IM EXPLORATION INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2021 and 2020

(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED – PREPARED BY MANAGEMENT)

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of IM Exploration Inc. have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

IM Exploration Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	As at June 30, 2021 $	As at March 31, 2021 $
ASSETS		
Current assets		
Cash	**652,753**	1,191,299
Other receivable	**7,445**	7,777
Prepaid expenses (note 7)	**8,851**	19,913
Total current assets	**669,049**	1,218,989
Non-current assets		
Exploration and evaluation assets (note 8)	**1,438,706**	81,277
Reclamation deposit (note 8)	**162,580**	-
Total assets	**2,270,335**	1,300,266
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	**47,150**	29,024
Total liabilities	**47,150**	29,024
Shareholders' equity		
Share capital (note 10)	**2,630,473**	1,593,555
Reserves (note 10)	**208,002**	84,320
Deficit	**(615,290)**	(406,633)
Total shareholders' equity	**2,223,185**	1,271,242
Total liabilities and shareholders' equity	**2,270,335**	1,300,266

Nature of operations and going concern (note 1)
Subsequent events (note 12)

Approved on behalf of the Board:

(Signed) " Mark Monaghan " Director

(Signed) " John Dewdney " Director

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

IM Exploration Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended June 30, 2021 $	2020 $
Operating expenses		
Consulting fees	**16,979**	-
Corporate communications	**14,314**	-
Filing fees	**5,055**	3,335
Foreign exchange gain	**(2,960)**	-
General and administrative	**3,602**	125
Gain on acquisition of Golden Oasis Exploration (note 6)	**(38,566)**	-
Management services (note 11)	**13,185**	1,316
Professional fees	**55,148**	3,840
Share-based payments (note 10)	**141,900**	-
Net loss and comprehensive loss for the period	**(208,657)**	(8,616)

Basic and diluted net loss per share	**$ (0.01)**	$ (0.00)
Weighted average number of common shares outstanding	**25,112,025**	10,400,000

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

IM Exploration Inc.

Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of Shares	Share Capital $	Reserves Options $	Warrants $	Deficit $	Total $
Balance, March 31, 2020	**10,400,000**	**513,855**	**64,002**	**21,000**	**(321,819)**	**277,038**
Net loss for the period	-	-	-	-	(8,616)	(8,616)
Balance, June 30, 2020	**10,400,000**	**513,855**	**64,002**	**21,000**	**(330,435)**	**268,422**
Shares issued for cash	6,200,000	310,000	-	-	-	310,000
Share issuance costs	-	(6,032)	-	-	-	(6,032)
Shares and warrants issuance	5,158,333	773,750	-	-	-	773,750
Exercise of warrants	13,000	1,982	-	(682)	-	1,300
Net loss for the period	-	-	-	-	(76,198)	(76,198)
Balance, March 31, 2021	**21,771,333**	**1,593,555**	**64,002**	**20,318**	**(406,633)**	**1,271,242**
Shares issued for mineral properties	4,100,000	984,000	-	-	-	984,000
Exercise of warrants	347,000	52,918	-	(18,218)	-	34,700
Share-based payments	-	-	141,900	-	-	141,900
Net loss for the period	-	-	-	-	(208,657)	(208,657)
Balance, June 30, 2021	**26,218,333**	**2,630,473**	**205,902**	**2,100**	**(615,290)**	**2,223,185**

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

(Expressed in Canadian Dollars)

	Three months ended June 30, 2021 $	2020 $
Operating activities		
Net loss	**(208,657)**	(8,616)
Adjustments for:		
Share-based payment	**141,900**	-
Foreign exchange loss	**(2,952)**	-
Changes in non-cash working capital items:		
Other receivable	**332**	(1,296)
Prepaid expenses	**11,062**	-
Amounts payable and accrued liabilities	**14,676**	(48,244)
Net cash used in operating activities	**(43,639)**	(58,156)
Investing activities		
Exploration and evaluation expenditures	**(408,545)**	-
Cash paid for acquisition of Golden Oasis Exploration	**(121,453)**	-
Cash received from the acquisition of Golden Oasis Exploration	**391**	-
Net cash used in investing activities	**(529,607)**	-
Financing activities		
Proceeds from exercise of warrants	**34,700**	-
Net cash provided by financing activities	**34,700**	-
Net change in cash	**(538,546)**	(58,156)
Cash, beginning of period	**1,191,299**	249,368
Cash, end of period	**652,753**	191,212
Supplemental cash flow information		
Shares issued for exploration and evaluation assets	**984,000**	-
Exercise of warrants	**18,218**	-

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

1. Nature of operations and going concern

IM Exploration Inc. (formerly Prize Exploration Inc.) (the **"Company"** or **"IM Exploration"** or **"IM"**) was incorporated under the Canada Business Corporations Act on April 19, 2017. The Company is in the business of acquiring, exploring and evaluating mineral resource properties. The Company's shares (**"Common Shares"**) are trading on the Canadian Securities Exchange (the **"CSE"**) under the symbol "IM". The address of the Company's corporate office and registered office address is 1090 West Georgia Street, Suite 700, Vancouver, BC, V6E 3V7.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Realization values may be substantially different from carrying values as shown and the financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The mineral properties of the Company are in the exploration stage and, as a result, the Company has no source of operating cash flow. The exploration and development of the Company's properties depend on the ability of the Company to obtain financing.

The Company's future viability depends upon the acquisition and financing of mineral exploration or other projects. If the mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The sources of future funds presently available to the Company is through the issuance of Common Shares or through the sale of an interest in any of its properties or assets in whole or in part. The ability of the Company to arrange such financing or the sale of an interest will depend, in part, on prevailing market conditions as well as the business performance of the Company. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. There can be no assurance that the Company will be successful in its efforts to arrange the necessary financing, if needed, on terms satisfactory to the Company. If additional financing is arranged through the issuance of shares, control of the Company may change and shareholders may suffer significant dilution.

2. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, under International Financial Reporting Standards (**"IFRS"**) issued by the International Accounting Standards Board (**"IASB"**). These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended March 31, 2021, as some disclosures from the annual consolidated financial statements have been condensed or omitted.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Company as of August 30, 2021.

Basis of measurement

These condensed interim consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company, unless otherwise noted.

2. Basis of presentation (continued)

Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary as at June 30, 2021. Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiary as if they formed a single entity. All inter-company transactions and balances between the companies are therefore eliminated in full.

The Company acquired a subsidiary, Golden Oasis Exploration Inc. (**"GOE"**), on June 2, 2021. The Company purchased GOE (a private Nevada incorporated company) from American Consolidated Minerals Corp., a wholly-owned subsidiary of Starcore International Mines Ltd. (**"Starcore"**) for US$100,000 ($121,452). GOE holds the exploration permits (**"Plan of Operations"**) and a reclamation bond registered with the U.S. Bureau of Land Management (**"BLM"**) with respect to the Toiyabe Gold Project in Lander County, Nevada (the **"Toiyabe Property"**).

Significant accounting estimates and judgments

The preparation of the Company's condensed interim consolidated financial statements in accordance with IFRS requires the Company to make estimates and judgments concerning the future. The Company's management reviews these estimates and underlying judgments on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting period include determining the fair value of measurements of financial instruments, and the recoverability and measurement of deferred tax assets

The significant areas requiring the use of management estimates include:

- the assessment of impairment on exploration and evaluation assets; and
- the recoverability and measurement of deferred income tax assets.

The significant judgments applying to these financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.
- the determination of the Company's functional currency based on the primary economic environment in which the entity operates in.

3. Significant accounting policies

Financial instruments

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

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 (**"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.

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	Amortized cost
Receivables	Amortized cost

Financial liabilities:	Classification:
Accounts payable	Amortized cost

Measurement

Financial assets and liabilities at amortized cost
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 and comprehensive 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 and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income (**"OCI"**). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3. Significant accounting policies (continued)

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 and comprehensive 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.

Derecognition

Financial assets
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.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are capitalized.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

3. Significant accounting policies (continued)

Exploration and evaluation assets

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to the statement of comprehensive loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

3. Significant accounting policies (continued)

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of Common Shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of Common Shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase Common Shares at the average market price during the period.

Income taxes

<u>Current income tax:</u>

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

<u>Deferred income tax:</u>

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. Significant accounting policies (continued)

Income taxes (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Adoption of new accounting standards.

During the year, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IAS 8, IAS 28, IFRS 3, and IFRS 10. These new standards and changes did not have any material impact on the Company's financial statements.

New standards not yet adopted and interpretations issued but not yet effective

IAS 1 – Presentation of Financial Statements (**"IAS 1"**) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

4. Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the exploration and development of its exploration and evaluation assets and to sustain future development of the business. The capital structure of the Company consists of equity and debt obligations, net of cash.

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property interests and to maintain a flexible capital structure which will optimize the costs of capital at an acceptable risk. The Company plans to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current difficult conditions for junior mineral exploration companies. The Company makes adjustments to its management of capital in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its costs of capital while maintaining an acceptable level of risk. There are no restrictions on the Company's capital and there were no changes in the Company's approach to capital management during the year.

5. Financial instruments and risk management

Fair value

Fair value is the amount at which a financial instrument could be exchanged between willing parties based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the observable inputs used to value the instrument:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The Company determined that the carrying values of its short-term financial assets and liabilities approximate the corresponding fair values because of the relatively short periods to maturity of these instruments and the low credit risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. The Company's primary exposure to credit risk is on its cash and other receivable. Cash is held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is high credit quality financial institution as determined by rating agencies.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's current exposure to foreign exchange risk consists of fluctuations in the Canadian Dollar / U.S. Dollar exchange rate, with expenses at the Toiyabe Property being paid in U.S. Dollars and the Company's operating currency being in Canadian Dollars.

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. Liquidity risk is considered high.

(Expressed in Canadian Dollars)

6. Acquisition of Golden Oasis Exploration

On June 2, 2021, the Company completed the acquisition of GOE (a private Nevada incorporated company) from American Consolidated Minerals Corp., a wholly-owned subsidiary of Starcore, by paying $121,453 (US$100,000) in cash. GOE holds the Plan of Operations and a reclamation bond registered with the BLM with respect to the Toiyabe Property.

The transaction does not constitute a business combination, as GOE does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of GOE has been accounted for as an asset acquisition, whereby all of the assets acquired, and liabilities assumed are recorded at fair value. Upon closing of the transaction, GOE became a wholly-owned subsidiary of the Company. The net assets acquired pursuant to the acquisition are as follows:

Net assets acquired		
Cash	**$**	**391**
Reclamation deposit		**159,628**
Negative goodwill		**(38,566)**
	$	**121,453**

Total Purchase Price Consideration:		
Cash	**$**	**121,453**

7. Prepaid expenses

		June 30, 2021		March 31, 2020
Prepaid expenses	**$**	**7,587**	$	7,031
Deposits		**1,264**		12,882
Total prepaid expenses	**$**	**8,851**	$	19,913

8. Exploration and evaluation assets

<u>Mulloy Property, Ontario</u>

On November 30, 2017, the Company entered into an option agreement to earn a 90% interest in the Mulloy Property situated in the Rowlandson Township, Porcupine Division in Ontario (the **"Mulloy Property"**) in exchange for $15,000 (paid) and 300,000 Common Shares of the Company with a fair value of $30,000 which were issued upon the Company's initial public offering (see note 10).

Pursuant to the option agreement, the Company is required to make the aforementioned payments and complete a feasibility study to earn a 90% ownership interest free and clear of any encumbrances.

A 2.0% net smelter returns royalty (**"NSR"**) from all production by the Company at the property will be payable in cash or in kind. The Company can purchase 1.0% of the NSR for $1,000,000 in cash.

<u>Toiyabe Property, Nevada</u>

On April 21, 2021, the Company entered into a binding agreement with Starcore (the **"Assignment Agreement"**), which set forth the terms for the assignment of Starcore's option to acquire a 100% interest in the Toiyabe Property from Minquest Ltd. (**"Minquest"**) to the Company.

Starcore assigned all of its rights and obligations under its option agreement with Minquest to the Company. Following the assignment, the Company has the right to acquire a 100% ownership position in the Toiyabe Property, subject to a 3.0% NSR to be retained by Minquest, half of which (1.5%) can be bought back by the Company for US$2,000,000 per 1.0%.

As consideration for the assignment of Starcore's option to acquire the project, the Company made cash and share payments to Starcore in the following amounts:

- US$150,000 ($188,505) in cash to be paid upon closing of the transaction (paid);
- 4,100,000 Common Shares in the capital of the Company to be issued upon closing of the transaction (issued and valued at $984,000). The Common Shares issued to Starcore will be subject to a contractual escrow period of 12 months following the date of issuance, with 25% being released every three months, with the first release occurring no later than three months after the closing of the transaction.

Following closing of the transaction and payments as described above, the Company will have the option to exercise its right to earn a 100% ownership position in the property by making the following cash payments to Minquest (for an aggregate total of US$760,000):

- US$100,000 ($121,800) on May 31, 2021 (paid);
- US$120,000 on October 15, 2021;
- US$140,000 on October 15, 2022;
- US$400,000 on October 15, 2023.

As of June 30, 2021, the Company held a reclamation bond for the Toiyabe Property with the BLM in the amount of US$131,432 ($162,580).

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets (continued)

The Company's exploration and evaluation assets consist of the following:

	Mulloy Property	Toiyabe Property	Total
Acquisition costs	**$**	**$**	**$**
Balance, March 31, 2020	**45,000**	**-**	**45,000**
Cash	-	-	-
Issuance of shares	-	-	-
Balance, March 31, 2021	45,000	-	45,000
Cash	-	310,305	310,305
Issuance of shares	-	984,000	984,000
Other	-	37,082	37,082
Balance, June 30, 2021	**45,000**	**1,331,387**	**1,376,387**
Exploration costs			
Balance, March 31, 2020	**24,250**	**-**	**24,250**
Geological consulting	7,425	-	7,425
Staking	4,602	-	4,602
Balance, March 31, 2021	**36,277**	**-**	**36,277**
Geological consulting	-	10,551	10,551
Field expenses	-	11,829	11,829
Meals and lodging	-	3,662	3,662
Balance, June 30, 2021	**36,277**	**26,042**	**62,319**
Total balance, March 31, 2021	**81,277**	**-**	**81,277**
Total balance, June 30, 2021	**81,277**	**1,357,429**	**1,438,706**

9. Accounts payable and accrued liabilities

	June 30, 2021	March 31, 2021
Accounts payable	$ 36,525	$ 6,454
Accrued liabilities	10,625	22,570
Total accounts payable and accrued liabilities	**$ 47,150**	$ 29,024

10. Share capital

a) Authorized share capital

Authorized share capital consists of an unlimited number of Common Shares without par value.

b) Common Shares issued

For the year ended March 31, 2021

(i) On May 29, 2019, the Company completed an initial public offering (the **"Offering"**) with issuance of 3,000,000 common shares at $0.10 per common share for gross proceeds of $300,000. The Company paid commission fees of $30,000, corporate finance fees of $12,500, and legal and other fees of $42,616 and issued 100,000 agent's warrants and 300,000 compensation warrants. Each warrant entitles the holder to acquire one Common Share at a price of $0.10 for 24 months from the date of closing of the Offering. These warrants were assessed a value of $21,000 using the Black-Scholes Option Pricing model. The weighted average assumptions used in the valuation are as follows: risk free rate - 1.53%; expected life - 2 years; expected volatility - 100%; and weighted average share price - $0.10.

(ii) On August 24, 2020, the Company completed a non-brokered private placement with the issuance of 6,200,000 Common Shares, at a price of $0.05 per common share, for gross proceeds of $310,000. In connection with the private placement, the Company paid legal fees totaling $6,032.

(iii) On March 16, 2021, certain warrant holders exercised 13,000 warrants, each entitling the holder to receive one Common Share of the Company, at an exercise price of $0.10, representing proceeds of $1,300.

(iv) On March 26, 2021, the Company completed a non-brokered private placement by issuing 5,158,333 units at a price of $0.15 per unit, for gross proceeds of $773,750.

Each unit comprised of one Common Share and one Common Share purchase warrant, with each warrant entitling the holder to purchase one additional Common Share for 36 months from the closing date of the private placement, at an exercise price of $0.25 per Common Share. The Company can accelerate the expiry of the warrants if the closing price of the Common Share on the CSE exceeds $0.50 for 10 consecutive trading days at any time following the date of issuance. The warrants will expire on the date which is 30 business days following the date a press release is issued by the Company announcing the accelerated warrant term. No value has been allocated to the warrants issued.

For the months ended June 30, 2021

(i) On April 21, 2021, the Company issued 4,100,000 Common Shares valued at $984,000 as consideration to Starcore, as per the terms of the Assignment Agreement related to the option to acquire a 100% ownership interest in the Toiyabe Property from Minquest.

(ii) On May 12, 2021, certain warrant holders exercised 347,000 warrants, each entitling the holder to receive one Common Share of the Company, at an exercise price of $0.10, representing proceeds of $34,700, and accordingly, the Company reallocated $18,218 of reserves to share capital.

(Expressed in Canadian Dollars)

10. Share capital (continued)

c) Share purchase warrants

Upon exercise, each warrant allows the holder to purchase one Common Share of the Company. The changes in warrants outstanding are as follows:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2020	400,000	$ 0.10
Issued pursuant to private placements	5,158,333	0.25
Exercised	(13,000)	0.10
Balance, March 31, 2021	5,545,333	0.24
Exercised	(347,000)	0.10
Expired	(40,000)	0.10
Balance, June 30, 2021	5,158,333	$ 0.25

Details of warrants outstanding as at June 30, 2021 are as follows:

Number of warrants Outstanding	Exercise price	Weighted average contractual life
5,158,333	$0.25	2.74 years

d) Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the Company's issued and outstanding Common Shares. Options may be exercised no later than 30 days following cessation of the optionee's position with the Company, unless the Company determines otherwise. For all options already outstanding as at March 31, 2020, this post-cessation exercise period duration was set at 90 days.

The changes in options are as follows:

	Number of options	Weighted average exercise price
Options outstanding, March 31, 2020 and 2021	**850,000**	**$ 0.10**
Granted	1,300,000	0.20
Options outstanding, June 30, 2021	**2,150,000**	**$ 0.16**
Options exercisable, June 30, 2021	**1,050,000**	**$ 0.16**

(Expressed in Canadian Dollars)

10. Share capital (continued)

d) Stock options (continued)

Details of options outstanding as at June 30, 2021 are as follows:

Weighted average exercise price	Number of options outstanding	Weighted average contractual life	Number of options exercisable	Weighted average contractual life
$0.10	200,000	0.02 years	200,000	0.02 years
$0.10	500,000	2.92 years	500,000	2.92 years
$0.10	100,000	3.01 years	100,000	3.01 years
$0.09	50,000	3.26 years	50,000	3.26 years
$0.18	1,100,000	4.78 years	-	4.78 years
$0.30	200,000	4.93 years	200,000	4.93 years
$0.16	2,150,000	3.80 years	1,050,000	3.80 years

On May 29, 2019, the Company granted 725,000 stock options to directors, officers and consultant which are exercisable for a period of five years from the date of the grant at an exercise price of $0.10 per Common Share. The options will vest as follows: 375,000 immediately, 150,000 on October 31, 2019 and 200,000 on the earlier of: (i) April 30, 2020; and (ii) the notice of a triggering event as defined in the plan. The estimated fair value of the options at the grant date was $54,000 using the Black-Scholes option pricing model. The estimated fair value of the vested options have been charged to the statement of loss and comprehensive loss and credited to contributed surplus in the shareholders' equity. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: expected dividend yield of 0%; share price of $0.10; expected volatility of 100%; risk-free interest rate of 1.46%; and an expected average life of 5 years.

On July 2, 2019, the Company granted 100,000 stock options to a consultant in accordance with the Company's stock option plan. These stock options have a 5-year term and an exercise price of $0.10 each, and vest immediately. The fair value of the stock options granted during the year ended March 31, 2020 was estimated to be $0.075 per stock option using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate – 1.41%, volatility – 100%, dividend yield – 0%, expected life – 5 years.

On October 1, 2019, the Company granted 50,000 stock options to the new Chief Financial Officer and Corporate Secretary of the Company in accordance with the Company's stock option plan. These stock options have a 5-year term and an exercise price of $0.09 each, and vest immediately. The fair value of the stock options granted during the year ended March 31, 2020 was estimated to be $0.076 per stock option using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate – 1.37%, volatility – 100%, dividend yield – 0%, expected life – 5 years.

On April 9, 2021, the Company granted 1,100,000 stock options to the new Chief Executive Officer and directors of the Company in accordance with the Company's stock option plan. These stock options have a 5-year term and an exercise price of $0.18 each, and vest on a quarterly basis over a period of one year. The fair value of the stock options granted during the period ended June 30, 2021 was estimated to be $0.166 per stock option using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate – 0.95%, volatility – 156.64%, dividend yield – 0%, expected life – 5 years. During the period ended June 30, 2021, $86,500 was expensed in relation to this grant (2020 - $Nil).

(Expressed in Canadian Dollars)

10. Share capital (continued)

d) Stock options (continued)

On June 2, 2021, the Company granted 200,000 stock options to a consultant in accordance with the Company's stock option plan. These stock options have a 5-year term and an exercise price of $0.30 each, and vest immediately. The fair value of the stock options granted during the period ended June 30, 2021 was estimated to be $0.277 per stock option using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate – 0.90%, volatility – 157.08%, dividend yield – 0%, expected life – 5 years. During the period ended June 30, 2021, $55,400 was expensed in relation to this grant (2020 - $Nil).

During the period ended June 30, 2021, the Company recognized a total share-based compensation expense of $141,900 (2020 - $Nil).

11. Related party transactions

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

a) The Company defines its key management as the Board of Directors, Chief Executive Officer and Chief Financial Officer. Remuneration of director and key management personnel of the Company was as follows:

	Three months ended June 30, 2021		Three months ended June 30, 2020	
Management services	$	13,185	$	1,316
Share-based compensation to directors and officers		86,500		-
	$	99,685	$	1,316

i) Paid or accrued $10,000 (2020 - $Nil) for management services of CEO.

ii) Paid or accrued $3,185 (2020 - $1,316) for management services of CFO.

iii) Granted 1,100,000 (2020 – Nil) stock options to directors and officers of the Company and recorded share-based compensation of $86,500 (2020 - $Nil).

b) During the year ended March 31, 2021, certain officers, directors or companies controlled by them participated in the Company's private placements and subscribed for 1,725,000 units, for total gross proceeds to the Company of $158,750.

12. Subsequent events

On July 5, 2021, the Company granted incentive stock options to certain directors, officers, employees and consultants of the Company to purchase up to 1,400,000 Common Shares in the capital of the Company pursuant to the Company's stock option plan. These options which vest immediately, and are exercisable on or before July 5, 2026 at an exercise price of $0.24 per share.

On July 5, 2021, the Company completed the acquisition of Momentum Minerals Ltd (**"Momentum"**) pursuant to the terms of the amalgamation agreement dated June 16, 2021 among the Company's wholly-owned subsidiary, 1307605 B.C. Ltd. (**"IM Subco"**), incorporated pursuant to the agreement, and Momentum (the **"Momentum Transaction"**). Momentum (now an IM subsidiary) is into a 100% ownership position in the Turquoise Canyon Project in Lander County, Nevada (the **"Turquoise Canyon Property"**) through an option agreement with First Mining Gold Corp. The Turquoise Canyon Property is contiguous with, and immediately east of, the Company's Toiyabe Property.

The Transaction was completed by way of a three-cornered amalgamation under the Business Corporation Act (British Columbia) amongst the Company, Momentum and IM Subco. Pursuant to the Momentum Transaction, Momentum amalgamated with IM Subco and the holders of shares of Momentum received 0.6 of a Common Share of IM for every one Momentum common share. The Company issued 19,817,400 Common Shares to the current shareholders of Momentum as consideration for all of the outstanding Momentum shares pursuant to the Momentum Transaction. The amalgamated company became a wholly-owned subsidiary of the Company. The Company also issued 240,000 replacement options to a current Momentum option holder, allowing such holder to purchase the Company's Common Shares at a price of $0.167 up until April 14, 2026. No finder's fee was paid in connection with the Momentum Transaction.

On July 22, 2021, the Company granted incentive stock options to a consultant of the Company to purchase up to 200,000 Common Shares in the capital of the Company pursuant to the Company's stock option plan. These options which vest immediately and, are exercisable on or before July 22, 2026 at an exercise price of $0.24 per Common Share.

On August 16, 2021, the Company granted incentive stock options a consultant of the Company to purchase up to 200,000 Common Shares in the capital of the Company pursuant to the Company's stock option plan. These options which vest immediately, are exercisable on or before August 16, 2026 at an exercise price of $0.24 per Common Share.

On August 20, 2021, the Company completed its second anniversary payment to First Mining Gold Corp. by issuing 310,889 Common Shares of the Company to satisfy $50,000 owing related to the Turquoise Canyon Property option agreement entered into by Momentum, now a wholly-owned subsidiary of IM Exploration. The Company is currently earning into a 100% ownership position in the Turquoise Canyon Project, based on the agreement dated Aug. 20, 2019.