IM EXPLORATION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS (“MD&A”)

FOR THE THREE MONTHS ENDED JUNE 30, 2021

Introduction

The following Management's Discussion and Analysis (**"MD&A"**) for IM Exploration Inc. (the **"Company"** or **"IM Exploration"** or **"IM"**) has been prepared to provide material updates regarding the business operations, liquidity and capital resources of the Company since its last annual MD&A for the fiscal year ended March 31, 2021 (**"Annual MD&A"**). Additional information relating to IM Exploration is available under the Company's SEDAR profile at www.sedar.com.

This MD&A has been prepared in compliance with the requirements of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the audited annual financial statements of the Company for the fiscal years ended March 31, 2021 and 2020, and the unaudited condensed interim financial statements for the three months ended June 30, 2021, together with the notes thereto. Dollar figures are reported in Canadian dollars, unless otherwise noted. In the opinion of management, any and all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three months ended June 30, 2021 are not necessarily indicative of the results that may be expected for any future periods. Information contained herein is presented as at August 30, 2021 unless otherwise indicated.

The unaudited condensed interim financial statements for the three months ended June 30, 2021, have been prepared using accounting policies consistent with International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standards Board (**"IASB"**) and interpretations issued by the International Financial Reporting Interpretations Committee (**"IFRIC"**). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

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

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information as defined in applicable securities laws (collectively referred to herein as **"Forward-looking Statements"**). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are Forward-looking Statements. Often, but not always, Forward-looking Statements can be identified by the use of words such as "plans", "expects", "budgets", "scheduled", "estimates", "continues", "forecasts", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. The Forward-looking Statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statements.

Forward-looking Statements	Assumptions	Risk Factors
The Company's business objectives and exploration program for fiscal 2022, including further work at the Toiyabe and Mulloy Properties and evaluation of other mineral exploration opportunities.	The operating activities of the Company will be consistent with IM Exploration's current expectations; the Company will be successful in planning and executing its objectives, including its exploration program.	Changes in economic and financial market conditions and metals prices; difficulties in completing objectives in a timely manner or at all; risks associated with mineral exploration, including First Nations consultation and objections, and challenges in finding suitable properties.
The Company will be required to raise additional capital in order to meet its ongoing operating expenses and complete its planned exploration activities at the Toiyabe and Mulloy Properties (as defined herein).	The operating and exploration activities of the Company, and the costs associated therewith, will be consistent with the Company's current expectations; equity markets, exchange and interest rates and other applicable economic conditions are favourable to IM Exploration.	Volatility in equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.
Management's outlook regarding future trends and future uses of cash.	Financing will be available for IM Exploration's exploration and operating activities; the price of metals will be favourable.	Metal price volatility; volatility in equity markets; changes in economic conditions.

Inherent in Forward-looking Statements are risks, uncertainties, and other factors beyond IM Exploration's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section in the Annual MD&A. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements herein, and that the assumptions underlying such statements may prove to be incorrect.

Forward-looking Statements in this MD&A involve known and unknown risks, uncertainties and other factors that may cause IM Exploration's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by Forward-looking Statements. All Forward-looking Statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on Forward-looking Statements. The Company undertakes no obligation to update publicly or otherwise revise any Forward-looking Statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more Forward-looking Statements, no inference should be drawn that it will make additional updates with respect to those or other Forward-looking Statements, unless required by law.

Description of Business

The Company was incorporated under the name "Prize Exploration Inc." pursuant to the Canada Business Corporations Act on April 19, 2017. The Company's registered office and head office is located at 1090 West Georgia Street, Suite 700, Vancouver, BC, V6E 3V7. On February 14, 2019, the Company changed its name from Prize Exploration Inc. to IM Exploration Inc.

IM Exploration's principal business carried on and intended to be carried on is mineral exploration, focusing initially on the exploration and development of the Mulloy Property located in Rowlandson Township, Porcupine Mining Division, District of Cochrane, Ontario (the **"Mulloy Property").**

On December 9, 2020, the Company staked a total of 104 cells adjoining the Mulloy Property, covering approximately 2,160 hectares. These claims include significant gold anomalies from the historical Auden property, which was owned by GTA resources and Mining Inc. until 2018.

On April 21, 2021, the Company, Starcore International Mines Ltd. (TSX: SAM) (**"Starcore"**), and Minquest Ltd. (**"Minquest"**) entered into a binding agreement (the **"Assignment Agreement"**), whereby the Company assumed Starcore's obligations and rights to acquire a 100% interest in the Toiyabe Gold Property in Lander County, Nevada (the **"Toiyabe Property"**) from Minquest.

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

On May 17, 2021, the Company entered into a binding Letter of Intent (the **"LOI")** with Momentum Minerals Ltd. (**"Momentum"),** a private company headquartered in Vancouver, British Columbia, to acquire all the issued and outstanding shares of Momentum. On July 5, 2021, the Company completed the acquisition of Momentum pursuant to the terms of the amalgamation agreement dated June 16, 2021 among the Company, IM's wholly-owned subsidiary, 1307605 B.C. Ltd. (**"IM Subco")** and Momentum (the **"Momentum Transaction")**, which resulted in the Company issuing Momentum shareholders an aggregate of 19,817,400 Common Shares.

From time to time the Company may also evaluate other mining properties and opportunities.

Overall Performance and Outlook

The Company has no sources of revenue, so its ability to ensure continuing operations is dependent on it completing the acquisition of its mineral property interests, its ability to obtain necessary financing to complete exploration activities thereon, and ultimately, development of and future profitable production from its mineral property interests.

As at June 30, 2021, the Company had working capital of $621,899 (March 31, 2021 – $1,189,965). The Company had cash and cash equivalents of $652,753 (March 31, 2021 - $1,191,299). Working capital and cash and cash equivalents decreased during the three months ended June 30, 2021 primarily due to payments made in conjunction with ongoing option payment obligations on the Toiyabe Property in Lander County, Nevada from Minquest Ltd, and the purchase of GOE.

The Company believes that it has sufficient capital to meet its ongoing operating expenses, and to continue exploring the Toiyabe Property, as well as the Mulloy Property. Management may increase or decrease budgeted expenditures depending on exploration results and the general economic environment. See "Financial Highlights - Liquidity and Capital Resources" below.

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 incurred legal fees of $6,032.

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 per warrant of $0.10, representing gross proceeds of $1,300.

On March 26, 2021, the Company completed a non-brokered private placement with the issuance of 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 being exercised into 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 Shares on the Canadian Securities Exchange (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.

On April 21, 2021, the Company issued 4,100,000 Common Shares at a price of $0.24 per Common Share to Starcore, as consideration for them entering into the Assignment Agreement on the Toiyabe Property.

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, for proceeds to the Company of $34,700.

The Company's current primary business objective is to explore the Toiyabe Property in Lander County, Nevada. The Company, Starcore, and Minquest entered into the Assignment Agreement on April 21, 2021, whereby the Company assumed Starcore's obligations and rights to acquire a 100% interest in the Toiyabe Property in Lander County, Nevada, from Minquest (see "Exploration and Properties" below).

The Company is also exploring the Mulloy Property in Ontario, Canada. The Company has an option to acquire a 90% undivided interest in the Mulloy Property by making certain payments and completing a feasibility study (see "Exploration and Properties" below).

The Company completed permitting for the Mulloy Property in September 2019 and will conduct further exploration at the Company's discretion. In addition, the Company may seek to acquire additional exploration-stage properties should a property of interest become available to it and in the context of its capital resources and constraints.

Exploration and Properties

Toiyabe Property

The company's Toiyabe Property consists of 165 unpatented mining claims covering approximately 1,340 hectares of land administered by the BLM. It sits along the Battle Mountain-Eureka Trend, 125 kilometers south-southwest of the city of Elko, Nevada, and approximately 10 kilometers southwest of Barrick's Cortez Hills mine. Exploration activities at Toiyabe date back to 1964, with more recent drill campaigns culminating in a historic Indicated gold resource of 173,562 ounces at 1.2 grams per tonne *(Source: NI 43-101 Technical Report, American Consolidated Minerals Corporation, Prepared by Paul D. Noland, P. Geo., May 27, 2009 (the **"2009 Technical Report"**). A qualified person has not done sufficient work to classify the historical estimate at Toiyabe as current mineral resources and IM is not treating the historical estimate on Toiyabe as a current mineral resource as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects. The key assumptions, parameters and methods used to prepare the historical estimate on Toiyabe are described in the 2009 Technical Report. While IM considers the historical estimate on Toiyabe disclosed in this MD&A to be relevant to investors, IM cautions readers that it should not be unduly relied upon in drawing inferences on the mineralization on Toiyabe as additional work is required to upgrade or verify the historical estimate as a current mineral resource).*

In conjunction with IM's assumption of Starcore's option to acquire a 100% ownership position in the Toiyabe Property, the Company also assumed control of a storage facility near Reno, Nevada, which houses legacy core and chip samples collected by previous operators. Through its data compilation and inventory efforts, IM has identified approximately 9,000 feet (2,750 meters) of diamond drill core and 30,000 feet (9,150 meters) of reverse circulation chip samples that have been well maintained in storage.

The company has engaged TerraCore Geospectral Imaging, a world leader in hyperspectral imaging technology, to conduct a full analysis of the available legacy core and chip samples from the Toiyabe Property, including high-resolution RGB (true colour) and infrared hyperspectral imagery. The resulting data will aid in identifying stratigraphy, alteration, mineral presence, mineral chemistry and mineral grain size. It can also be used as a comparative tool to infer any potential similarities to the many well-understood deposits in the district. In conjunction with the existing assay data, the information will guide future 3-D modelling efforts and improve the company's upcoming drill target identification.

This asset of the Company consists of its option to acquire a 100% undivided interest in the Toiyabe Property located in Lander County, Nevada. Starcore assigned all of its rights and obligations under its previous option agreement with Minquest to the Company as per the terms of the Assignment Agreement. Following the assignment, the Company has the right to acquire a 100% ownership position in the Toiyabe Property, subject to a 3-per-cent (3%) net smelter revenue royalty (**"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 Toiyabe Property, 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). 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 Assignment Agreement and payments as described above, the Company will have the option to exercise its right to earn a 100% ownership position in the Toiyabe 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 had a reclamation bond for the Toiyabe Property of US$131,432 ($162,580), held with the BLM through the Company's wholly-owned subsidiary GOE.

Mulloy Property

This asset of the Company consists of its option to acquire a 90% undivided interest in the Mulloy Property located near Cochrane, Ontario.

Pursuant to the option agreement dated effective November 30, 2017 among IM Exploration (then called Prize Exploration Inc.) and three optionors of the Mulloy Property (the **"Mulloy Option Agreement"**), for IM Exploration to exercise its option to acquire the 90% interest in the Mulloy Property it must fulfill the following requirements:

- Pay $5,000 to each optionor within 10 calendar days of the execution of the Mulloy Option Agreement for an aggregate payment to the optionors of $15,000 (paid);
- Issue 100,000 Common Shares to each optionor upon completion of the Company's Initial Public Offering, for an aggregate issuance to the optionors of 300,000 Common Shares (issued); and
- Complete a feasibility study in respect of the Mulloy Property.

Should the Company exercise its option pursuant to the terms of the Mulloy Option Agreement, the optionors will form a joint venture with IM Exploration in respect of the Mulloy Property and will retain a 2.0% NSR on the Mulloy Property. The Company will have the option, exercisable at any time, to reduce the NSR to 1.0% for an aggregate payment to the optionors of $1,000,000.

During most of fiscal year 2021, no work was performed at the Mulloy Property due to several factors, including COVID-19, and seasonal exploration constraints. However, the Company did stake additional claims contiguous with the Mulloy Property, as well as carried out data compilation in respect of the Mulloy Property area.

Previously, two conductors were identified from a 2019 geophysical survey.

The first conductor (**"Conductor A"**) is coincident with a strong magnetic high and is interpreted to be associated with a potential iron formation. In the vicinity of the Mulloy Property, iron formations can be associated with base metal and gold mineralization. The conductor extends roughly east-west across the entire survey area (500 meters) and remains open at both ends.

The second conductor (**"Conductor B"**) shows a slightly weaker response with no significant magnetic correlation. The lack of a magnetic response would suggest that Conductor B represents a graphite target. Conductor B runs parallel to Conductor A for approximately 200 meters and remains open to the west of the survey area.

Further exploratory sampling and drilling would be required before the Company can confirm these interpretations. As previously indicated, management and the board of directors are considering, among other things, the nature and scope of any further exploration activities at the Mulloy Property.

During the fiscal year ended March 31, 2021, the Company staked a total of 104 cells adjoining the Mulloy Property, covering approximately 2,160 hectares. The Company's primary technical consultants completed an in-depth data compilation and analysis with respect to the Mulloy Property and surrounding vicinity, in order to define targets for potential future exploration efforts at the Mulloy Property. The additional land staked during the fiscal year ended March 31, 2021 will not expire until November / December 2022.

In May 2021, the Company distributed banked work credits on the cells comprising the original Mulloy Property. No additional work prior to August 13, 2022 is required to keep those cells in good standing.

The Mulloy Technical Report recommended a budget of approximately $325,200 to carry out the proposed work programs at the Mulloy Property.

Plans for the Mulloy Property	Planned Expenditures (approx.)
Phase 1 – Vertical Drilling & Geophysical Survey Conduct a small geophysical grid survey. Drilling of two vertical holes to test the original graphite zone from historical drilling.	$125,200
Subtotal	**$125,200**
Phase 2 - Exploration Drilling Dependent on the success of Phase 1, a drilling campaign of approximately 900 metres across the Mulloy Property.	$200,000
Subtotal	**$200,000**
Total Phase 1 and 2	**$325,200**

Qualified Person

Chris Osterman, PhD, P.Geo. is the Company's designated Qualified Person within the meaning of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and has reviewed and approved the scientific and technical content reproduced in this MD&A.

Trends

The Company is a mineral exploration company, focused on the exploration of the Toiyabe Property in Lander County, Nevada and the Mulloy Property in Ontario, Canada, and the acquisitions of other mineral exploration properties, should such acquisitions be consistent with the objectives and acquisition criteria of the Company.

The Company's future performance and financial success is largely dependent upon the extent to which it can discover mineralization and the economic viability of developing its properties. The development of assets may take years to complete and the resulting income, if any, is difficult to determine with any certainty. The Company lacks mineral resources and mineral reserves and to date has not produced any revenues. The sales value of any minerals discovered by the Company is largely dependent upon factors beyond its control, such as the market value of the commodities produced or contained in deposits.

Current global economic conditions and financial markets, although recently strong, remain fragile and susceptible to unexpected volatility, and are likely to be so for the foreseeable future. There are also significant uncertainties regarding the price of gold and other minerals and the availability of equity financing for the purposes of mineral exploration and development. The Company's future performance is largely tied to the development of the Toiyabe Property and Mulloy Property and the overall financial markets.

Future volatility of financial markets as well as any instability of the global economy may result in the Company having difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting present shareholders of the Company. In this regard, the Company's strategy is to explore the Toiyabe Property and Mulloy Property and seek out other prospective resource properties to acquire, while monitoring the global markets and seeking out financing, if and when available, upon terms acceptable to the Board of Directors. The Company believes this focused strategy will enable it to best manage its capital markets needs while maintaining momentum on key business initiatives.

Off-Balance-Sheet Arrangements

As of the date hereof, the Company does not have any off-balance-sheet arrangements.

Proposed Transactions

Aside from the Assignment Agreement which provided the Company the option to acquire a 100% interest in the Toiyabe Property, the purchase of GOE and its exploration permit and reclamation bond held with the BLM with respect to the Toiyabe Property, and the Momentum Transaction, the Company does not have any proposed asset or business acquisitions or dispositions as at the date of this MD&A.

Environmental Contingency

The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment, and all phases of the Company's operations are subject to environmental regulation in the State of Nevada and the Province of Ontario. These environmental regulations are continually changing and generally becoming more restrictive. The Company plans to maintain a policy of operating its business in compliance with all environmental regulations. The Company does not believe that it has any significant environmental obligations in the near future.

Selected Quarterly Financial Information

A summary of selected financial information of the Company for the most recent eight fiscal quarters are as follows:

	Total	Loss (income)	
	Revenue	Total	Per Share
Three Months Ended	$	$	$
30. June 2021	Nil	208,657	0.01
31. March 2021	Nil	42,478	0.00
31. December 2020	Nil	14,859	0.00
30. September 2020	Nil	18,861	0.00
30. June 2020	Nil	8,616	0.00
31. March 2020	Nil	78,929	0.01
31. December 2019	Nil	21,673	0.00
30. September 2019	Nil	40,848	0.00

Selected Quarterly Financial Information

- The net loss for the three months ended June 30, 2021, consisted primarily of: (i) professional fees of $55,148; (ii) consulting fees of $16,979; (iii) corporate communications of $14,314; and (iv) share-based payments of $141,900.

- The net loss for the three months ended March 31, 2021, consisted primarily of: (i) professional fees of $28,254; (ii) consulting fees of $5,254; and (iii) corporate communications of $2,117. During this period the Company completed a non-brokered private placement.

- The net loss for the three months ended December 31, 2020, consisted primarily of: (i) professional fees of $8,621 and (ii) filing fees of $5,010.

- The net loss for the three months ended September 30, 2020, consisted primarily of: (i) professional fees of $4,899; (ii) filing fees of $8,551; and (iii) management services of $3,738. During this period the Company completed a non-brokered private placement.

- The net loss for the three months ended June 30, 2020, consisted primarily of: (i) professional fees of $3,840 and (ii) filing fees of $3,335.

- The net loss for the three months ended March 31, 2020, consisted primarily of: (i) professional fees of $60,144; (ii) filing fees of $5,864; and (iii) share-based payments of $11,922.

- The net loss for the three months ended December 31, 2019, consisted primarily of: (i) professional fees of $2,006; (ii) filing fees of $3,528; and (iii) share-based payments of $12,928.

- The net loss for the three months ended September 30, 2019, consisted primarily of: (i) professional fees of $23,441; (ii) filing fees of $9,795; and (iii) share-based payments of $7,500. During this period the Company planned exploration activities.

Discussion of Operations

Financial Performance

<u>For the three months ended June 30, 2021, compared to the three months ended June 30, 2020.</u>

IM Exploration's net loss totaled $208,657 for the three months ended June 30, 2021, with basic and diluted loss per share of $0.01. This compares with a net loss of $8,616 for the three months ended June 30, 2020, with basic and diluted loss per share of $0.00. The increase in the net loss of $200,041 was principally because:

- For the three months ended June 30, 2021, management fees increased by $11,869. The increase is primarily due to fees paid to CEO and CFO in current period.

- For the three months ended June 30, 2021, professional fees were $55,148 compared to $3,840 for during the three months ended June 30, 2020.

- For the three months ended June 30, 2021, gain on acquisition of subsidiary was $38,566 compared to $nil for during the three months ended June 30, 2020.

- For the three months ended June 30, 2021, corporate communication expenses were $14,314 compared to $nil for during the three months ended June 30, 2020.

- For the three months ended June 30, 2021, share-based payments were $141,900 compared to $nil for during the three months ended June 30, 2020.

Cash Flow

The Company had cash and cash equivalents of $652,753 (March 31, 2021 - $1,191,299). The decrease in cash and cash equivalents during the three months ended June 30, 2021 was primarily due to cash and share payments in connection with the Assignment Agreement for the Toiyabe Property, ongoing option payments to Minquest to satisfy earn-in requirements at the Toiyabe Property, and the purchase of GOE.

Cash and cash equivalents used in operating activities were $43,639 for the three months ended June 30, 2021. Operating activities were affected by the change in non-cash working capital balances because of an increase in accounts payable and accrued liabilities of $14,676 and a decrease of $11,062 in prepaid expenditures.

Cash used for investing activities was $529,607 for the three months ended June 30, 2021, because of exploration, evaluation and acquisition expenditures related to the Toiyabe Property.

Cash provided by financing activities was $34,700 for the three months ended June 30, 2021, provided from the proceeds on the exercise of warrants.

Liquidity and Capital Resources

The activities of the Company - principally the acquisition, exploration and development of mineral properties - are currently financed through the completion of equity offerings. There is no assurance that equity financing will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all.

The Company has no operating revenues and therefore must utilize its funds obtained from equity financing and other financing transactions to maintain its capacity to meet ongoing exploration and operating activities. The cash resources of IM Exploration are held with major Canadian financial institutions.

The Company's uses of cash at present occur, and in the future are expected to occur, principally in three areas, namely, funding of its general and administrative expenditures, its ongoing exploration activities, and the satisfaction of option payments to Minquest pursuant to the Toiyabe Property. Exploration activities may include Phase 1 of the exploration and evaluation of the Mulloy Property, as set out in the Mulloy Technical Report. Under the Mulloy Option Agreement, for the Company to acquire 90% of the legal and beneficial right, title and interest in and to the Mulloy Property, the Company has to complete a feasibility study. Such a study will involve exploration and data verification. Exploration activities will also be conducted at the Toiyabe Property, including any future drill campaigns. Management may reassess its planned expenditures based on the degree of success of its exploration program, the Company's working capital resources, the scope of work required to advance the exploration of the Mulloy and Toiyabe Properties, and the overall condition of the financial markets.

The Company's working capital of $621,899 at June 30, 2021, is anticipated to be adequate to complete the Phase 1 and Phase 2 programs recommended by the Mulloy Technical Report (see "Overall Performance and Outlook" and "Exploration and Properties" above). The Company will require additional equity financing in order to complete its planned objectives. In regards to the Toiyabe Property, the Company's working capital is anticipated to be adequate to complete its near-term work programs, and no further exploration expenditures are required under the terms of its option to acquire a 100% ownership interest.

Accounting Standards Issued But Not Yet Effective

Several new accounting standards, amendments to standards, and interpretations are issued but not yet effective up to the date of issuance of the Company's financial statements. The Company is assessing the impact of their new standards but does not expect them to have a significant effect on the financial statements. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein.

Capital Risk Management

IM Exploration'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.

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 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 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.

Financial Instrument 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 fair value measurement and unobservable (i.e., supported by little or no market activity).

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.

Related Party Transactions

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the amount agreed to by the related parties.

Remuneration of directors and key management personnel:

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

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

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

ii) Paid or accrued $3,185 (2020 - $1,316) 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).

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.

Share Capital

As of August 30, 2021, the Company had 46,346,622 issued and outstanding Common Shares.

Stock options outstanding for the Company were as follows, with each stock option exercisable to acquire one Common Share:

	Number of options	Expiry date	Exercise price
	700,000	29 May 2024	$0.100
	100,000	2 July 2024	$0.100
	50,000	1 Oct 2024	$0.090
	1,100,000	9 April 2026	$0.180
	240,000	14 April 2026	$0.166
	200,000	2 June 2026	$0.300
	1,400,000	5 July 2026	$0.240
	200,000	22 July 2026	$0.240
	200,000	16 Aug 2026	$0.240
Outstanding, August 30, 2021	4,190,000		$0.194
Exercisable, August 30, 2021	3,365,000		$0.198

Warrants outstanding for the Company were as follows, with each warrant exercisable to acquire one Common Share:

	Number of Warrants	Expiry Date	Exercise price
Outstanding, August 30, 2021	5,158,333	26. March 2023	$0.250
Exercisable, August 30, 2021	5,158,333		$0.250

Risks and Uncertainties

The Company is in the business of exploring mineral properties, which is a highly speculative endeavor. An investment in Common Shares should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investments. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position and financial performance.

Option Over the Properties

The Company's right to exercise its option over the Toiyabe Property and Mulloy Property will be dependent upon its compliance with their respective option agreements. For the Toiyabe Property, option payments must be made in order to exercise the option to acquire a 100% interest. For the Mulloy Property, a feasibility study must be completed in order to exercise the option to acquire a 90% interest. To date, the Company has paid the cash payments and issued the Common Shares owing stipulated in each respective option agreement to keep them in good standing. There can be no assurance that the Company will be able to comply with the other provisions of these option agreement, including that the Company complete a feasibility study in relation to exercising the option on the Mulloy Property, or future cash payments in relation to exercising the option on the Toiyabe Property. If the Company is unable to fulfill the requirements of the option agreements, it is likely that it would be considered in default of such agreements and the agreements could be terminated, resulting in the loss of all rights to the Toiyabe Property or Mulloy Property, and the loss of all option payments made and expenditures incurred prior to the date of termination. Failure to obtain adequate financing or to complete exploration on a timely basis could result in the loss of the Company's right to exercise the Toiyabe Property and the Mulloy Property option.

Insufficient Capital

The Company does not currently have any revenue-producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Company will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Company will be successful in obtaining such additional financing; failure to do so could result in the loss of the Company's interest in the Toiyabe Property and the Mulloy Property.

Financing Risks

The Company has no history of earnings and, due to the nature of its business, there can be no assurance that the Company will ever be profitable. The only present source of funds available to the Company is through the sale of its Common Shares. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on the Toiyabe Property or Mulloy Property, or any additional properties in which the Company may acquire an interest in. While the Company may generate additional working capital through further equity offerings or, if applicable, through the sale or option or joint venture of its properties, there is no assurance that any such funds will be available on terms acceptable to IM Exploration, or at all. If available, future equity financing may result in substantial dilution to existing shareholders. At present it is impossible to determine what amounts of additional funds, if any, may be required.

Limited Operating History and Negative Operating Cash Flow

The Company has a limited history of operations and has only conducted early-stage work on the Toiyabe Property and Mulloy Property. There are no known commercial quantities of mineral reserves on the Toiyabe Property or Mulloy Property. To the extent that the Company has a negative operating cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative operating cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. If the Company is unable to generate revenues or obtain such additional financing, any investment in the Company may be lost.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in share prices will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in exploring the Property or creating revenues, cash flow or earnings. The value of the Common Shares will be affected by such volatility.

An active public market for the Common Shares might not develop or be sustained. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Property Interests

The Company does not own the mineral rights pertaining to the Toiyabe Property and the Mulloy Property. Rather, it holds an option to acquire a 100% interest in the Toiyabe Property and a 90% interest in the Mulloy Property. There is no guarantee the Company will be able to raise sufficient funding in the future to undertake a feasibility study in order to exercise its option with respect to the Mulloy Property. Furthermore, the Company's capacity to complete a feasibility study is uncertain. If the Company fails to deliver a feasibility study, the Company may lose its interest in the Mulloy Property without any recourse. There is also no guarantee that the CSE will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to do so.

In the event that IM Exploration acquires a 90% interest in the Mulloy Property, there is no guarantee that title to the Property will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, or aboriginal or indigenous land claims, or title may be affected by undetected defects. Land surveys have not been carried out on the Mulloy Property; therefore, the Mulloy Property's existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

In the event that IM Exploration acquires a 100% interest in the Toiyabe Property, there is no guarantee that title to the Property will not be challenged or impugned. However, the Company has sought to alleviate this risk, by engaging Lonewolf Energy, Inc. to conduct a title examination, which was completed prior to entering into the Assignment Agreement. The examination concluded that the ownership of the underlying claims at the Toiyabe Property held by optionor Minquest is valid and active.

First Nations Land Claims

First Nations rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Supreme Court of Canada's 2014 decision in Tsilhqot'in Nation v. British Columbia marked the first time in Canadian history that a court has declared First Nations title to lands outside of reserve land. The Mulloy Property may now or in the future be the subject of aboriginal or indigenous land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the Mulloy Property cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the Mulloy Property is located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with and seek the approval of holders of aboriginal interests in order to facilitate exploration and development work on the Mulloy Property, and there is no assurance that the Company will be able to establish a practical working relationship with any First Nations in the area which would allow it to ultimately develop the Mulloy Property. The Mulloy Property is under the care of Constance Lake First Nation, and therefore Aboriginal Consultation is required prior to work on the Mulloy Property, according to the Mining Act (Ontario). To date, the Company has had preliminary negotiations with Constance Lake First Nation but has not entered into any formal agreement or understanding regarding future exploration at the Mulloy Property.

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The Toiyabe Property and Mulloy Property are considered to be in the early exploration and development stage. At present, no current NI 43-101 mineral resources have been identified at either Property. There is no certainty that further exploration and development will result in the identification of indicated or measured resources, or probable or proven reserves, at the Toiyabe Property or Mulloy Property, or that if any mineral resources or reserves are defined at the Toiyabe Property or Mulloy Property that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized.

The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore on the Toiyabe Property or Mulloy Property or elsewhere. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Uninsurable Risks

In the course of exploration and development of mineral properties, certain risks may occur, including in particular unexpected or unusual geological operating conditions such as rock bursts, cave-ins, fires, flooding and earthquakes. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability by the Company and result in increasing costs and a corresponding decline in the value of the Common Shares.

Environmental Laws and Regulations

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulated certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties, or non-compliance with environmental laws or regulations. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive.

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

Permits

The mineral exploration operations of the Company may require permits from various federal, state/provincial and local governmental authorities and will be governed by laws and regulations on prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Toiyabe Property or Mulloy Property.

Competition

The mining industry is intensely competitive in all phases and the Company competes with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future and to engage qualified personnel to explore the Property.

Fluctuating Mineral Prices

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of industrial and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of the Toiyabe Property, Mulloy Property and any other exploration properties the Company may acquire from time to time cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in the world market in United States dollars.

Conflicts of Interest

Some of the directors and officers of the Company are engaged and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the *Canada Business Corporations Act*. Any director or officer in a position of conflict will declare such conflict to the Company's Chief Executive Officer and/or Board of Directors, as appropriate. Directors who are in a position of conflict will abstain from voting on any matters relating to the conflicting transaction.

Personnel

The Company has a small management team and Board of Directors, and the loss of any key individual could adversely affect the Company's business. Additionally, the Company will be required to secure other personnel to facilitate its exploration programs on the Toiyabe and Mulloy Properties. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

COVID-19 Global Pandemic

The COVID-19 pandemic continues to impact the economic conditions and financial markets. The Company is continually monitoring the potential impact on its operations and the Company's exploration operations and access to capital have been adversely impacted and delayed. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.