# IMC International Mining Corp.

## Financial Statements

## For the period from incorporation on August 30, 2018 to December 31, 2018

**(Expressed in Canadian Dollars)**

D&H Group LLP
Chartered Professional Accountants
10th Floor, 1333 West Broadway
Vancouver, BC V6H 4C1

dhgroup.ca
t 604.731.5881
f 604.731.9923

# Independent Auditor's Report

To the Shareholder of IMC International Mining Corp.

**Opinion**

We have audited the financial statements of IMC International Mining Corp. (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statement of loss and comprehensive loss, statement of changes in equity and statement of cash flows for the period from incorporation on August 30, 2018 to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the period from incorporation on August 30, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards.

**Basis for Opinion**

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

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the financial statements, which indicates that the Company is dependent upon the receipt of equity and/or related party debt financing on terms which are acceptable to it. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other Information**

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Gordon Cummings.

***"D&H Group LLP"***

Vancouver, B.C.
April 11, 2019

**Chartered Professional Accountants**

## IMC International Mining Corp.
**Statement of Financial Position**
**As at December 31**
**(Expressed in Canadian dollars)**

| | Note | | **2018** |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash | | $ | 1 |
| **TOTAL ASSETS** | 5 | $ | 1 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts payable and accrued liabilities | | $ | 18,900 |
| **SHAREHOLDER'S EQUITY** | | | |
| Share capital | 5 | | 1 |
| Deficit | | | (18,900) |
| **Total equity** | | | (18,899) |
| **TOTAL LIABILITIES AND SHAREHOLDER EQUITY** | | $ | 1 |

Going concern – Note 2
Subsequent events – Note 10

These financial statements were authorized for issue by the Board of Directors on April 11, 2019.

Approved on behalf of the Board of Directors:

*"Brian Thurston"*, Director *"Mike Aujla"*, Director

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

# IMC International Mining Corp.
**Statement of Loss and Comprehensive Loss**
**For the period from incorporation on August 30, 2018 to December 31, 2018**
**(Expressed in Canadian dollars)**

| | | Period ended December 31, 2018 |
|---|---|---|
| **EXPENSES** | | |
| Consulting | $ | 18,900 |
| **TOTAL OPERATING EXPENSES** | | 18,900 |
| **NET AND COMPREHENSIVE LOSS FOR THE PERIOD** | $ | (18,900) |
| **Loss per share, basic and diluted** | $ | (18,900) |
| **Weighted average number of common shares outstanding** | | 1 |

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

# IMC International Mining Corp.
## Statement of Changes in Equity
## For the period from incorporation on August 30, 2018 to December 31, 2018
## (Expressed in Canadian dollars)

| | Share Capital | | | |
|---|---|---|---|---|
| | **Number** | **Amount** | **Deficit** | **Total Equity** |
| | | $ | $ | $ |
| **August 30, 2018** | - | - | - | - |
| Common share issued for cash | 1 | 1 | - | 1 |
| Loss and comprehensive loss for the period | - | - | (18,900) | (18,900) |
| **December 31, 2018** | 1 | 1 | - | (18,899) |

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

# IMC International Mining Corp.
## Statement of Cash flows
## For the period from incorporation on August 30, 2018 to December 31, 2018
## (Expressed in Canadian dollars)

| | | Period ended December 31, 2018 |
|---|---|---|
| **Cash (used in) provided by:** | | |
| **OPERATING ACTIVITIES:** | | |
| Net loss for the period | $ | (18,900) |
| **Net changes in non-cash working capital items:** | | |
| Accounts payable and accrued liabilities | | 18,900 |
| **Net cash used in operating activities** | | - |
| **FINANCING ACTIVITIES:** | | |
| Proceeds from issuance of common shares | | 1 |
| **Cash provided by financing activity** | | 1 |
| Change in cash | | 1 |
| Cash, beginning of period | | - |
| **Cash, end of period** | $ | 1 |

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

## 1. NATURE OF OPERATIONS

IMC International Mining Inc. (the "Company" or "IMC") was incorporated under the laws of British Columbia on August 30, 2018, for the purposes of a plan of arrangement ("Arrangement") with Chemesis International Inc. ("Chemesis"). IMC is currently a private Company. IMC's head and principal business address are all located at Suite 2710, 200 Granville Street, Vancouver, British Columbia V6C 1S4. IMC's registered and records office address is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

See Note 10.

## 2. GOING CONCERN

The Company has no current source of operating revenue and is accordingly dependent upon the receipt of equity and/or related party debt financing on terms which are acceptable.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

## 3. BASIS OF PRESENTATION

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these financial statements and are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

## 3. BASIS OF PRESENTATION (CONTINUED)

### 3.1. Basis of measurement

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

### 3.2. Significant judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

There are no areas which require management to make significant judgments, estimates and assumptions.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

### 4.2 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.3. Income Taxes (continued)

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.4 Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as contributed surplus.

### 4.5 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation properties, with the offsetting credit to contributed surplus. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.6 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

### 4.7 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

### 4.8 Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.8 Financial Instruments (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss in the period in which they arise.

Financial assets and liabilities carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in compressive income or loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss.

### 4.9 Share Issuance Costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital. Share issue costs incurred from the issuance of flow-through shares are charged directly to share capital and expense in proportion to the value of the Company’s shares at time of issue and any flow-through share premium.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.10 Comprehensive Income (Loss)

Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income includes items such as gains and losses on re-measuring available-for-sale financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

### 4.11 Changes in Significant Accounting Policies

**Accounting standard anticipated to be effective**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2019, or later periods. New standards and updates, which are not applicable or are not consequential to the Company, have been excluded from the list below.

IFRS 16, *Leases*, specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. IFRS 16 is effective for years beginning after January 1, 2019. The Company does not anticipate the adoption of this standard to have a significant impact on the Company's financial statements.

**(Expressed in Canadian dollars)**

## 5. EQUITY

### 5.1 Authorized Share Capital

Unlimited number of common shares with no par value.

### 5.2 Shares Issued

Shares issued and outstanding as at December 31, 2018 is 1 Class A common share.

During the period ended December 31, 2018, the following share transaction occurred:

i. On August 30, 2018, the Company incorporated and issued 1 Class A common share at a price of $1 per share for gross proceeds of $1.

## 6. RELATED PARTY DISCLOSURES

| Relationships | Nature of the relationship |
|---|---|
| Key management | Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, and Chief Financial Officer. |

As of December 31, 2018, $18,900 is owed to a Director and Officer for unpaid fees.

During the period ended December 31, 2018, the Company accrued $18,900 included in consulting fees to a Director and Officer for services provided.

## 7. INCOME TAXES

During the period ended December 31, 2018, the Company incurred no deductible temporary differences or unused tax losses which are expected to be carried forward and applied against taxable income in future years.

## 8. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company’s objective when managing capital is to maintain corporate and administrative functions necessary to support the Company’s operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

## 8. MANAGEMENT OF CAPITAL (CONTINUED)

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

## 9. RISK MANAGEMENT

### 9.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

**a. Capital Risk**
The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of share capital.

**b. Credit Risk**
Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

**c. Liquidity Risk**
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2018, the Company's working capital (deficit) is ($18,899), and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company has a cash of $1 and accounts payable and accrued liabilities of $18,900.

**d. Market Risk**
Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

### 9.2 Fair Values

**Level 1 –** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

**Level 2 –** Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

**Level 3 –** Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

## 9. RISK MANAGEMENT (CONTINUED)

Cash is measured at fair value using level 1 inputs. The carrying value of accounts payable approximates its fair values due to its short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

## 10. SUBSEQUENT EVENTS

i) The Company is in the process of closing a private placement to issue up to 8,300,000 common shares at a price of $0.05 per share for total proceeds of up to $415,000. The Company has received a total of $375,000 as of the date of these financial statements.

ii) On February 1, 2019, Chemesis and the Company completed a reorganization transaction by way of a plan of arrangement ("Arrangement") whereby Chemesis undertook a reorganization and spin-out of various interests in minerals located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the "Bullard Pass Property") to IMC.

On February 1, 2019, each of the events set out below occurred:

a) Chemesis transferred all of the issued and outstanding common shares of its wholly owned subsidiary, Canadian Mining of Arizona Inc. ("CMAI"), to IMC in exchange for 3,246,625 IMC common shares.

b) Each Chemesis stock option and share purchase warrant as of November 29, 2018 ("Record Date") which had not been duly exercised or cancelled was deemed to be exchanged for:

i. one fully-vested replacement Chemesis stock option or share purchase warrant ("Replacement unit"). Each Replacement Unit will have identical terms, exercise price and expiry date as the original stock options and warrants replaced; and

ii. one-twentieth of one fully-vested IMC stock option and share purchase warrant ("IMC Replacement Unit"). Each IMC Replacement Unit will be governed by the terms of the IMC Plan and will have the same exercise price and expiry date as the related Chemesis stock options and share purchase warrants:

**(Expressed in Canadian dollars)**

## 10. SUBSEQUENT EVENTS (CONTINUED)

The resulting options and warrants issued and granted as of the date of completion, February 1, 2019 are as follows:

Options

| Expiry date | Options | | Exercise price |
|---|---|---|---|
| September 18, 2019 | 7,500 | $ | 1.00 |
| June 9, 2022 | 17,500 | | 0.50 |
| August 18, 2022 | 15,000 | | 1.10 |
| July 22, 2023 | 240,000 | | 1.00 |
| September 27, 2023 | 10,000 | | 1.74 |
| November 6, 2023 | 15,000 | | 1.40 |
| **TOTAL** | 305,000 | $ | |

Warrants

| Expiry date | Warrants | | Exercise price |
|---|---|---|---|
| August 3, 2019 | 229,014 | $ | 1.00 |
| **TOTAL** | 229,014 | $ | 1.00 |

After completion of the arrangement, IMC now owns 100% of CMAI along with the assets of the Bullard Pass Property. IMC intends to operate a gold mineral exploration and development business and will continue to advance its Bullard Pass Property and seek other mineral exploration assets.