Pima Zinc Corp.

Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in U.S. Dollars)

Jones & O'Connell LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Pima Zinc Corp

Opinion

We have audited the consolidated financial statements of **Pima Zinc Corp** ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020 and the consolidated statements of comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Pima Zinc Corp** as at December 31, 2021 and December 31, 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the company had a working capital deficiency of $307,639 (2020 - $186,626), had not yet achieved profitable operations, has accumulated losses of $5,713,057 (2020 - $5,592,044) and expects to incur future losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

To the Shareholders of Pima Zinc Corp (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identity and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Wayne O'Connell.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants
St. Catharines, Ontario
April 12, 2022

Jones & O'Connell LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

PIMA ZINC CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in U.S. Dollars)

		December 31, 2021		December 31, 2020
ASSETS				
Current assets				
Cash	**$**	**10,600**	$	11,181
Total assets	**$**	**10,600**	$	11,181
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (note 5)	**$**	**318,239**	$	197,807
		318,239		197,807
Shareholders' equity				
Capital stock (note 6)		**3,867,771**		3,867,771
Reserve for share-based payments (note 8)		**332,000**		332,000
Reserve for warrants (note 9)		**1,205,647**		1,205,647
Accumulated deficit		**(5,805,475)**		(5,688,758)
Cumulative foreign translation gain		**92,418**		96,714
Total shareholders' equity		**(307,639)**		(186,626)
Total liabilities and shareholders' equity	**$**	**10,600**	$	11,181

Nature of operations and going concern (note 1)
Proposed transaction (note 14)

Approved on behalf of the Board:

(Signed) "Daniel Nauth", Director

(Signed) "David MacMillan", Director

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

PIMA ZINC CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in U.S. Dollars)

	Year ended	
	December 31, 2021	December 31, 2020
OPERATING EXPENSES:		
Consulting fees (note 10)	$ **40,000**	$ 40,652
Exploration and evaluation expenditures (note 4)	**-**	3,777
Professional fees	**37,242**	21,377
General and administrative expenses	**656**	9,992
Investor relations, transfer agent and filing fees	**38,819**	7,416
	(116,717)	(83,214)
Gain on reversal of accounts payable and accrued liabilities	**-**	15,494
Other foreign exchange income	**-**	1,832
NET LOSS	$ **(116,717)**	$ (65,888)
OTHER COMPREHENSIVE LOSS		
Foreign exchange loss	**(4,296)**	(1,285)
NET COMPREHENSIVE LOSS	$ **(121,013)**	$ (67,173)
COMPREHENSIVE LOSS PER SHARE		
- BASIC AND DILUTED	$ **(0.10)**	$ (0.05)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED	**1,267,139**	1,267,139

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

PIMA ZINC CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in U.S. Dollars)

	Common Stock		Shares to be Issued	Reserve for Warrants	Reserve for Share based payments	Cumulative Transa;ation Gain	Accumulated Deficit	Total Shareholders' Equity
	Shares*	**Amount**						
Balance, December 31, 2019	1,267,139	$ 3,867,771	$ -	$ 1,205,647	$ 332,000	$ 97,999	$ (5,622,870)	$ (119,453)
Comprehensive loss for the year	-	-	-	-	-	(1,285)	(65,888)	(67,173)
Balance, December 31, 2020	1,267,139	$ 3,867,771	$ -	$ 1,205,647	$ 332,000	$ 96,714	$ (5,688,758)	$ (186,626)
Comprehensive loss for the year	-	-	-	-	-	(4,296)	(116,717)	(121,013)
Balance, December 31, 2021	**1,267,139**	**$ 3,867,771**	**$ -**	**$ 1,205,647**	**$ 332,000**	**$ 92,418**	**$ (5,805,475)**	**$ (307,639)**

*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 old common shares issued and outstanding at that time. All references to share and per share amounts in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

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

PIMA ZINC CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

		Year ended		
		December 31, 2021		December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$	**(116,717)**	$	(65,888)
Adjustment to reconcile net loss to net cash used by operating activities:				
Gain on reversal of accounts payable and accrued liabilities		**-**		(15,494)
Changes in assets and liabilities:				
Accounts payable and accrued liabilities		**120,432**		66,988
Net cash used by operating activities		**3,715**		(14,394)
Effect of foreign exchange translation		**(4,296)**		(1,285)
Net decrease in cash and cash equivalents		**(581)**		(15,679)
Cash, beginning of year		**11,181**		26,860
Cash, end of year	$	**10,600**	$	11,181

The accompanying notes are an integral part of these 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 filed a continuation application to continue out of the Cayman Islands under the provisions of the of the *Companies Law* (2020 Revision) and into the Province of British Columbia under the provisions of the *Business Corporations* Act (British Columbia) (the "Continuance"). The Continuance became effective on June 25, 2021. 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 December 31, 2021 the Company had working capital deficiency of $307,639 (December 31, 2020 – $186,626) and had not yet achieved profitable operations, had accumulated losses of $5,805,475 (December 31, 2020 - $5,688,758) 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 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 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 consolidated 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 2022 operations. Preventative measures are in place to ensure the well-being of employees and contractors and no risks were noted at the end of the year. 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

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2021.

These audited consolidated financial statements were authorized by the Board of Directors of the Company on April 12, 2022.

2. BASIS OF PREPARATION (continued)

2.2 Basis of presentation

The audited consolidated financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at amortized cost, as explained in the accounting policies set out in Note 3.

2.3 Basis of consolidation

These audited 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 audited consolidated financial 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Exploration and evaluation expenditures

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mining interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write-off the cost of PPE, less their estimated residual value, using the declining balance method or unit-of-production method over the useful life.

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Property, plant and equipment (continued)

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

3.3 Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

3.4 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Share-based payments (continued)

Equity-settled transactions (continued)

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, if any, of outstanding options is reflected as additional dilution in the computation of earnings per share.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 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

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:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Taxation (continued)

Deferred income tax (continued)

- 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 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.

3.6 Income (loss) per share

The basic income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. The diluted income (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 year ended December 31, 2021, all the outstanding stock options and warrants were antidilutive.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statements of loss.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets at FVOCI.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of loss and when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade and other payables, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

3.9 Impairment of financial assets

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

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 asset's 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 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.

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.

3.11 Cash

Cash in the statement of financial position comprises cash at banks.

3.12 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.

3.13 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Significant accounting judgments and estimates

The preparation of these consolidated 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 consolidated 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 judgments relate to recognition of deferred tax assets and liabilities.

3.15 Foreign currency transactions

Functional and presentation currency
Items included in the consolidated financial statements of each of the entity are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The functional currency of the Company is the Canadian dollar (“CDN”). The consolidated financial statements are presented in U.S. Dollars which is the Company’s presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

4. 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.

During the year ended December 31, 2019, the Company abandoned this property.

(Expressed in US dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to exploration and acquisition costs and general operating activities.

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

	December 31, 2021	December 31, 2020
Trade payables	**$ 203,040**	$ 122,608
Accrued liabilities	**115,199**	75,199
	$ 318,239	$ 197,807

6. CAPITAL STOCK

Share Capital

Pima is authorized to issue an unlimited number of common shares. The issued and outstanding common shares at December 31, 2021 consist of the following:

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

On May 7, 2021, the Company amended its memorandum of association to consolidate all of the issued and outstanding ordinary shares ("Shares") of the Company by changing each block of twenty (20) pre-consolidation Shares of the Company into one (1) post-consolidation Share of the Company (the "Consolidation"), resulting in the previously outstanding Shares of the Company being consolidated into 1,267,139 Shares. No fractional Shares will be issued pursuant to the Consolidation and any fractional Shares that would have otherwise been issued have been rounded down to the nearest whole number. The Consolidation was approved by the members of the Company at the Annual and Special General Meeting of Shareholders held on February 8, 2021.

Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the year ended December 31, 2021:

	Number	**Weighted-Average Exercise Price**
Balance at December 31, 2019 and 2020	**573,153**	**$1.65**
Expired	**(370,000)**	**$2.00**
Balance at December 31, 2021	**203,153**	**$1.00**

(Expressed in US dollars)

6. CAPITAL STOCK (continued)

Warrants **(continued)**

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 assumptions:

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

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 December 31, 2021 and 2020, there are no stock options outstanding.

8. RESERVE FOR SHARE-BASED PAYMENTS

	December 31, 2021	December 31, 2020
Balance at beginning of year	**$ 332,000**	$ 332,000
Balance at end of year	**$ 332,000**	$ 332,000

9. RESERVE FOR WARRANTS

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

10. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

During the year ended December 31, 2021, $20,000 (2020 – $20,000) was charged for services by the Chief Executive Officer.

During the year ended December 31, 2021, $20,000 (2020 - $20,000) 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 December 31, 2021, $90,000 (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.

11. 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 year December 31, 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 December 31, 2021 totaled a deficiency $307,639 (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.

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.

12. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Company has designated its cash as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level one measurement.

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two includes inputs that are observable other than quoted prices included in Level One.
- Level Three includes inputs that are not based on observable market data.

Cash is measured using Level One inputs.

As at December 31, 2021 and 2020, both the carrying and fair value amounts of the Company's cash, trade and other payables are approximately equivalent due to their short term nature.

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 $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 December 31, 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 December 31, 2021, the Company had current assets of $10,600 (December 31, 2020 - $11,181) and current liabilities of $318,239 (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 $307,639 (December 31, 2020 – $186,626).

(Expressed in US dollars)

13. INCOME TAXES

The following table reconciles the income tax provision from the expected amount based on statutory rates to the amount reported:

	2021	2020
Components of the income tax provision:		
Income taxes at statutory tax rates	**$ (32,000)**	$ (18,000)
Non-deductible expenses and other	**-**	-
Change in valuation allowance	**32,000**	18,000
Income tax expense	**$ -**	$ -

The Canadian statutory income tax rate of 26.5% (2020 – 26.5%) is comprised of the federal income tax rate at approximately 15.0% (2020 – 15.0%) and the provincial income tax rate of approximately 11.5% (2020 – 11.5%).

The primary differences which give rise to deferred income tax assets at December 31, 2021 and 2020 are as follows:

	2021	2021
Deferred income tax assets		
Non-capital losses carried forward	**$ 1,136,500**	$ 1,104,500
	1,136,500	1,104,500
Less: deferred tax asset not recognized	**(1,136,500)**	(1,104,500)
Net deferred income tax assets	**$ -**	$ -

As at December 31, 2021, the Company has available for carry forward non-capital losses of $3,801,000 (December 31, 2020 - $3,680,000) expiring through to 2041.

14. PROPOSED TRANSACTION

On December 10, 2021, the Company entered into a non-binding letter of intent (“LOI”) with Scryb Inc. (formerly Relay Medical Corp.) (“Scryb Inc.”), pursuant to which the Company will acquire all of the issued and outstanding common shares in the capital of and Cybeats Technologies (“Cybeats”) from Scryb (the “Proposed Transaction”).

The completion of the Proposed Transaction contemplated by the LOI remains subject to the Company and Cybeats entering into a definitive agreement and approval of all regulatory and other approvals.

15. PRIOR YEAR CLASSIFICATION ERROR

During the year, management identified a classification error within shareholders’ deficiency, whereby the cumulative translation gain related to the conversion of functional currency balances to presentation currency balances was netted against accumulated deficit. The correction of this classification error led to the following adjustments to the comparative figures presented as follows:

For the year ended December 31, 2020, increase opening cumulative foreign translation gain, and increase opening accumulated deficit by $97,999; increase foreign translation loss included within other comprehensive loss and decrease closing cumulative foreign translation gain by $1,285 and decrease foreign exchange loss included within net loss, net loss and closing accumulated deficit by $1,285.