# IMC International Mining Corp.

## Consolidated interim Financial Statements

## For the three months ended March 31, 2020

## (Expressed in Canadian Dollars)

## NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of IMC International Mining Corp. (the "Company") have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the three months ended March 31, 2020 have not been reviewed or audited by the Company's independent auditors. All amounts are stated in Canadian Dollars.

**(Expressed in Canadian dollars)**

| As at | Note | | March 31, 2020 | | December 31, 2019 (audited) |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current Assets** | | | | | |
| Cash | | $ | 9,366 | $ | 1,769 |
| Amounts receivable | | | 14,485 | | 10,026 |
| Prepaid expenses | | | 578,512 | | 273,560 |
| Promissory Note Receivable | 11 | | 75,974 | | 195,974 |
| | | | **678,337** | | **481,329** |
| **Non-current Assets** | | | | | |
| Exploration and evaluation assets | 5 | | 275,397 | | 266,165 |
| **TOTAL ASSETS** | | **$** | **953,734** | **$** | **747,494** |
| **LIABILITIES** | | | | | |
| **Current Liabilities** | | | | | |
| Accounts payable and accrued liabilities | | $ | 144,068 | $ | 94,734 |
| **SHAREHOLDERS' EQUITY** | | | | | |
| Share capital | 6 | | 1,783,070 | | 1,016,820 |
| Contributed Surplus | | | 290,250 | | 290,250 |
| Accumulated deficit | | | (1,263,654) | | (654,310) |
| **Total equity** | | | **809,666** | | **652,760** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **$** | **953,734** | **$** | **747,494** |

Share split - Notes 1 and 6
Going concern – Note 2
Subsequent events – Note 12 and 6

These consolidated interim financial statements were authorized for issue by the Board of Directors on June 1, 2020.

Approved on behalf of the Board of Directors:

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

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

**IMC International Mining Corp.**
**Consolidated Interim Statements of Loss and Comprehensive Loss**
**For the three months ended March 31**
**(Expressed in Canadian dollars)**

| | Note | | 2020 | | 2019 |
|---|---|---|---|---|---|
| **EXPENSES** | | | | | |
| Advertising and marketing | | $ | 455,894 | $ | - |
| Consulting | | | 22,296 | | - |
| Filing fees | | | 27,652 | | 2,090 |
| Office | | | 13,037 | | 382 |
| Management fees | 7 | | 37,000 | | 9,450 |
| Professional fees | | | 38,340 | | 16,765 |
| **TOTAL OPERATING EXPENSES** | | **$** | **(594,219)** | **$** | **(28,687)** |
| **OTHER ITEM** | | | | | |
| Foreign exchange income | | | (15,125) | | (7) |
| **NET AND COMPREHENSIVE LOSS FOR THE PERIOD** | | **$** | **(609,344)** | **$** | **(28,694)** |
| **Loss per share, basic and diluted** | | **$** | **(0.02)** | **$** | **(0.01)** |
| **Weighted average number of common shares outstanding** | | | **28,567,584** | | **2,308,710** |

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

**IMC International Mining Corp.**
**Consolidated Interim Statements of Changes in Equity**
**For the three months ended March 31, 2020 and 2019**
**(Expressed in Canadian dollars)**

| | Share Capital | | | | | |
|---|---|---|---|---|---|---|
| | Number | Amount $ | Subscriptions Received $ | Contributed Surplus $ | Deficit $ | Total Equity $ |
| **Balance, December 31, 2019** | **27,205,392** | **1,016,820** | **-** | **290,250** | **(654,310)** | **652,760** |
| Warrants Exercised | 210,000 | 21,000 | - | - | - | 21,000 |
| Private Placement | 3,110,000 | 777,500 | - | - | - | 777,500 |
| Share issuance cost | - | (32,250) | - | - | - | (32,250) |
| Net loss | - | - | - | - | (609,344) | (609,344) |
| **Balance, March 31, 2020** | **30,525,392** | **1,744,070** | **-** | **290,250** | **(1,263,654)** | **809,666** |
| **Balance, December 31, 2018** | **2** | **1** | **-** | **-** | **(18,900)** | **(18,899)** |
| Subscriptions received | - | - | 400,000 | - | - | 400,000 |
| Shares issued pursuant to Arrangement | 6,493,242 | 113,319 | - | - | - | 113,319 |
| Net loss | - | - | - | - | (28,694) | (28,694) |
| **Balance, March 31, 2019** | **6,493,244** | **113,320** | **400,000** | **-** | **(47,594)** | **465,726** |

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

**IMC International Mining Corp.**
**Consolidated Interim Statements of Cash flows**
**For the three months ended**
**(Expressed in Canadian dollars)**

| | | March 31, 2020 | | March 31, 2019 |
|---|---|---|---|---|
| **Cash (used in) provided by:** | | | | |
| **OPERATING ACTIVITIES:** | | | | |
| **Net loss** | **$** | **(609,344)** | **$** | **(28,694)** |
| Item not involving cash: | | | | |
| Share-based payments | | | | |
| **Net changes in non-cash working capital items:** | | | | |
| Amounts receivable | | (4,459) | | - |
| Prepaid expenses | | (304,952) | | - |
| Accounts payable and accrued liabilities | | 49,334 | | 28,305 |
| **Net cash used in operating activities** | | **(869,421)** | | **(389)** |
| **INVESTING ACTIVITY:** | | | | |
| Exploration and evaluation assets | | (9,232) | | - |
| **Cash used in investing activities** | | **(9,232)** | | **-** |
| **FINANCING ACTIVITIES:** | | | | |
| Subscription receipts | | - | | 400,000 |
| Issuance of common shares | | 745,250 | | - |
| Exercise of warrants | | 21,000 | | - |
| Promissory Note | | 120,000 | | - |
| **Cash provided by financing activities** | | **866,250** | | **400,000** |
| Change in cash | | 7,597 | | 399,611 |
| Cash, beginning of period | | 1,769 | | 1 |
| **Cash, end of period** | **$** | **9,366** | **$** | **399,612** |

The accompanying notes are an integral part of these consolidated interim 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'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 Suite 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

On January 2, 2020, the Company split its shares on a 2:1 basis. All common shares, warrants and options in these consolidated interim financial statements are stated post-split.

## 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 consolidated interim 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 consolidated interim financial statements have been prepared on a historical cost basis. In addition, these consolidated interim 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 consolidated interim 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").

These consolidated interim financial statements were authorized for issue by the Board of Directors on June 1, 2020.

### 3.1. Basis of measurement

These consolidated interim 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. BASIS OF PRESENTATION (CONTINUED)

### 3.2. Significant judgments, estimates and assumptions

The preparation of the Company's consolidated interim 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 consolidated interim 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.

**Critical Accounting Judgments**

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

*Functional currency*

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

*Going concern*

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment.

*Impairment of exploration and evaluation assets*

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation assets. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely, and exploration and evaluation assets should be impaired.

*Completeness of reclamation liabilities*

Management determines the future costs the Company will incur to complete the rehabilitation work that is required to comply with existing laws, regulations and agreements in place at each exploration site. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of rehabilitation work required by the Company. Management determined at the date of the statement of financial position that no material rehabilitation provisions were required under IAS 37, Provisions, Contingent Liabilities, and Contingent Assets.

## 3. BASIS OF PRESENTATION (CONTINUED)

### Critical Accounting Estimates

*Income Taxes*

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Exploration and Evaluation Assets

**(i) Pre-license costs:**

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

**(ii) Exploration and evaluation costs:**

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes, on a property by property basis, the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold or considered impaired in value. Indirect administrative costs are expensed as incurred. Exploration and evaluation properties are not depreciated during the exploration and evaluation stage.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

### 4.2 Decommissioning and Restoration

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.3 Exploration and Evaluation Assets

The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at December 31, 2019 and 2018, the Company has determined that it does not have any decommissioning and restoration obligations related to current or former operations.

### 4.4 Impairment of exploration and evaluation assets

Management reviews the carrying values of its exploration and evaluation assets on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, acquisition costs related to relinquished property rights are written off in the period of relinquishment. Capitalized acquisition costs in respect of the Company's exploration and evaluation assets may not be recoverable and there is a risk that these costs may be written down in future periods. Impairment is charged through profit and loss.

The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### 4.5 Functional Currency

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity enters transactions. The functional currency of the Company is the Canadian dollar. The functional currency of Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the statement of financial position, while non-monetary assets and liabilities are translated at historical rates.

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of net loss in the period in which they occur.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.5 Functional Currency (continued)

The results of operations and financial position of each subsidiary where the functional currency is different from the presentation currency are translated as follows: assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; expenses are translated at exchange rates prevailing at the dates of the transactions, all resulting exchange differences are recognized in other comprehensive income.

### 4.6 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.

### 4.7 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.

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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.7 Income Taxes (continued)

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.

### 4.8 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.

### 4.9 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)

### 4.10 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.

### 4.11 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.

### 4.12 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.

(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.

**(Expressed in Canadian dollars)**

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.13 Financial Instruments

(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.

### 4.14 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.

### 4.15 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.

## 5. EXPLORATION AND EVALUATION ASSETS

The Company has 171 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United states.

On February 1, 2019, the Company completed the spin out transaction to acquire the mineral property claims described above. A summary of the capitalized acquisition and exploration expenditures and accumulated totals for the periods ended December 31, 2019 and 2018 are as follows:

| | | |
|---|---|---|
| **Balance at December 31, 2019** | **$** | **266,165** |
| Additions during the period | | 9,232 |
| **Balance at March 31, 2020** | **$** | **275,397** |

Subsequent to March 31, 2020, the Company completed its acquisition of Thane Minerals Inc. (see Note 12)

**(Expressed in Canadian dollars)**

## 6. EQUITY

### 6.1 Authorized Share Capital

Unlimited number of common shares with no par value.

### 6.2 Shares Issued

Shares issued and outstanding as at March 31, 2020 are 30,525,392 common shares.

On January 2, 2020, the Company split its shares on the basis of two common shares for each outstanding common share. See Note 1.

During three months ended March 31, 2020, the Company had the following share transactions:

Issued 210,000 common shares of the Company for gross proceeds of $21,000 pursuant to warrant exercises.

Issued 3,110,000 units at a price of $0.25 per unit for total proceeds of $777,500. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of $0.40 for a period of two years. Cash finders' fees of $32,250 were paid. 87,000 finder's warrants were issued at the same terms. As the original warrants had a fair value of $nil, the finder's warrants were also valued at $nil.

### 6.3 Warrants

As of March 31, 2020, the following warrants were outstanding:

| | Warrants | | Weighted average exercise price |
|---|---|---|---|
| **December 31, 2019** | **20,646,150** | **$** | **0.07** |
| Exercised | (210,000) | | (0.10) |
| Issued | 3,197,000 | | 0.40 |
| **March 31, 2020** | **23,633,150** | **$** | **0.07** |

| Expiry date | Warrants | | Exercise price |
|---|---|---|---|
| April 18, 2021 | 16,390,000 | **$** | 0.05 |
| October 15, 2021 | 4,046,150 | | 0.16 |
| February 21, 2022 | 3,197,000 | | 0.40 |
| | **23,633,150** | **$** | **0.12** |

At March 31, 2020, the weighted-average remaining life of the outstanding warrants was 0.98 years.

Subsequent to March 31, 2020:

- **i.** 8,146,922 warrants were exercised for gross proceeds of $470,808.
- **ii.** 3,143,166 warrants were granted at an exercise price of $0.60 per warrant for two years
- **iii.** 189,158 warrants were issued at an exercise price of $0.70 per warrant for two years
- **iv.** 251,453 warrant units were issued at an exercise price of $0.48 per warrant unit for two years. Each warrant unit consists one common share and one common share purchase warrant at an exercise price of $0.60 per warrant for two years

**(Expressed in Canadian dollars)**

## 6. EQUITY (CONTINUED)

### 6.4 Options and Share-based Compensation

The Company has adopted an equity incentive plan (the "Plan") whereby up to 20% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the Plan, the exercise price of an option may not be set at less than the minimum price permitted by the CSE. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The Plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority. Stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any three-month period. The exercise price of any stock options granted under the Plan shall be determined by the Board but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the Plan shall be determined by the Board at the time of grant but may not exceed ten years.

As at March 31, 2020 2,895,000 options were outstanding and had a weighted average remaining life of 4.23 years.

The following stock options are issued under the stock option plan:

| | **Options** | **Weighted average exercise price ($)** |
|---|---|---|
| Balance, December 31, 2019 | 2,895,000 | 0.23 |
| Options granted | - | - |
| Exercised | - | - |
| **Balance, March 31, 2020** | **2,895,000** | **0.23** |

| Outstanding and exercisable | | | |
|---|---|---|---|
| **Expiry date** | **Number of options** | **Exercise price ($)** | **Remaining contractual life (years)** |
| June 09, 2022 | 35,000 | 0.25 | 2.19 |
| August 18, 2022 | 30,000 | 0.55 | 2.38 |
| July 22, 2023 | 480,000 | 0.50 | 3.31 |
| September 27, 2023 | 20,000 | 0.87 | 3.49 |
| November 06, 2023 | 30,000 | 0.70 | 3.60 |
| September 24, 2024 | 2,300,000 | 0.16 | 4.49 |
| | **2,895,000** | **0.23** | **4.23** |

## 7. RELATED PARTY TRANSACTIONS

Key management personnel are the directors and officers of the Company. Management compensation transactions for the three months ended March 31, 2020 and 2019 are summarized as follows:

| | **2020** | **2019** |
|---|---|---|
| Management fees | $ 37,000 | $ 9,450 |

During the three months ended December 31, 2020, $24,000 was paid to a Company owned by an officer and director of the Company for CEO and geology related services provided (2019 - $9,450). $8,000 of this amount is included in accounts payable and accrued liabilities as at March 31, 2020.

## 7. RELATED PARTY TRANSACTIONS (CONTINUED)

During the three months ended March 31, 2020, $3,000 was paid to an officer of the Company for CFO related services provided (2019 – nil). This $3,000 is included in accounts payable and accrued liabilities as at March 31, 2020.

During the three months ended March 31, 2020, $10,000 was paid to a previous officer of the Company for CFO related services provided (2019 – nil). This $10,000 is included in accounts payable and accrued liabilities as at March 31, 2020.

## 8. LOAN FACILITY

As of March 31, 2020, the Company has access to a loan facility for proceeds up to $400,000 to be used to complete exploration and evaluation activities. To date, no amounts have been borrowed.

## 9. 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.

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.

## 10. RISK MANAGEMENT

### 10.1 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.

## 10. RISK MANAGEMENT (CONTINUED)

### 10.1 Financial Risk Management (continued)

**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 March 31, 2020, the Company's working capital is $534,269 (2019 - $386,595), 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 March 31, 2020, the Company has cash of $9,366, amounts receivable of $14,485, and accounts payable and accrued liabilities of $144,068.

**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.

### 10.2 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).

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.

## 11. LOAN RECEIVABLE

As at March 31, 2020, the Company had a balance receivable from a third party with an interest rate of 4% and a balance at year-end of $75,974, which was collected subsequent to March 31, 2020.

**(Expressed in Canadian dollars)**

## 12. SUBSEQUENT EVENTS

i) During April 2020, the Company acquired 100% of the issued and outstanding capital of Thane Minerals Inc. ("Thane"), which holds a 100% interest in the Cathedral area of north-central British Columbia. As consideration for the acquisition the Company issued 5,263,158 common shares of its own stock measured at a fair value of $0.495 per share. The Purchased Shares will be escrowed and released over a 36-month period (the "Purchased Shares"). In addition to the foregoing, if through additional exploration programs, a resource calculation of at least 800,000,000lbs of copper-equivalent, as determined based on a National Instrument 43-101 (Standards of Disclosure for Mineral Projects) compliant resource estimate, is determined to be indicated within the Cathedral area, then IMC will issue an additional aggregate of $2,000,000 worth of common shares (or cash in lieu) to the previous shareholders of Thane.

This transaction will be accounted for as a business combination. The fair value of the shares issued in excess of the net assets of Thane was $1,396,188 and is recognized in goodwill, summarized as follows:

| | | |
|---|---|---|
| **Cost of acquisition** | | |
| Common shares issued: 5,263,158 common shares at $0.495 per share | $ | 2,605,263 |
| | | |
| **Fair value of Net assets acquired** | | |
| Cash | $ | 770 |
| Reclamation bond | | 10,000 |
| Exploration and evaluation assets | | 1,251,720 |
| Total assets | $ | 1,262,490 |
| | | |
| Current liabilities | $ | 53,415 |
| **Net assets acquired** | | **1,209,075** |
| | | |
| **Goodwill** | **$** | **1,396,188** |

Measurement period: The fair values of assets and liabilities as at acquisition date are still within the measurement period as defined in IFRS 3. As such, these values are subject to change.

ii) On April 16, 2020, the Company entered into a draw down equity financing of up to $8,000,000 with Alumina Partner, LLC, a New York based private equity financing for the purpose of continuing its growth strategy through exploration and acquisition. The agreement details the purchase of up to $8,000,000 of the Company's units consisting of one common share and one common share purchase warrant at discounts ranging from 15% to 25% of the market price. The financing is at the sole discretion of the Company allowing for the ability to access funds as necessary.

## 12. SUBSEQUENT EVENTS (CONTINUED)

iii) On May 14, 2020, the Company closed a brokered private placement consisting of units and flow-through shares as led by Gravitas Securities Inc. for total gross proceeds of CAD$1,768,720. The private placements consisted of:

a. 3,143,166 units of the Company (each, a "Unit") at a price of CAD$0.48 per Unit for gross proceeds of CAD$1,508,720 (the "Unit Offering"); and

b. 400,000 Common Shares (as defined below) issued on a flow-through basis (each, a "Flow-Through Share") at a price of CAD$0.65 per Flow-Through Share for gross proceeds of CAD$260,000 (the "Flow-Through Offering", and together with the Unit Offering, the "Offering").

Each Unit consists of one common share in the capital of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one additional Common Share of the Company at an exercise price of CAD$0.60 for a period of two years from the date of issuance thereof. The Warrants and the Broker Warrants (as defined below) are subject to accelerated expiry if the volume weighted average closing price of the Common Shares on the Canadian Securities Exchange is equal to or greater than CAD$0.88 for a period of ten consecutive trading days, in which case the Company will have the option, but not the obligation, to accelerate the expiry to 20 days from the date of notice.

An amount equal to the gross proceeds from the Flow-Through Offering will be used for "Canadian exploration expenses" that will qualify as "flow-through mining expenditures" as defined in the Income Tax Act (Canada). The Company will renounce to the subscribers of the Flow-Through Shares effective as of December 31, 2020 an amount of Canadian exploration expenses that will qualify as flow-through mining expenditures equal to the gross proceeds of the Flow-Through Offering. The Company intends to use the proceeds of the Offering for the Company's 2020 drilling program and general working capital.

In connection with the Offering, the Company paid the Agent a cash fee of CAD$141,498. Additionally, the Company issued 251,453 broker unit warrants (the "Broker Unit Warrants") to the Agents. Each Broker Unit Warrant entitles the holder to acquire one Unit (each, a "Broker Unit") at any time for a period of two years from the date of issuance thereof at an exercise price of $0.48 per Broker Unit Warrant. Each Broker Unit consists of one common share and one share purchase warrant exercisable into an additional common share at an exercise price of $0.60 per share for a period of two years.

The Company also issued 32,000 broker flow-through warrants (the "Broker Flow-Through Warrants", together with the Broker Unit Warrants, the "Broker Warrants") to the Agents. Each Broker Flow-Through Warrant entitles the holder to acquire one Common Share of the Company at any time for a period of two years from the date of issuance thereof at an exercise price of CAD$0.70 per Common Share. The Company also paid the Agents a corporate finance fee paid by the issuance of 20,000 Common Shares and 157,158 broker warrants at an exercise price of $0.60 per common share for a period of two years.

iv) In addition to the above and subsequent to March 31, 2020, the Company received cash proceeds of:

a. $128,000 from the exercise of 800,000 options at $0.16 per option;

b. $92,308 from the exercise of 576,922 warrants at $0.16 per warrant; and

c. $378,500 from the exercise of 7,570,000 warrants at $0.05 per warrant.