# ARIZONA METALS CORP.
# (FORMERLY RING THE BELL CAPITAL CORP.)

## INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

## FOR THREE MONTHS ENDED MARCH 31, 2020

## Introduction

The following interim Management Discussion & Analysis ("Interim MD&A") of Arizona Metals Corp. (formerly Ring The Bell Capital Corp.) ("AMC" or the "Company") for the three months ended March 31, 2020 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2019. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual financial statements for the years ended December 31, 2019 and 2018, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 26, 2020, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of AMC common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

## Description of Business

Prior to August 1, 2019, the Company was classified as a Capital Pool Company ("CPC") under TSX-V Policy 2.4. On August 1, 2019, the Company completed a reverse take-over transaction ("Transaction") with Croesus Gold Corp. ("Croesus") (see below under the heading "Qualifying Transaction") wherein the Company acquired 100% of the issued and outstanding common shares of Croesus and became a mineral exploration company based in Toronto, Ontario focused on precious metal exploration in the United States.

The Company's primary office is located at 66 Wellington Street West, Suite 4100, Toronto, Ontario, M5K 1B7, Canada.

AMC owns, through its wholly-owned subsidiaries, 100% of the Sugarloaf Peak Gold Project located in La Paz County, Arizona, USA and 100% of the past-producing Kay Mine Project ("Kay Mine"), located in Yavapai County, Arizona, USA.

## Incorporation and Corporate Profile

The Company was initially incorporated under the name "Ring The Bell Capital Corp." under the *Canada Business Corporations Act* (the "CBCA") on June 28, 2017. The Company completed an Initial Public Offering ("IPO") on the TSX Venture Exchange ("TSX-V") on March 6, 2018 for 3,200,000 common shares for gross proceeds of $800,000. In connection with the IPO the Company paid the agent involved a commission of $80,000 (equal to 10% of the gross funds raised from the Offering), a corporate finance fee of $12,000 and reimbursed the agent for $15,986 of legal and filing fees. The Company also granted the agent warrants to acquire up to an aggregate of 320,000 common shares of the Company at a price of $0.25 per common share (after taking into account the subsequent 2.5:1 share consolidation of the Company (see below under the heading "Qualifying Transaction") for a period of two years following the IPO. Any unexercised warrants expired on March 6, 2020, two years from issuance. The common shares were listed on the TSX-V and commenced trading on March 9, 2018 under the stock symbol RTB.P.

On August 1, 2019, the Company completed the Transaction with Croesus (see below under the heading "Qualifying Transaction") wherein the Company acquired 100% of the issued and outstanding common shares of Croesus by way of a three-cornered amalgamation. Pursuant to the Transaction, Croesus shareholders acquired control of the Company. While the Company is the legal acquirer of Croesus, for accounting purposes the acquirer in the Transaction was is Croesus.

In connection with the Transaction, the Company filed Articles of Amendment effective July 31, 2019, consolidating the common shares of the Company and changing its name to "Arizona Metals Corp." The Company currently trades on the TSX-V under the symbol "AMC".

## Qualifying Transaction

On April 4, 2019, the Company entered into a binding Letter of Intent with Croesus with respect to the Transaction. On June 17, 2019, Croesus, the Company and 11459040 Canada Inc. ("Merger Subco"), a wholly-owned subsidiary of the Company incorporated for the purpose of facilitating the Transaction, entered into a definitive business combination agreement (the "Merger Agreement") pursuant to which Croesus and AMC completed the Transaction that resulted in a reverse take-over of AMC by the shareholders of Croesus.

In connection with the Transaction, on June 27, 2019, Croesus and AMC completed concurrent private placements of total 6,755,000 subscription receipts ("Subscription Receipts") at a price of $0.40 per Subscription Receipt for aggregate gross proceeds of $2,702,000 (the "Financing"). Canaccord Genuity Corporation (the "Agent") was engaged to act as lead agent in connection with the Financing.

The gross proceeds of the Financing, less certain fees and expenses of the Agent, was placed in escrow on behalf of the purchasers of Subscription Receipts, and was released to the Company upon satisfaction of certain escrow release conditions, including completion of the Transaction.

In connection with the Transaction, the Company filed Articles of Amendment effective July 31, 2019, changing its name to "Arizona Metals Corp." and consolidating the common shares of the Company on the basis of one (1) post-consolidation common share for every two and a half (2.5) pre-consolidation common shares.

Effective August 1, 2019, Croesus and the Company completed the Transaction and the Company acquired all of the issued and outstanding shares of Croesus by way of a three-cornered amalgamation under the CBCA. Pursuant to the Merger, Merger Subco amalgamated with Croesus, and the resulting entity became a wholly-owned subsidiary of the Company. All of the security holders of Croesus, including holders of Subscription Receipts of Croesus, became securityholders of the Company in accordance with the terms and conditions of the Transaction.

Upon closing of the Transaction, each Subscription Receipt, without payment of any additional consideration or taking of any action, was converted into one (1) unit of AMC (a "Unit"), with each Unit being comprised of one common share of the Company (the "Underlying Shares") and one common share purchase warrant of AMC (the "Underlying Warrants"). Each Underlying Warrant entitled the holder thereof to purchase one Underlying Share at a price of $0.60 for a period of 3 years following August 1, 2019, the date on which the Transaction closed (the "Closing Date"). The exercise price of certain Underlying Warrants were later amended to $0.50 per Underlying Share. See below under the heading "Subsequent Events".

The Company paid the Agent a cash commission of $162,120, equal to 6% of the aggregate gross proceeds of the Financing, which was paid upon conversion of the Subscription Receipts. The Company also issued warrants to the Agent (the "Compensation Warrants") to purchase such number of Underlying Shares as is equal to 8% of the total number of Subscription Receipts issued pursuant to the Financing. Each Compensation Warrant is exercisable into one Underlying Share at an exercise price of $0.40 for a period of 24 months following the Closing Date.

## Mineral Exploration Properties

### Sugarloaf Peak Gold Project

The Company, through a wholly-owned subsidiary, owns 100% of the Sugarloaf Peak Gold Project, which is composed of 219 BLM claims with dimensions of approximately 4km x 6km and hosts an historic resource "containing about 1.5 million ounces gold and 25 million ounces of silver in a volume of about 100 million tons" (Dausinger, 1983). This estimate was based on work by Westworld Resources (1981-1983) which totaled 2,500 feet of drilling in 10 holes to a maximum depth of only 76m. The historic estimate was not defined using CIM categories. Additional drilling totaling 4,400m was completed by Riverside Resources Inc. ("Riverside") and Choice Gold between 2009 and 2012. A Titan-24 geophysical survey was also undertaken during this period. The average drill hole spacing at Sugarloaf is 150m and the Company estimates an initial drill program of at least 10,000m will be required. The Company's qualified person ("QP") has not done sufficient work to classify the historic estimate as a current resource, and the Company is not treating the historic estimate as a current resource. The Company acquired 4 additional claims subsequent to acquisition.

### Kay Mine

The Company, through a wholly-owned subsidiary, owns 100% of approximately 1,330 acres of patented and unpatented claims covering and surrounding the past-producing Kay Mine, located in Yavapai County, Arizona, approximately 50 miles north of Phoenix. The Kay Mine claims are not subject to any royalties. The Kay Mine property hosts an historic resource estimate, defined by Exxon Minerals (Fellows, 1982) of 6.4 million short tons at a grade of 2.2% copper, 2.8g/t gold, 3.03% zinc, and 55g/t silver. Exxon used a copper equivalent cut-off grade of 2%. The historic estimate was defined from a depth of approximately 100m to 900m, and based on approximately

103 underground drill holes on 12 levels, thousands of underground samples, and approximately 7,500m in surface drilling. The Company has planned an initial drill program of approximately 6,000m. The 1982 estimate by Exxon did not use CIM categories. The Company's QP has not done sufficient work to classify the historic estimate as a current resource, and the Company is not treating the historic estimate as a current resource. In March 2019, prior to the completion of the Transaction, Croesus staked an additional 1,000 acres of BLM claims contiguous with the recently acquired Kay Mine claims. Croesus also completed a helicopter VTEM survey totaling 102 line kilometres covering the acquired and staked claims.

On August 8, 2019, the Company announced the results of a sample program completed at the Kay Mine Property, which can be found at:
https://www.arizonametalscorp.com/news/index.php?content_id=82

In January 2020, the Company commenced a fully-funded 6,000 metre surface drilling program. In April 2020, the Company announced the assay results of the first seven drill holes of the drill program, KM-02-01 to KM-20-07, which all intersected massive sulphide mineralization. The results can be found at: https://www.arizonametalscorp.com/news/index.php?content_id=94

In March 2020, the Kay Mine drill program was temporarily suspended in response to the COVID-19 pandemic. The drill program resumed in May 2020.

The technical information contained in this MD&A has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 – Standards for Disclosure for Mineral Projects ("NI 43-101") and reviewed and approved by David Smith, CPG, a Qualified Person as defined under NI 43-101.

## Operational Highlights

On February 12, 2020, the Company announced that it has closed a non-brokered private placement offering of 4,741,000 common shares of the Company at a price of $0.50 per common share, for aggregate gross proceeds of $2,370,500. Colin Sutherland and Rick Vernon, directors of the Company, each purchased an aggregate of 100,000 common shares under the offering. Kevin Reid, an insider of the Company, beneficially purchased an aggregate of 500,000 common shares under the offering. In connection with the offering, the Company paid cash finders' fees of an aggregate of $93,900 and other share issuance cost of $69,999.

On February 24, 2020, the Company repriced 6,117,999 of the Company's outstanding warrants expiring on August 1, 2022 from an exercise price of $0.60 per warrant to an exercise price of $0.50 per warrant.

## Discussion of Operations

**Three months ended March 31, 2020 compared to three months ended March 31, 2019**

For the three months ended March 31, 2020, the Company's net loss was $1,555,742 compared to $1,783,295 for the three months ended March 31, 2019. The decrease in net loss is a result of the following:

- Share-based payments decreased to $nil for the three months ended March 31, 2020 compared to $467,071 for the three months ended March 31, 2019 due to stock options granted during the comparative period.

This was partially offset by:

- Salaries and benefits increased to $81,220 for the three months ended March 31, 2020 compared to $42,804 for the three months ended March 31, 2019 due to increased salaries paid to the management.

- Exploration and evaluation expenditures increased to $1,362,681 for the three months ended March 31, 2020 compared to $1,191,284 for the three months ended March 31, 2019 due to increased activities pertaining to the Kay Mine.

- Office and general increased to $89,197 for the three months ended March 31, 2020 compared to $24,278 for the three months ended March 31, 2019 due to increased corporate activities.

## Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserves and accumulated deficit, which at March 31, 2020, totaled $2,859,038 (December 31, 2019 - $2,208,179).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors.

As the Company does not have a credit facility, the Company is not currently subject to any capital requirements imposed by a lending institution or regulatory body. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current statement of financial position date.

There were no changes in the Company's process, policies and approach to capital management during the three months ended March 31, 2020.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than TSX-V which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2020, the Company believes it is compliant with the policies of the TSX-V.

## Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## Commitments and Contingencies

### Environmental contingencies

The Company's mineral exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

### Management contract

The Company is party to certain employment contracts. These contracts require that additional payments of approximately $600,000 be made upon the occurrence of a change of control or termination without cause. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

## Liquidity and Capital Resources

At March 31, 2020, the Company had $2,362,849 in cash (December 31, 2019 - $1,611,891).

At March 31, 2020, accounts payable and accrued liabilities were $50,985 (December 31, 2019 - $117,917). The Company's cash balance as at March 31, 2020 is sufficient to pay these liabilities.

The Company has no operating revenues and therefore must utilize its funds from financing transactions to maintain its capacity to meet ongoing operating activities.

As of March 31, 2020 and to the date of this MD&A, the cash resources of the Company are held with one Canadian chartered bank. The Company has no variable interest rate debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

Cash used in operating activities were $1,455,643 for the three months ended March 31, 2020. Operating activities were affected by a net loss of $1,555,742 offset partially by the net change in non-cash working capital balances of $100,099 because of an increase in sales tax recoverable, a decrease in prepaid expenses, an increase in reclamation bond, and a decrease in accounts payable and accrued liabilities.

Cash provided by financing activities were $2,206,601 for the three months ended March 31, 2020, which included proceeds from private placements share issuance of $2,370,500 offset by cost of issue of $163,899.

## Transactions with Related Parties

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Remuneration of directors and key management personnel of the Company was as follows:

| | Three Months Ended March 31, 2020 $ | Three Months Ended March 31, 2019 $ |
|---|---|---|
| Salaries and benefits | 81,220 | 42,804 |
| Share-based payments | Nil | 467,071 |
| Professional fees | 10,932 | Nil |
| Legal fees | 54,131 | Nil |
| | **146,283** | **509,875** |

Included in professional fees is $10,932 (three months ended March 31, 2019 - $nil) paid to Marrelli Support Services Inc. ("MSSI") for Eric Myung, an employee of MSSI, to act as the Chief Financial Officer ("CFO") of the Company and bookkeeping services. As at March 31, 2020, $2,443 (December 31, 2019 - $2,321) was owed to this company and this amount was included in accounts payable and accrued liabilities.

A director of the Company is a partner in a law firm that provides services on a recurrent basis to the Company. During the three months ended March 31, 2020, the Company incurred legal fees of $54,131 (three months ended March 31, 2019 - $nil) to this law firm which were included in share issuance costs.

## Subsequent Event

On May 13, 2020, the Company announced that the Company reached an agreement to enter into a bought deal financing whereby Stifel GMP and Canaccord Genuity Corp. (collectively, the "Underwriters"). The Underwriters will purchase on their own behalf, up to 4,650,000 units of the Company (the "Units") at a price of $0.65 per Unit for gross proceeds of $3,022,500. Each Unit shall consist of one common share and one half of a common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share of the Company at an exercise price of $0.85 for a period of 18 months following the closing date. Additionally, the Company will grant the Underwriters an option to purchase up to additional 4,650,000 Units at $0.65, exercisable 5 days prior to the closing date.

The Company shall pay the Underwriters a cash fee equal to 5% of the gross proceeds from the sale of the Units and compensation warrants equal to 5% of the number of Units sold. Each compensation warrant will entitle the holder to subscribe for one common share of the Company at a price of $0.65 for a period of 18 months.

## Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal year ended December 31, 2019 available on SEDAR at www.sedar.com.

### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The COVID-19 pandemic and its economic consequences are an extenuating impact on the current volatility of financial markets. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no variable interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### Pandemic Risk

The outbreak and spread of COVID-19, declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. COVID-19 is still evolving, and its full impact remains to be determined. However, its effects include financial market volatility, interest rate cuts, disrupted movement of people and diminished consumer confidence. The effects of the coronavirus may be difficult to assess or predict with meaningful precision both generally and as an industry- or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control of the Company.

## Forward-Looking Statements

*Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the future price of gold, the timing and amount of estimated future production, costs of production, capital expenditures, the success of exploration activities, permitting time lines, currency fluctuations, the requirements of future capital, drill results and the estimation of mineral resources and reserves.*

*These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:*

- *general business and economic conditions;*
- *the supply and demand for, deliveries of, and the level and volatility of prices of gold as well as petroleum products;*
- *the availability of financing for the Company's development of their projects on reasonable terms;*
- *the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;*
- *the ability to attract and retain skilled staff;*

*These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity and, particularly, gold prices, access to skilled mining development personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.*