (December 31, 2020 - $5,592,044) 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 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 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 financial statements.

The COVID-19 pandemic has not resulted in any material impact on operations and the Company currently does not expect it will impact its 2021 operations. Preventative measures are in place to ensure the wellbeing of employees and contractors and no risks were noted at the end of the period. Management continues to monitor the situation at the site and corporate office to identify any issues that may affect operational or financial reporting activities.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed 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 financial statements for the three and nine months ended September 30, 2021 and 2020 should be read together with the annual financial statements as at and for the year ended December 31, 2020. 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, 2020.

These unaudited interim condensed financial statements were authorized by the Board of Directors of the Company on October 26, 2021.

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, 2020 audited annual financial statements.

2.3 Critical Accounting Estimates, Judgments, and Assumptions

The preparation of the unaudited interim condensed 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 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.

The significant areas of estimation uncertainty considered by management in preparing the unaudited interim condensed 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, seven Arizona State Land Department Mineral Exploration permit applications for an additional 2,080 acres.

(Unaudited - Expressed in US dollars)

3. EXPLORATION AND EVALUATION EXPENDITURES (continued)

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 year ended December 31, 2019, the Company wrote off exploration and evaluation expenditures related to Pima Zinc property.

4. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for general operating activities.

The following is an aged analysis of the accounts payable and accrued liabilities:

	September 30, 2021	December 31, 2020
Trade payables	**$ 190,126**	$ 122,608
Accrued liabilities	**102,126**	75,199
	$ 292,252	$ 197,807

5. CAPITAL STOCK

Share Capital

Pima is authorized to issue an unlimited number of common shares. The issued and outstanding common shares at September 30, 2021 consist of the following:

	Number	Amount ($)
Balance at September 30, 2021 and December 31, 2020	**1,267,139**	**3,867,771**

Effective May 7, 2021, the Company consolidated its common shares on the basis of one new common share for every twenty (20) old common shares issued and outstanding at that time. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

(Unaudited - 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 September 30, 2021:

	Number	Weighted-Average Exercise Price	Expiry Date
Granted – Private Placement	**370,000**	**$2.00**	July 24, 2021
Granted – Debt Settlement	**203,153**	**$1.00**	July 24, 2022
Balance at December 31, 2020	**573,153**	**$1.65**	
Expired	**(370,000)**	**2.00**	
Balance at September 30, 2021	**203,153**	**$1.00**	

Date of Grant	Warrants Granted	Exercise Price	Expiry Date
July 24, 2019	**203,153**	**$1.00**	July 24, 2022
	203,153		

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)	$1.00 -$2.00

6. SHARE BASED PAYMENTS

Pima established a stock option plan (“Plan”) to provide additional incentive to its officers, directors, employees and consultants for 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, 2021 and 2020 there are no stock options outstanding.

7. RESERVE FOR SHARE BASED PAYMENTS

	September 30, 2021	December 31, 2020
Balance at beginning of period/year	**$ 332,000**	$ 332,000
Balance at end of period/year	**$ 332,000**	$ 332,000

(Unaudited - Expressed in US dollars)

8. RESERVE FOR WARRANTS

	September 30, 2021	December 31, 2020
Balance at beginning of period/year	**$ 1,205,647**	$ 1,205,647
Balance at end of period/year	**$ 1,205,647**	$ 1,205,647

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

During the nine-month period ended September 30, 2021, $15,000 (2020 –$15,000) was charged for services by the Chief Financial Officer.

During the nine-month period ended September 30, 2021, $15,000 (2020 –$15,000) was charged for services by the 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 September 30, 2021, $70,000 (December 31, 2020 - $48,475) 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.

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 September 30, 2021. 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, 2021 totaled ($281,564) (December 31, 2020 – ($186,626)).

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.

10. MANAGEMENT OF CAPITAL (continued)

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numerical 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 deposit 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, 2020 - $100).

Foreign Currency Risk
The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial institution. As at September 30, 2021 and 2020, 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, 2021, the Company had current assets of $10,688 (December 31, 2020 - $11,181) and current liabilities of $292,252 (December 31, 2020 - $197,807). 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 $281,564 (December 31, 2020 - $186,626).