



ARIZONA MINING INC.

Management's Discussion and Analysis

For the Year Ended December 31, 2015

Introduction

This management's discussion and analysis ("MD&A") of Arizona Mining Inc. (formerly Wildcat Silver Corporation, the "Company", "Arizona Mining", "we", "us", or "our") covers the year ended December 31, 2015, with comparative information for the year ended December 31, 2014. This MD&A takes into account information available up to and including March 21, 2016. This MD&A should be read in conjunction with the accompanying consolidated financial statements and notes for the year ended December 31, 2015, which are available on the Company's website at www.arizonamining.com and on the SEDAR website at www.sedar.com.

The Company has prepared the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All dollar amounts reported herein are in US dollars unless indicated otherwise.

Cautionary Note Regarding Forward-Looking Information

Certain information contained in this document constitutes forward-looking statements. All statements, other than statements of historical facts, are forward looking statements, including without limitation, statements with respect to the Company's expectations for closing the Osisko funding, completing drilling and a preliminary economic assessment on the Taylor Deposit and the statements under "Summary, Objectives and Outlook" later in this document. Forward-looking statements are often, but not always, identified by the use of words such as *may*, *will*, *seek*, *anticipate*, *believe*, *plan*, *estimate*, *budget*, *schedule*, *forecast*, *project*, *expect*, *intend*, or similar expressions.

The forward-looking statements are based on a number of assumptions which, while considered reasonable by the Company, are subject to risks and uncertainties. The Company cautions readers that forward-looking statements involve and are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from those expressed in or implied by such forward-looking statements and forward-looking statements are not guarantees of future results, performance or achievement. These risks, uncertainties and factors include general business, economic, competitive, political, regulatory and social uncertainties; actual results of exploration activities and economic evaluations; fluctuations in currency exchange rates; changes in project parameters; changes in costs, including labour, infrastructure, operating and production costs; future prices of silver and other minerals; variations of mineral grade or recovery rates; operating or technical difficulties in connection with exploration, development or mining activities, including the failure of plant, equipment or processes to operate as anticipated; delays in completion of exploration, development or construction activities; changes in government legislation and regulation; the ability to maintain and renew existing licenses and permits or obtain required licenses and permits in a timely manner; the ability to obtain financing on acceptable terms in a timely manner; contests over title to properties; employee relations and shortages of skilled personnel and contractors; the speculative nature of, and the risks involved in, the exploration, development and mining business; and the factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important risks, uncertainties and other factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those expressed in or implied by the forward-looking information, there may be other risks, uncertainties and other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended. Unless otherwise indicated, forward-looking statements contained herein are as of the date hereof and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable law.

About Reserves and Resources

This MD&A uses the terms measured, indicated and inferred resources as a relative measure of the level of confidence in the resource estimate. Readers are cautioned that: (a) mineral resources are not economic mineral reserves; (b) the economic viability of resources that are not mineral reserves has not been demonstrated; and (c) it should not be assumed that further work on the stated resources will lead to mineral reserves that can be mined economically. In addition, inferred resources are considered too geologically speculative to have any economic considerations applied to them. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies or economic studies except for preliminary economic assessments as defined under NI 43-101. Readers should also refer to the Company's Annual Information Form for the year ended December 31, 2015 and other continuous disclosure documents available at www.sedar.com, which is subject to the qualifications and notes set forth therein.

Description of Business

Arizona Mining Inc. (formerly Wildcat Silver Corporation, the "Company" or "Arizona Mining") is incorporated in British Columbia, Canada. The Company holds a majority ownership interest in the Hermosa Project in Arizona, United States, through its ownership of 80% of the common shares and approximately 90% of the preference shares of Arizona Minerals Inc. ("AMI"), a Nevada corporation and the holder of the property. The remaining 20% of the common shares and approximately 10% of the preference shares of AMI are held by 5348 Investments Ltd. ("5348 Investments"), an indirect wholly owned subsidiary of a private British Columbia company controlled by Richard W. Warke, a Director of the Company and the Company's Executive Chairman. The same private company also indirectly holds a 2% net smelter royalty interest in certain of the patented claims and unpatented claims on the Hermosa Project. The Company's registered office is located at Suite 555 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1 and its shares are listed on the Toronto Stock Exchange and trade under the symbol "AZ".

The Hermosa Project is a polymetallic mineral exploration project located approximately 100 kilometres southeast of Tucson, Arizona and about 15 kilometres north of the US – Mexico border. The Hermosa Project currently comprises two deposits, the Taylor Deposit and the Central Deposit. The Taylor Deposit, is a lead-zinc-silver carbonate replacement deposit and has a resource of 39.4 million tonnes in the Inferred Mineral Resource category grading 11% zinc equivalent ("ZnEq") utilizing a 6% ZnEq cutoff grade calculated in accordance with NI 43-101 guidelines. The Taylor Deposit remains open to the north, west and south over land controlled by the Company. Metallurgical test work on drill core from the Taylor Deposit projects overall recoveries of 92.9% Pb; 85.5% Zn and 91% Ag using industry standard froth flotation processing technology. The Central Deposit is a silver-manganese manto oxide development project that has a prefeasibility study completed in December 2013. The technical documents for both deposits are available on the Company's website at www.arizonamining.com or on Sedar at www.Sedar.com.

Summary, Objectives and Outlook

2015 was a transformative year for the Company in advancing its Taylor Deposit to become a significant new zinc, lead, silver resource. Major milestones achieved and reported during the year or in early 2016 include:

- Drilling a further five holes to test the extent of the resource, all of which encountered significant grades and widths of mineralization.
- Completing scoping level metallurgical test work that showed the mineralized material was amenable to industry standard froth flotation processing with high recoveries and no deleterious elements.
- Updating the resource estimate on the Taylor Deposit to 39.4 million tonnes in the Inferred Mineral Resource category grading 11% zinc equivalent.

- Negotiating and closing the acquisition of approximately 300 acres of patented mining claims located adjacent to and along strike from the resource on the Taylor Deposit.
- Entering an option agreement to acquire a further approximately 279 acres of unpatented mining claims located approximately ¼ mile southwest of the Taylor Deposit.
- Strengthening the management team with the appointment of James Gowans, previously Co-President of Barrick Gold Corp., as President and CEO and Johnny Pappas as Director Environmental and Permitting, both effective January 1, 2016.

The Company was able to complete these major milestones as a result of the continued financial support throughout the year from its Executive Chairman and Directors and Officers in the form of loans and private placements.

Following the closing of the first portion of a private placement on March 2, 2016 for C\$2.6 million, the Company has commenced an aggressive drill campaign to expand the Taylor Deposit onto the newly acquired patented mining claims. The Company announced on March 21, 2016 that it had arranged financing from Osisko by way of a royalty on the Hermosa Project and a private placement for total proceeds of \$15.6 million to enable it to continue drilling. The financing is subject to completion of a definitive agreement and regulatory approval, where applicable.

To consolidate its position in the Hermosa Project, on February 26, 2016 the Company announced that it had entered into a letter of intent to increase its ownership to 100% from 80% in exchange for the issuance of 40 million common shares and 5 million share purchase warrants. The Company believes owning 100% of the Hermosa Project will benefit shareholders over the long-term and increase the Company's operational effectiveness including with financing the project. Completion of the acquisition is subject to, among other things, approval of the Company's shareholders at the April 22, 2016 annual shareholders meeting.

Going Concern

At December 31, 2015 the Company had cash and cash equivalents of \$418,950, a working capital deficiency of \$1,040,085, a net loss for the year ended December 31, 2015 of \$1,505,649, and a deficit of \$28,827,658. On March 2, 2016, the Company closed 6.07 million units of the non-brokered private placement announced on February 22, 2016 at a price of \$0.42 per unit for gross proceeds of C\$2.55 million.

The Company will require funding to continue drilling and other work on its Hermosa Taylor Deposit including on the newly acquired patented mining claims and targets on the unpatented mining claims and for general working capital purposes. On March 21, 2016 the Company announced it had entered into a term sheet with Osisko Gold Royalties Ltd. for a 1% net smelter royalty on any lead/zinc/silver sulfide ores mined from its Hermosa Project for proceeds of \$10.0 million together with a private placement for gross proceeds of \$5.59 million. The royalty is subject to negotiation of a definitive agreement and the private placement is subject to completion of the royalty agreement and regulatory approval. There can be no assurance that the Company will close the royalty financing or private placement in which case the Company will need to raise funds through other means. The Company has historically raised funds principally through the sale of securities and more recently, through advances from Company insiders. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. This material uncertainty casts significant doubt about the Company's ability to continue as a going concern.

The Company's financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations. These financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary should the going concern assumption prove to be inappropriate, and these adjustments could be material.

Taylor Deposit

During 2015 the Company continued to drill on its Taylor Deposit completing a further five holes all of which reported high grade mineralization over wide widths. The Company also completed scoping level metallurgical test work on the drill core during the year to predict metal recoveries and other processing characteristics of the mineralization. All of the drill holes and the results of the metallurgical test work were incorporated into the updated resource estimate that was released subsequent to the year end.

Metallurgical Test Work

On January 7, 2016 the Company announced the results of a scoping level metallurgical study on the lead (Pb), zinc (Zn) and silver (Ag) mineralization at its Taylor Deposit. The study projects overall recoveries of 92.9% Pb and 76% Ag from the lead concentrate and 85.55% Zn and 15% Ag from the zinc concentrate using industry standard froth flotation processing techniques. The study was completed by Resource Development Inc. located in Wheat Ridge, Colorado. The study highlights include:

- A composite sample representative of the mineralization drilled to-date was prepared from split core samples which were projected to have the average grade of the deposit. The composite assayed 9.14% Pb, 7.99% Zn, 126 g/t Ag, 0.243% Cu and 0.285 g/t Au. The composite sample grade is higher than the projected grade of $\pm 5\%$ Pb and \pm Zn.
- The concentrates produced from the mineralization contained no deleterious elements and should not pose an issue for concentrate sales or the smelting of the concentrates.
- The composite sample had a Bond's mill work index of 14.03 kwh/st.
- Conventional differential lead-zinc process worksheet using industry accepted reagents and one to two stages of cleaner flotation for each lead and zinc flotation produced marketable-grade lead and zinc concentrates.
- The lead rougher concentrate recovered 97.1% Pb, 81.4% Ag, 12.8% Zn and 27.7% Cu in 15.8% of the weight. The concentrate assayed 51.7% Pb, 6.41% Zn, 632 g/t Ag and 0.51% Cu.
- The zinc rougher concentrate recovered 83.2% Zn, 1.5% Pb, 15.8% Ag and 68% Cu in 20% of the weight. The concentrate assayed 33% Zn, 0.65% Pb, 96.8 g/t and Ag1.0% Cu.
- The copper grade of the composited sample was too low to produce a marketable-grade copper concentrate. This will be evaluated further in the next phase of testing.
- The second cleaner lead concentrate assayed 75.1% Pb, 1.13% Zn, 804 g/t Ag and 0.32% Cu. The concentrate had no deleterious elements.
- The second cleaner zinc concentrate assayed 56.3% Zn, 0.31% Pb, 144 g/t Ag and 1.28% Cu. The concentrate had no deleterious elements.

Updated Resource

Subsequent to the year end, on February 1, 2016 the Company announced an updated mineral resource for its Taylor Deposit. The deposit now comprises 39.4 million tonnes in accordance with the NI 43-101 Inferred Mineral Resource category grading 11.04% zinc equivalent ("ZnEq") utilizing a 6% ZnEq cutoff grade. The resource at various zinc equivalent cut-off grades is estimated at:

Zn Eq% Cutoff	Zn Eq% Grade	Tonnes (Mt)	Pb%	Zn%	Cu%	Ag g/t
3	8.01	72.3	3.21	3.23	0.10	50.78
4	8.98	59.5	3.63	3.63	0.11	55.78
5	9.98	48.7	4.04	4.03	0.12	61.25
6	11.04	39.4	4.48	4.48	0.14	66.91
8	12.89	27.2	5.24	5.26	0.16	76.35
12	16.80	12.1	6.88	6.84	0.21	97.90
15	19.70	6.6	8.26	7.80	0.27	113.75
20	24.57	2.2	10.37	9.86	0.34	133.64

Results are based on a ZnEq grade calculated with the following metal prices: \$0.85/lb for lead and zinc; \$2.25/lb for copper; \$15/oz for silver. It is recognized for the Taylor Deposit that while Zn and Pb contribute approximately equally to the resource calculations, we have chosen to report Zn equivalents for calculation of the cut-off grade and the equivalents grade for the resource. Base Case highlighted.

The resource is based on assay results from 25 surface diamond drill holes, totaling 19,648 meters (64,461 feet) of drilling, which have all intersected stratabound carbonate replacement sulfide mineralization within the Taylor Deposit. The updated Mineral Resource Estimate was prepared by Metal Mining Consultants Inc. of Highlands Ranch, Colorado.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of mineral resources will be converted to mineral reserves. Inferred Mineral Resources are based on limited drilling (25 holes) which suggests the greatest uncertainty for a resource estimate and that geological continuity is only implied. Additional drilling will be required to verify geological and mineralization continuity and there is no certainty that all of the inferred resources will be converted to measured and indicated resources. Quantity and grades are estimates and are rounded to reflect the fact that the resource estimate is an approximation.

Land Position

On January 26, 2016, the Company announced it had closed the acquisition of approximately 300 acres of patented mining claims that was previously announced on July 24, 2015. The addition of the land package, which is adjacent to the Company's Hermosa Taylor Deposit, will greatly enhance Arizona Mining's surface lands available for further exploration of the Taylor Deposit and any future mining operations.

As consideration for the acquisition, the Company has assumed the environmental liabilities relating to past activities on the site. The Company submitted a remediation work plan that addresses the environmental liabilities, which has been approved by the Arizona Department of Environmental Quality. In accordance with the plan, the Company is required to construct a passive water treatment system estimated to cost US\$2.9 million of which the Company's share is US\$1.9 million with the US\$1.0 balance contributed by a former owner of the claims. In addition, the Company has posted two bonds totaling US\$1.97 million as security for the future operating performance of the passive water treatment system. The Company has posted US\$0.86 million with a bond surety company as collateral for the bonds.

In connection with the acquisition, the Company borrowed C\$4.0 million from a company controlled by the Company's Executive Chairman. The loan is unsecured, repayable on the earlier of: one year from the date of advance; the date of any change of control of the Company; or the date the Company completes a financing of C\$10,000,000 or more by way of sale of securities from treasury or through the issuance of debt or other form of financing. The loan bears interest at 16% per annum, compounded monthly and is subject to a cash fee of 1% with an additional 1% fee payable after three months if the loan remains outstanding. In addition, 1,000,000 warrants have been issued to the lender with each warrant exercisable for an additional common share of the Company at a price of C\$0.30 per common share for a period of five years from the date of issue.

During 2015, the Company entered into an option agreement with Bronco Creek Exploration, Inc. to acquire sixteen unpatented mining claims, which total approximately 279 acres. The mining claims are located approximately three quarters of a mile south west of the Taylor Deposit. The agreement calls for a payment of US\$25,000 on execution followed by three annual option payments of US\$20,000. In the event the option agreement is exercised and the claims acquired Bronco Creek retains a 2% NSR royalty from any future commercial production.

Acquisition of Minority Interest in the Hermosa Project

Subsequent to the year end, on February 26, 2016 the Company announced it had entered into a letter of intent with a private company controlled by Richard W. Warke, a Director and Executive Chairman of the Company, to acquire the 20% interest in the common shares and approximately 10% of the preference

shares of AMI that the Company does not currently own. The Company will issue 40 million common shares and 5 million common share purchase warrants as consideration for the acquisition. Each share purchase warrant is convertible into one common share of the Company at a price of \$0.50 for a period of three years from closing. The acquisition is subject to, among other things, execution of a definitive purchase agreement, the approval of the Toronto Stock Exchange and the approval of a majority of the votes cast by the shareholders of the Company, excluding votes cast by the seller and its related parties and joint actors.

Financing Agreed Subsequent to Year End

On March 21, 2016 the Company announced it had entered into a term sheet with Osisko Gold Royalties Ltd. ("Osisko") for a 1% net smelter royalty on any lead/zinc/silver sulfide ores mined from its Hermosa Project for proceeds of \$10.0 million. In addition, the Company announced a non-brokered private placement of 9.99 million units at a price of \$0.56 per unit, calculated using the five day volume weighted average share price, for gross proceeds of \$5.59 million. Osisko will subscribe for 8.93 million of the units. Each unit consists of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant is convertible into one common share of the Company at a price of \$0.75 for a period of 18 months from closing. The royalty is subject to negotiation of a definitive agreement and the private placement is subject to completion of the royalty agreement and regulatory approval. Proceeds from the financings when combined with the Company's recent private placement for \$2.8 million will be primarily used for an aggressive drill campaign on the Taylor Deposit and for general working capital purposes.

Project Costs Capitalized to Exploration and Evaluation Assets

The following shows total costs deferred on the Company's Hermosa Project during the respective periods:

	2015	2014
Balance, start of year	\$ 70,371,838	\$ 67,085,359
Additions:		
Mineral property acquisition costs	327,426	26,643
Drilling	970,368	588,996
Property access, restoration and maintenance	381,818	299,854
Assay and analysis	162,417	124,503
Salaries, benefits and stock based compensation	811,119	898,771
Geologic consulting and support	118,512	226,984
Engineering and metallurgy	57,321	443,472
Environmental baseline studies & permitting	50,945	319,184
Claims maintenance	113,731	119,040
Other	193,077	239,032
	<u>3,186,734</u>	<u>3,286,479</u>
Balance, end of year	<u>\$ 73,558,572</u>	<u>\$ 70,371,838</u>

During the year ended December 31, 2015 the Company capitalized \$3,186,734 of expenditures on its Hermosa Project compared to \$3,286,479 in the year ended December 31, 2014. The costs for both periods primarily relate to the drill program on the Taylor Deposit that was initiated in the fall of 2014. Costs for 2014 also include work related to completing various reports associated with the December 2013 pre-feasibility study on the Central Deposit that were substantially completed in the first quarter of 2014.

Mineral property acquisition costs primarily relate to legal and engineering costs incurred with respect to the acquisition of the approximately 300 acres of the Trench patented mining claims that closed in January 2016.

The Company drilled five holes on its patented claims on the Taylor Deposit during 2015 compared to three holes in the second half of 2014, all with average depths of approximately 3,500 feet each. The program was designed to test the extension of the resource that was announced in July, 2014 and resulted in a significant increase in the resource that was reported on February 1, 2016 to 39.4 million tonnes at a zinc equivalent grade of 11.03%.

Property access, restoration and maintenance costs, which include costs to access, build and remediate drill pad sites as well as ongoing costs for property maintenance and ensuring the Company remains in compliance with various permits, increased as a result of the increase in the number of holes drilled in 2015 compared to 2014. Assays and analysis increased in 2015 compared to 2014 for the same reasons.

Engineering and metallurgy costs decreased in 2015 compared to 2014 as 2014 costs primarily related to completing various reports associated with the pre-feasibility study on the Central Deposit that were substantially completed in the first quarter of 2014. The costs for 2015 primarily relate to the scoping level metallurgical study conducted on a composite of the Taylor Deposit drill core to estimate metal recoveries and concentrate characteristics. Geologic consulting and support were also lower in 2015 compared to 2014.

Permitting and environmental baseline studies decreased to \$50,945 in 2015 from \$319,184 in 2014 as the Company reduced the level of activity to conserve cash in this area.

Costs Expensed, Net Loss and Comprehensive Loss

	Year ended December 31,	
	2015	2014
Expenses:		
Salaries and benefits	\$ 590,776	\$ 668,850
Stock based compensation	585,873	184,469
Office and administrative	132,590	253,788
Professional services	59,240	204,194
Directors' fees	50,466	74,076
Filing and regulatory	44,551	33,214
Investor relations	44,409	48,184
Insurance	34,702	45,884
Legal	32,247	12,911
Fiscal and advisory services	23,892	22,897
Travel	22,051	12,778
Depreciation	7,040	8,973
Loss from operations	(1,627,837)	(1,570,218)
Interest and finance charges	(140,244)	(34,199)
Foreign exchange loss	(31,192)	(7,003)
Interest and other income	110,419	1,659
Gain on settlement of accounts payable	183,205	-
Net loss	(1,505,649)	(1,609,761)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Foreign currency translation gain	(232,407)	(139)
	232,407	139
Comprehensive loss	\$ (1,273,242)	\$ (1,609,622)
Net income (loss) attributable to:		
Shareholders of the Company	\$ (1,534,687)	\$ (1,595,849)
Non-controlling interest	29,038	(13,912)
	\$ (1,505,649)	\$ (1,609,761)
Comprehensive loss attributable to:		
Shareholders of the Company	\$ (1,302,280)	\$ (1,595,710)
Non-controlling interest	29,038	(13,912)
	\$ (1,273,242)	\$ (1,609,622)
Basic and diluted net loss per share attributable to shareholders of the Company	\$ (0.010)	\$ (0.011)
Weighted average number of shares outstanding	151,855,825	145,151,150

For the year ended December 31, 2015, the Company reported a net loss of \$1,505,649 compared to a net loss of \$1,609,761 in 2014. After accounting for the income attributable to the non-controlling interest, the net loss attributable to the Company was \$1,534,687 (\$0.010 per common share) for 2015 compared to a net loss attributable to the Company of \$1,595,849 (\$0.011 per common share) in 2014.

Salary costs decreased in 2015 compared to 2014 primarily because of a lower headcount and the impact of a weaker Canadian dollar when translating the costs from Canadian dollars to US dollars for reporting purposes.

The increase in stock based compensation expense, which is a non-cash expense, in 2015 compared to 2014 is a result of the grant in late May, 2015 of 9,515,000 stock options with an exercise price of C\$0.40 per share to directors, officers and employees of the Company. The Company uses the Black-Scholes option pricing model to determine the value of stock options, which is then amortized as an expense over

the vesting period, which in the case of a grant to directors is 50% at the time of grant and 50% one year thereafter, and for all others generally over three years. There were no substantive stock option grants in 2014.

The decrease in office and administrative costs in 2015 compared to 2014 is primarily related to the reduction in rent expense as a result of the amortization of the deferred rental contribution that arose in 2014, which is being amortized over the remaining lease term. Similarly, the increase in interest and other income in 2015 compared to 2014 relates to the deferred rental contribution received in 2014 on premises that the Company no longer occupies being taken to income during the year.

Professional services expense decreased to \$59,240 in 2015 from \$204,194 in 2014 as a result of the reduction in due diligence procedures and analysis on various strategic initiatives as the Company focused its efforts in 2015 on exploring the Taylor Deposit.

Interest and finance charges increased to \$140,244 in 2015 from \$34,199 in 2014 and reflects the increased borrowing from insiders to support the Company's operations.

The Company recorded a gain of \$183,205 in 2015 on the settlement of certain accounts payable for less than the amount owing as it sought to strengthen its balance sheet and direct available funds towards its exploration activities.

Other comprehensive income represents the gain on the translation of the parent company's Canadian dollar financial statements into US dollars for presentation purposes of \$232,407 for the year ended December 31, 2015 compared to a gain of \$139 in 2014. The gain arises as a result of the impact of the weakening of the Canadian dollar on the Company's net liabilities denominated in Canadian dollars.

After adjusting for a foreign currency translation gain there was a comprehensive loss for the year ended December 31, 2015 of \$1,273,242 compared to a comprehensive loss of \$1,609,622 in 2014.

Liquidity and Capital Resources

At December 31, 2015, the Company had cash and cash equivalents of \$418,950 compared to \$46,910 at December 31, 2014.

Operating activities used cash in the amount of \$993,152 in the year ended December 31, 2015 compared to a use of cash of \$1,263,247 in the same period of 2014. The decreased use of cash is primarily attributable to the lower corporate cash costs as discussed under "Costs Expensed, Net Loss and Comprehensive Loss", above as well as changes in working capital.

Cash inflow from financing activities of \$5,068,079 for the year ended December 31, 2015 compares to an inflow of \$3,495,673 for the year ended December 31, 2014. Cash inflow from financing activities in 2015 primarily relates to loans from insiders totalling \$4,391,804 that were advanced at various times during the year to support the Company's operations and in particular its exploration of the Taylor Deposit. The amounts advanced in 2015 comprise:

- \$1,313,565 of loans from directors and officers of the Company that were unsecured, bore interest at 12% per annum and were subject to a fee of 2% of the principal amount. To strengthen its balance sheet as it sought additional financing, on June 12, 2015 the loans, which then totalled \$1,911,462 (C\$2,320,000) including the amounts advanced in late 2014, together with accrued interest and fees were converted into 6,008,499 units of the Company at a price of C\$0.40 per unit. Each unit comprised one common share and one common share purchase warrant with each warrant entitling the holder to purchase one common share at a price of C\$0.60 per common share until June 12, 2017.
- \$1,536,645 (C\$2,000,000) received from the Company's Executive Chairman subsequent to June 12, 2015. The loans are unsecured, bear interest at 8% per annum and are repayable on the earlier of (i) one year from the date of advance, (ii) a change of control of the Company, or (iii) the

completion of a financing of C\$4.0 million or more by way of sale of securities from treasury of the Company or through the issuance of debt or other form of financing.

- \$1,541,594 (C\$2,044,000) received from the Company's Executive Chairman. The loans were unsecured, bore interest at a rate of 10% per annum compounded monthly and were repayable on the earlier of the Company completing a private placement of C\$2,044,000 or more and one year. On December 18, 2015, the loans, together with C\$21,898 of accrued interest and financing fees were settled by way of the issuance of 5,902,566 units of the Company at a price of C\$0.35 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of C\$0.45 per common share until December 18, 2020.

Cash inflow from financing activities in 2015 also includes a private placement of 2,000,000 units at a price of C\$0.35 per unit with the Company's directors and officers that closed on November 10, 2015 for proceeds of \$527,943 (C\$700,000). Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of C\$0.45 per common share until November 10, 2020.

Cash inflow from financing activities also includes contributions from the non-controlling interest of \$202,028 for the year ended December 31, 2015 compared to \$326,274 in 2014. The Company has a receivable from the non-controlling interest of \$139,089 at December 31, 2015.

Cash inflow from financing activities for 2014 is primarily attributable to the closing of the August 20, 2014 private placement that resulted in \$1,252,045 of new funding for the Company and \$1,187,311 of advances from the Company's Chairman and CEO of which \$589,414 including interest at 7% were converted into units on August 20, 2014 as part consideration for the private placement with the remaining advances converted into units on June 12, 2015. Cash inflow from financing activities in 2014 also includes \$743,873 received from a company previously related through certain common directors and management with respect to the provisions of the agreements governing certain shared operating leases. The amount has been recorded as a deferred rental contribution and is being amortized to office and administrative expense over the remaining term of the leases and will offset the increased cash cost of future lease payments.

Investing activities for the year ended December 31, 2015 used cash of \$3,663,307 compared to \$2,785,280 in 2014. Although project expenditures were relatively consistent in both periods the impact of the fluctuations in accounts payable balances associated with project expenditures led to an increase in the use of cash in 2015.

Subsequent to the year end, on February 22, 2016 the company announced a non-brokered private placement for a total of 6.7 million units at a price of C\$0.42 per unit for gross proceeds of C\$2.8 million. On March 2, 2016, the Company closed 6.07 million units of the private placement for gross proceeds of C\$2.55 million. The balance of the private placement of 0.65 million units for gross proceeds of \$0.27 million was placed with directors and/or officers of the Company and will close following shareholder approval at the Company's upcoming annual shareholders' meeting being held on April 22, 2016. Each unit consists of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant is convertible into one common share of the Company at a price of \$0.60 for a period of 18 months. See "Going Concern" at the beginning of this MD&A.

At December 31, 2015 the Company had contractual cash flow commitments as follows (\$000's):

	<u>< 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>> 5 Years</u>	<u>Total</u>
Accounts payable and accrued liabilities	\$ 212	\$ -	\$ -	\$ -	\$ 212
Due to related party	1,485	-	-	-	1,485
Operating lease obligations	222	367	-	-	589
	<u>\$ 1,919</u>	<u>\$ 367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,286</u>

Selected Financial Information

Information for the three years ended December 31, 2015, as extracted from the Company's audited financial statements, is presented as follows:

	2015		2014		2013	
Net Loss	\$	(1,505,649)	\$	(1,609,761)	\$	(1,173,357)
Net Loss per share (basic and diluted)	\$	(0.01)	\$	(0.01)	\$	(0.01)
Cash and cash equivalents	\$	418,950	\$	46,910	\$	650,347
Exploration and evaluation asset additions	\$	3,186,734	\$	3,286,479	\$	7,771,926
Total Assets	\$	74,458,941	\$	70,884,385	\$	69,854,824

Quarter Ended December 31, 2015

For the quarter ended December 31, 2015 the Company recorded a net loss of \$331,210 (\$0.002 per common share) compared to a net loss of \$324,923 (\$0.002 per common share) in the same period of 2014. The net loss in the fourth quarter of 2015 reflects an increase in stock based compensation expense of \$203,840 compared to the fourth quarter of 2014, which was largely offset by the gain of \$183,205 (2014 – \$nil) in the fourth quarter with respect to the settlement of certain accounts payable for less than the amount owing.

The Company capitalized \$854,147 of exploration and evaluation expenditures during the quarter ended December 31, 2015 compared to \$583,537 in the comparable quarter of 2014. The expenditures were higher in 2015 primarily as a result of the costs associated with the acquisition of the approximately 300 acres of patented mining claims that closed in January, 2016.

During the fourth quarter the Company received funding from its Executive Chairman of \$1,742,090 of which \$1,541,594 was converted into units of the Company during the quarter, as previously discussed. The Company also received proceeds from a private placement of 2,000,000 units at a price of C\$0.35 per share with the Company's directors and officers that closed on November 10, 2015 for proceeds of \$527,943. During the fourth quarter of 2014 the Company received funding from its Executive Chairman in the amount of C\$685,000.

Quarterly Review of Financial Information

The Company's financial statements are reported under IFRS issued by the IASB. The following table provides highlights from the Company's financial statements of quarterly results for the past eight quarters.

Unaudited (\$000s, unless otherwise stated)	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net income (loss)	\$ (331)	\$ (444)	\$ (429)	\$ (302)	\$ (325)	\$ (402)	\$ (475)	\$ (408)
Exploration and evaluation assets additions	\$ 854	\$ 448	\$ 1,078	\$ 806	\$ 584	\$ 1,275	\$ 464	\$ 964
US\$ to C\$ Exchange rate - period end	\$ 1.3840	\$ 1.3394	\$ 1.2474	\$ 1.2683	\$ 1.1601	\$ 1.1208	\$ 1.0676	\$ 1.1033
Basic and diluted net income (loss) per share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The most significant factors influencing the Company's quarterly results over the last eight quarters are:

- The impact of the timing of stock option grants on stock based compensation expense including the higher expense where a portion of the grant vests immediately.
- Additions to exploration and evaluation assets in the first and second quarters of 2014 primarily reflect work associated with the Central Deposit's pre-feasibility technical report and permitting and ongoing property maintenance. Additions from the third quarter of 2014 onwards reflect the drill program on the Taylor Deposit and ongoing property maintenance costs with the variation in expenditures by quarter dependent on the level of drilling and associated activity in the quarter.

- The fourth quarter of 2015 includes a gain of \$183,205 with respect to the settlement of certain accounts payable for less than the amount owing.

Share Capital Information

As at March 21, 2016, the Company had an unlimited number of common shares authorized for issuance with 168,021,058 issued and outstanding and an unlimited number of preferred shares authorized with nil outstanding. Also at March 21, 2016, the Company had outstanding 11,074,000 stock options held by directors, officers and employees of the Company and 22,445,615 warrants issued in connection with private placements and loans to the Company.

Proposed Transactions

There are no undisclosed proposed transactions that will materially affect the performance of the Company.

Off-Balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements.

Related Party Transactions

In addition to the related party transactions or balances disclosed elsewhere in these consolidated financial statements, the Company had the following related party transactions.

Non-controlling interest ("NCI") represents the 20% interest in the common shares and approximately 10% interest in the preference shares of AMI held by 5348 Investments. Pursuant to a shareholders' agreement (the "Shareholders' Agreement") governing the affairs of AMI, the Company controls the affairs of AMI and acts as the operator of the Hermosa property. Funding is provided to AMI in accordance with the Shareholders' Agreement and is by way of advances, which are subsequently converted to preference shares. The preference shares have priority over the common shares with respect to distributions and repayment. The Shareholders' Agreement generally requires 5348 Investments to fund 10% of AMI costs incurred on the originally acquired patented and unpatented claims on the Hermosa property and 20% of AMI costs incurred on any other claims subsequently acquired or staked. The Shareholders' Agreement provides for dilution of 5348 Investments' interest in the common shares to a minimum of 10% in the event it fails to fund its share of any funding for approved programs. As discussed earlier in this MD&A, subsequent to the year end the Company entered into a letter of intent to acquire the non-controlling interest.

Non-controlling interest increased by \$359,019 in the year ended December 31, 2015 (December 31, 2014 – \$257,105) as a result of \$329,981 (December 31, 2014 – \$271,017) of required contributions plus the non-controlling interest share of income for the year of \$29,038 (December 31, 2014 – loss of \$13,912). Amounts receivable includes \$139,089 (December 31, 2014 – \$11,136) outstanding from 5348 Investments with respect to these arrangements.

The Company shares office space, equipment, personnel and various administrative services with other companies (Catalyst Copper Corp. and Armor Minerals Inc.) related by virtue of certain common directors and management. These services have been mainly provided through a management company equally owned by the related companies. Costs incurred by the management company are allocated between the related companies based on time incurred and use of services and are charged at cost. The Company was charged for the following with respect to these arrangements in the years ended December 31, 2015 and 2014:

		2015		2014
Salaries and benefits	\$	510,421	\$	545,847
Office and administrative		299,285		366,902
Other income		(26,680)		-

Additions to other assets	-	15,646
	\$ 783,026	\$ 928,395

In addition, for the year ended December 31, 2015, the Company charged out \$6,062 (December 31, 2014 – \$9,129) and at December 31, 2015, amounts receivable includes \$4,530 (December 31, 2015 – \$92) and prepaids and other includes \$25,962 (December 31, 2014 – \$70,577) with respect to these arrangements.

Other assets of \$217,885 (December 31, 2014 – \$259,937) relate to the Company's share of jointly owned assets (primarily security deposits, leasehold improvements, and furniture and equipment) held by the management company.

Critical Accounting Policies and Estimates

The Company's accounting policies are described in its consolidated financial statements for the year ended December 31, 2015. The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continually evaluated. However, actual outcomes could materially differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Information about critical judgements and estimates in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements are as follows:

- Exploration and evaluation assets impairment estimation – The Company assesses its exploration and evaluation assets on a periodic basis to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate is made of the recoverable amount, which is the higher of the fair market value less costs to sell and its value in use. In determining the value in use the Company will develop an estimated cash flow for the mineral property, which will be based on the Company's estimates of ore reserves and mineral resources. The Company estimates its ore reserves and mineral resources based on information compiled by qualified persons as defined in accordance with Canadian Securities Administrators' National Instrument 43-101 Standards of Disclosure for Mineral Projects requirements. The estimation of mineral reserves and resources is based upon the results, assumptions and interpretation of various exploration techniques and information and includes additional factors such as metallurgical assumptions, expected commodity prices, capital requirements and operating costs that will also be used to develop the cash flow model. The Company must also determine an appropriate discount rate at which to discount the cash flows to determine the net present value. Changes in any of these assumptions, interpretations and estimates may have a significant impact on the net present value and therefore may also impact the carrying value of the exploration and evaluation assets.
- Stock based compensation – In determining the fair value of stock based compensation, the Company uses the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions such as the expected life of the options, estimates of interest rates and share price volatility that can materially affect the fair value estimate.

Changes in Accounting Policies

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC. Some updates that are not applicable or are not consequential to the Company may have been excluded.

IFRS 9, Financial Instruments: Classification and Measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if

the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018. The Company expects to adopt this standard effective January 1, 2018 and has not yet assessed the impact on its financial reporting.

On January 13, 2016, the IASB issues IFRS 16, Leases ("IFRS 16"), according to which, all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of IFRS 16 on its financial statements.

Financial Instruments

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure and attempts to manage the risk, where possible. These risks include market risk, liquidity risk and credit risk.

a) Market risk

Market risk represents the risk that the fair value of cash flows of a financial instrument will fluctuate because of changes in market prices. In particular:

Foreign exchange risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The Company incurs expenditures in Canadian and US dollars with the majority of the expenditures being incurred in US dollars exploring on its Hermosa property. The parent company has adopted a policy of converting the majority of its cash balances into US dollars, except to the extent Canadian dollars are required to fund corporate operations. As the functional currency of the parent company is Canadian dollars, foreign exchange risk arises because the amount of the US dollar cash and cash equivalents will vary in Canadian dollar terms due to changes in exchange rates. However, to the extent the US dollar balances will be used to fund future exploration expenditures on the Hermosa property the risk is mitigated and provides more certainty in terms of the funds available for that purpose.

At December 31, 2015, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars held by the Canadian parent company:

	December 31, 2015		December 31, 2014
Cash and cash equivalents	US\$ 397	US\$	197
Amounts receivable	664		434
Due from related party	139,089		11,136
Accounts payable and accrued liabilities	(53,310)		(22,293)
	US\$ 86,840	US\$	(10,526)

As at December 31, 2015, based on the above net exposures a 10% change in the Canadian-US dollar exchange rate would impact the Company's earnings by approximately \$9,000 (December 31, 2014 – \$1,000). As the Company reports in US dollars this amount would be offset by an approximately equivalent amount as part of other comprehensive income.

Price and Interest rate risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate and currency risk. The Company is not materially exposed to price risk at this time.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not materially exposed to interest rate risk at this time.

b) Liquidity risk

Liquidity risk represents the risk that the Company will be unable to meet its obligations associated with its financial liabilities. The Company endeavours to manage its liquidity risk by maintaining sufficient readily available cash in order to meet its liquidity requirements at any point in time (see discussion on going concern earlier in this MD&A).

c) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises for the Company from cash and cash equivalents held with banks and financial institutions, as well as credit exposure on outstanding amounts receivable and amounts due from a related party. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company manages its exposure to credit risk by holding its cash and cash equivalents through Canadian or US chartered banks, with short-term investments held in high-interest bank accounts and GIC's.

Risks and Uncertainties

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described below and the other information filed with the Canadian securities regulators before investing in the Company's common shares. The risks described below are not the only ones faced. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business. If any of the following risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and investors may lose part or all of their investment.

Dependence on one principal exploration stage property

At present, the Company's only mineral property is its Hermosa Project in Arizona. As a result, any significant adverse development that impacts the progress or financial or technical characteristics of the two identified deposits on the Hermosa Project may have a material adverse effect on the Company's share price, financial position, results of operations and future prospects.

The Company will require external financing or may need to enter into a strategic alliance to develop its mineral property

As discussed under "Going Concern" earlier in this MD&A, at December 31, 2015 the Company had cash and cash equivalents of \$418,950, a working capital deficiency of \$1,040,085, a net loss for the year ended December 31, 2015 of \$1,505,649, and a deficit of \$28,827,658. On March 3, 2016, the Company closed 6.07 million units of the non-brokered private placement announced on February 22, 2016 at a price of \$0.42 per unit for gross proceeds of C\$2.55 million.

The Company will require funding to continue drilling and other work on its Taylor Deposit including on the newly acquired patented mining claims and targets on the unpatented mining claims and for general working capital purposes. The Company has historically raised funds principally through the sale of securities and more recently, through advances from Company insiders. The Company expects that it will continue to obtain funding through similar or other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain

such additional funding or obtain it on acceptable terms. This material uncertainty casts significant doubt about the Company's ability to continue as a going concern.

The continued development of the Taylor Deposit or the Central Deposit on the Hermosa property will require the commitment of substantial resources for operating expenses and exploration and development expenditures, which may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of the deposits are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the acquisition of additional properties, and other factors, many of which are beyond the Company's control.

The Company has no source of operating income. Historically, the Company has raised funds principally through the sale of its securities. The sources of financing the Company may use to fund future expenditures on the project may include public or private offerings of equity or debt, streaming and offtake agreements, and project or bank financing. In addition, the Company may enter into a strategic alliance, sell certain of its assets or utilize a combination of all of these alternatives. Additional equity financing may cause dilution to Arizona Mining's existing shareholders. In addition, the unrestricted resale of shares resulting from the exercise of dilutive securities may have a depressing effect on the market for the Company's common shares. There can be no assurance that financing will be available on acceptable terms, if at all.

The Company may be adversely affected by fluctuations in zinc, lead, silver, copper, manganese, and other metal prices

The development of the Company's Hermosa Project and future profitable operations is dependent, to a large extent, on the market price of the Hermosa Project's primary metals being zinc, lead and silver in the case of the Taylor Deposit and silver and manganese in the case of the Central Deposit. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

Lower mineral prices, especially if over extended periods, could result in a reduction in the Company's ore reserves and resources and a re-evaluation of the economics of the two deposits on the Hermosa Project. This could result in the delay or deferral of the development of the deposits. It could also result in difficulty in the Company raising new funding, the possible impairment to the carrying value of the exploration and evaluation assets and a decrease in the Company's share price.

The Company may be subject to risks relating to the global economy

Market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede the Company's access to capital or increase the cost of capital.

The Company is also exposed to liquidity risks in meeting its operating and capital expenditure requirements in instances where its cash position is unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. Increased market volatility may impact the Company's operations which could adversely affect the trading price of the Company's common shares.

The Company will require various permits to enable it to conduct its current and anticipated future operations

The Company's current and anticipated future operations, including further exploration and development activities and commencement of any production from the Company's property in Arizona require permits from various United States federal, state and local authorities. The granting, continuing validity and

enforcement of the terms of such permits are, as a practical matter, often subject to the discretion of the applicable governments or government officials. There can be no assurance that all permits that the Company requires will be obtainable on reasonable terms, or at all, or will continue to be valid. To the extent such permits are delayed or not obtained the Company may be curtailed or prohibited from proceeding with the development, construction or operation of its Hermosa deposits. Failure to comply with applicable laws, regulations and permitting requirements may also result in enforcement actions thereunder including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation or additional equipment, or remedial actions including compensation and civil or criminal fines or penalties.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof could have a material adverse impact on the Company and cause increases in costs and delays or abandonment of new mining projects.

The Company is subject to government regulation

The Company's mineral exploration is, and any development activities will be, subject to various United States laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. At present, there is no royalty payable to the United States on production from unpatented mining claims, although legislative attempts to impose a royalty have occurred in recent years. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a material adverse impact on our business and financial condition. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

The Company's business activities are subject to environmental laws and regulations

The Company's operations are subject to United States federal, state and local laws and regulations regarding environmental matters. These laws address, among other things, emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, and reclamation of lands disturbed by mining operations. Environmental laws and regulations change frequently, and are generally becoming more stringent. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on our business and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production, when producing, or require abandonment or delays in development of our mineral properties. In addition, as previously discussed the Company closed the acquisition of approximately 300 acres of patented mining claims on January 26, 2016 and assumed the environmental liabilities relating to past activities on the site. The Company has submitted a remediation work plan that addresses the environmental liabilities, which has been approved by the Arizona Department of Environmental Quality. While the Company believes it has identified all of the environmental liabilities and that its planned actions should remediate the site there can be no assurance that other environmental liabilities both on and off the site may be identified in the future or that the planned actions will not effectively remediate the site. This may result in additional costs to the Company or delays in the advancement of its projects, which could have an adverse material impact on the Company.

The Company has no history of developing properties into production

The Company's two deposits on its Hermosa Project are not in commercial production, and the Company has not recorded any revenues from mining operations. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The future development of any properties found to be economically feasible will require permits, financing and the construction and operation of mines, processing plants and related infrastructure. As a result, the

Company will be subject to all of the risks associated with establishing new mining operations including: the timing and cost of the construction of mining and processing facilities; the availability and cost of skilled labour and mining equipment; the availability and costs of suitable refining and smelting arrangements; the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits; the availability of funds to finance the development and construction activities; the impact of any opposition to the developmental activities from non-governmental, environmental, local or other groups that may delay or prevent development; potential increases in construction or operating costs due to changes in the cost of supplies and materials and changes in foreign exchange rates.

Mineral reserve and resource estimates

The Company's reserves and resources as reported herein are estimates only and no assurance can be given that any particular level of recovery of zinc, lead, silver, copper, manganese or other metals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Any material change in the quantity of mineralization, grade, mineral prices, metal recoveries, costs or other assumptions used to calculate mineral reserves and resources may affect the economic viability of any property held by the Company.

Exploration, development and mining activities can be hazardous and involve a high degree of risk

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of base or precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding, fires and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

The Company has a history of losses and anticipates that it will continue to incur losses for the foreseeable future

The Company has historically incurred losses as evidenced by the consolidated statements of operations and deficit, which can be found on SEDAR at www.sedar.com. The Company incurred a net loss of \$1,505,649 for the year ended December 31, 2015 and has an accumulated deficit of \$28,827,658 as at December 31, 2015.

The Company's efforts to date have been focused on acquiring and exploring its mineral property. The Company does not anticipate that it will earn any revenue from operations or other means unless and until its property is placed into production, which is not expected to be for several years, if at all, or is sold to a third party.

Inadequate infrastructure may delay or prevent the Company's operations

Exploration, development and ultimately mining and processing activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable air service, roads, bridges, power sources and water supply are significant contributors in the determination of capital and operating costs. Inadequate infrastructure could significantly delay or prevent the Company exploring and developing its project and could result in higher costs.

The Company does not and likely will not insure against all risks

The Company's insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically

feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to environmental liability or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

The Company's common shares may be subject to price and volume fluctuations and the market price for the common shares of the Company may drop below the price at which such common shares were purchased

Securities markets experience considerable price and volume volatility, and the market prices of securities of many companies may be subject to wide fluctuations not necessarily related to the operating performance, underlying asset values, exploration success or prospects of such companies. The market price of a publicly traded stock, especially a junior resource issuer, may be affected by many variables including the market for junior resource stocks, the strength of the economy generally, commodity prices, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of securities on the stock exchanges on which the Company trades, suggest the trading price of the common shares will continue to be volatile. There can be no assurance that such fluctuations will not affect the price of the Company's common shares and that the price of such common shares may decline below the purchase price paid for such common shares.

In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

The Company is dependent on key personnel

The Company's success depends in part on its ability to recruit and retain qualified personnel. Due to its relatively small size, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. In addition, despite its efforts to recruit and retain qualified personnel, even when those efforts are successful, people are fallible and human error could result in a significant uninsured loss to the Company.

The Company competes with larger, better-capitalized competitors in the mining industry

The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious or other metals. Many of these companies have greater financial resources, operational experience and technical capabilities than Arizona Mining. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all.

Title to the Company's property may be subject to other claims

Although the Company believes it has exercised commercially reasonable due diligence with respect to determining title to properties it owns, controls or has the right to acquire by option, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unrecorded agreements or transfers or other land claims and title may be affected by undetected defects. There may be valid challenges to the title of the Company's properties, which, if successful, could impair development and/or operations. In addition, mineral properties may be leased and may be subject to defects in title.

Litigation may adversely affect the Company

The Company may be involved in disputes with other parties in the future, which may result in litigation or arbitration. The results of litigation or arbitration cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on the Company.

The Company's officers and directors may have potential conflicts of interest

The Company's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. However, applicable law requires the directors and officers to act honestly, in good faith, and in the best interests of the Company and in the case of directors, to refrain from participating in the relevant decision in certain circumstances.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting. As required by National Instrument 52-109 issued by the Canadian Securities Administrators, the Company carried out an evaluation of the design and effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting as of December 31, 2015. The evaluation was carried out under the supervision and with the participation of the CEO and the CFO. Based on the evaluation, the Company's CEO and CFO concluded that: (i) the Company's disclosure controls and procedures are effective in providing reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. In addition, the Company's CEO and CFO concluded that the Company's internal controls over financial reporting are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for the Company and its consolidated subsidiaries for the period in which the annual filings are being prepared.

There were no changes in the controls, which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the three months ended December 31, 2015.

Assays and Quality Assurance/Quality Control

To ensure reliable sample results, the Company has a rigorous QA/QC program in place that monitors the chain-of-custody of samples and includes the insertion of blanks, duplicates, and certified reference standards in each batch of samples. Core is photographed and split in half with one-half retained in a secured facility for verification purposes.

Post March 2014, sample preparation (crushing and pulverizing) is performed at ALS Minerals Laboratories, an ISO/IEC accredited lab located in Tucson, Arizona. ALS Minerals Laboratories prepares a pulp of all samples and sends the pulps to their analytical laboratory in Vancouver, B.C. Canada for analysis. ALS analyzes the pulp sample by ICP following a 4-acid digestion (ME-ICP61 for 33 elements) including Cu (copper), Pb (lead), and Zn (zinc). All samples in which Cu (copper), Pb (lead), or Zn (zinc) are greater than 10,000 ppm are rerun using four acid digestion with an ICP – AES finish (Cu-OG62; Pb-OG62; and Zn-OG62) with the elements reported in percentage (%). Silver values are determined by ICP ((ME-ICP61) with all samples with silver values greater than 100 ppm repeated using four acid digestion with an ICP-AES finish (Ag-OG62) calibrated for higher levels of silver contained. Any values over 1,500

ppm Ag triggers a fire assay with gravimetric finish analysis. Gold values are determined by a 30 gm fire assay with an ICP-AES finish (Au-ICP21).

Pre-March 2014, sample preparation (crushing and pulverizing) was performed at Skyline Laboratories, an ISO/IEC accredited lab located in Tucson, Arizona. Skyline Laboratories prepared two pulps of all samples and completed analysis of one pulp sample by ICP for Cu% (copper), Pb% (lead), Zn% (zinc) and Mn% (manganese). The second pulp was shipped to Inspectorate Labs, an ISO: 9001-2008 accredited laboratory in Reno, Nevada, where the duplicate pulp was analyzed for Au (gold) and Ag (silver). Silver values were determined by gravimetric fire assay (1 AT) with gold values determined by an AA finish from the same dore bead: Final silver value is the weight of the dore bead minus the AA gold value. In certain drill holes Skyline completed analyses of pulps for gold (FA-1AT/AA) and silver was determined by multi-acid digestion/AA finish. If the silver value was greater than 150 gpt the sample was redone by gravimetric FA (1AT) with the gravimetric gold value subtracted. At both labs if the FA/AA Au value was greater than 3 gpt the Au assay was repeated by FA gravimetric methods. Certain duplicate pulps had gold-silver QA/QC checks run at Skyline by the above methods. Also certain duplicate pulps also had Cu, Pb, Zn, Mn QA/QC checks using ICP/AA methods and 30 element spectral ICP determined at Inspectorate after 4-acid digestion.

Qualified Persons

Scott Wilson, President of Metal Mining Consultants, is an independent qualified person as defined by National Instrument 43-101 and approved and verified the information in relation to the February 1, 2015, updated Taylor Deposit resource estimate. Mr. Wilson is a Certified Professional Geologist and member of the American Institute of Professional Geologists (CPG #10965) and a Registered Member (#4025107) of the Society of Mining, Metallurgy and Exploration, Inc., a professional association and designation recognized by the Canadian regulatory authorities.

The results of Arizona Mining's drilling results on the Taylor Deposit have been reviewed, verified and compiled by Donald Taylor, MSc., PG Chief Operating Officer for Arizona Mining, a qualified person as defined by National Instrument 43-101 (NI 43-101). Mr. Taylor has more than 25 years of mineral exploration and mining experience, and is a Registered Professional Geologist through the SME (registered member #4029597). Mr. Taylor is also a Licensed Professional Geologist in several US states.

ARIZONA MINING INC.
Corporate Information

Head Office	#555 – 999 Canada Place Vancouver, BC, Canada V6C 3E1 Telephone: (604) 687-1717 Facsimile: (604) 687-1715
Directors	James Gowans Poonam Puri Donald Siemens Donald R. Taylor Robert P. Wares Richard W. Warke (Executive Chairman)
Officers	Richard W. Warke – Executive Chairman James Gowans – President and Chief Executive Officer Donald R. Taylor – Chief Operating Officer Paul J. Ireland – Chief Financial Officer Gregory F. Lucero – Vice President, Government and Community Relations Purni Parikh – Vice President, Corporate Secretary
Registrar and Transfer Agent	Computershare Investors Services Inc. #401 - 510 Burrard Street Vancouver, BC V6C 3B9
Auditors	PricewaterhouseCoopers LLP Chartered Professional Accountants 250 Howe Street, Suite 700 Vancouver, BC V6C 3S7
Solicitors	Davies Ward Phillips & Vineberg LLP 155 Wellington Street West Toronto, Ontario M5V 3J7
Shares Listed	Toronto Stock Exchange (TSX) Trading symbol ~ AZ
Investor Relations	Info@arizonamining.com (604) 687-1717