

IM EXPLORATION INC.

**CONDENSED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)**

(Unaudited)

Three and Nine Months Ended December 31, 2020 and 2019

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of IM Exploration Inc. (the "Company") 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 Statements of Financial Position

(Unaudited)

(expressed in Canadian dollars)

		December 31,	March 31,
		2020	2020
	Notes	\$	\$
ASSETS			
Current			
Cash		468,579	249,368
Other receivable		4,706	20,664
Prepaid expenses		10,000	-
		483,285	270,032
Non-current assets			
Exploration and evaluation assets	3	69,250	69,250
		69,250	69,250
		552,535	339,282
LIABILITIES			
Current liabilities			
Accounts payables and accrued liabilities	4	13,866	62,244
		13,866	62,244
EQUITY			
Share capital	5	817,822	513,855
Reserves		85,002	85,002
Deficit		(364,155)	(321,819)
		538,669	277,038
		552,535	339,282

Nature of operations and going concern (note 1)

Approved on behalf of the Board:

Signed "Yaron Conforti" Director

Signed "Joel Freudman" Director

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

IM EXPLORATION INC.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited)

(in Canadian dollars)

		Three months ended December 31		Nine months ended December 31	
		2020	2019	2020	2019
	Notes	\$	\$	\$	\$
Expenses					
General and administrative		188	1,374	1,736	5,837
Management services	9	1,040	1,836	6,094	1,836
Consulting fees		-	-	250	-
Professional fees		8,621	2,006	17,360	(32,908)
One-time bonus	9	-	-	-	23,000
Filing fees		5,010	3,528	16,896	29,569
Share-based payments		-	12,928	-	52,080
		(14,859)	(21,672)	(42,336)	(79,414)
Net loss and comprehensive loss for the period		(14,859)	(21,672)	(42,336)	(79,414)
Weighted average number of common shares outstanding		16,600,000	10,400,000	13,330,909	9,704,000
Basic and diluted net loss per share		\$(0.00)	\$(0.00)	\$(0.00)	\$(0.01)

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IM EXPLORATION INC.

Condensed Interim Statements of Changes in Equity

(Unaudited)

(in Canadian dollars)

	Number of Shares	Share Capital \$	Reserves		Deficit \$	Total Equity \$
			Options \$	Warrants \$		
Balance, March 31, 2019	7,100,000	289,971	-	-	(163,476)	126,495
Shares issued for cash	3,000,000	300,000	-	-	-	300,000
Share issuance costs	-	(106,116)	-	21,000	-	(85,116)
Share issued for acquisition of exploration and evaluation assets	300,000	30,000	-	-	-	30,000
Share-based payments	-	-	64,002	-	-	64,002
Net loss for period	-	-	-	-	(158,343)	(158,343)
Balance, March 31, 2020	10,400,000	513,855	64,002	21,000	(321,819)	277,038
Balance, March 31, 2019	7,100,000	289,971	-	-	(163,476)	126,495
Shares issued for cash	3,000,000	300,000	-	-	-	300,000
Share issuance costs	-	(155,314)	-	21,000	-	(134,314)
Share issued for acquisition of exploration and evaluation assets	300,000	30,000	-	-	-	30,000
Share-based payments	-	-	52,080	-	-	52,080
Net loss for period	-	-	-	-	(79,414)	(79,414)
Balance, December 31, 2019	10,400,000	464,657	52,080	21,000	(242,890)	294,847
Balance, March 31, 2020	10,400,000	513,855	64,002	21,000	(321,819)	277,038
Shares issued during the period	6,200,000	310,000	-	-	-	310,000
Share issue costs	-	(6,033)	-	-	-	(6,033)
Net loss for period	-	-	-	-	(42,336)	(42,336)
Balance, December 31, 2020	16,600,000	817,822	64,002	21,000	(364,155)	538,669

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

IM EXPLORATION INC.

Condensed Interim Statements of Cash Flow

(Unaudited)

(in Canadian dollars)

	Nine months ended December 31	
	2020	2019
	\$	\$
Operating activities		
Net loss for the period	(42,336)	(79,414)
Adjustments for:		
Share-based payments	-	52,080
Changes in non-cash working capital items:		
Other receivable	15,958	(19,925)
Prepaid expenses	(10,000)	38,825
Accounts payables and accrued liabilities	(48,378)	(66,905)
Net cash used in operating activities	(84,756)	(75,339)
Investing Activities		
Exploration and evaluation assets	-	(24,250)
Net cash used in investing activities	-	(24,250)
Financing Activities		
Proceeds from share issuances	310,000	300,000
Share issue costs	(6,033)	(134,314)
Net cash provided by financing activities	303,967	165,686
Increase (decrease) in cash	219,211	66,097
Cash - beginning of period	249,368	192,859
Cash - end of period	468,579	258,956

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

IM EXPLORATION INC.

Notes to the Condensed Interim Financial Statements

As at and for the three and nine months ended December 31, 2020

(In Canadian dollars, Unaudited)

1. Nature of operations and going concern

IM Exploration Inc. (the "Company") 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 address of the Company's corporate office and principal place of business is Suite 4400, 181 Bay Street, Brookfield Place, Toronto, Ontario.

These 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 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.

The impact of the novel coronavirus ("COVID-19") pandemic, with its combined health toll and sharp decline in global economic output, is unprecedented and the full extent of the impact will depend on future developments. These developments are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning its severity, its duration and actions by government authorities to contain the outbreak or manage its impact. The Company is continually monitoring the potential impact on its operations and, to the date of the authorization of these condensed interim financial statements, has been impacted in terms of restrictions on its exploration activities. 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.

2. Significant accounting policies

Statement of compliance

The Company applies 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"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of January 27, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended March 31, 2020. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending March 31, 2020 could result in restatement of these unaudited condensed interim financial statements.

IM EXPLORATION INC.

Notes to the Condensed Interim Financial Statements

As at and for the three and nine months ended December 31, 2020

(In Canadian dollars, Unaudited)

2. Significant accounting policies (continued)

IAS 1, Presentation of Financial Statements ("IAS 1") and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

On April 1, 2020, the Company adopted IAS 1, and IAS 8 which refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The adoption of IAS 1 and IAS 8 had no impact on the financial statements.

3. Exploration and evaluation assets

On November 30, 2017, the Company entered into an option agreement to earn a 90% interest in the Mulloy project situated in the Rowlandson Township, Porcupine Division in Ontario 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 on May 29, 2019.

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

A 2% royalty on net smelter returns ("NSR") from all production by the Company at the property will be payable in cash or in kind. The Company can purchase 1% of the NSR for \$1,000,000.

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

	Mulloy Property
Acquisition costs	
Balance, March 31, 2019	15,000
Shares issued as option payment	30,000
Balance, March 31, 2020	45,000
Balance, December 31, 2020	45,000
Exploration costs	
Balance, March 31, 2019	-
Geophysical survey and assessment	24,250
Balance, March 31, 2020	24,250
Balance, December 31, 2020	24,250
Total balance, December 31, 2020	69,250

During the three months ended December 31, 2020, the Company incurred a prepaid expense (deposit) of \$10,000 for additional claim staking and data compilation in connection with the expansion of the Mulloy project. Subsequent to December 31, 2020, the staking and data compilation were completed and the prepaid expense was drawn down.

IM EXPLORATION INC.

Notes to the Condensed Interim Financial Statements

As at and for the three and nine months ended December 31, 2020

(In Canadian dollars, Unaudited)

4. Accounts payable and accrued liabilities

	December 31, 2020	March 31, 2020
Trade payables	6,140	21,341
Accrued liabilities	1,351	1,127
Accrued professional fees	6,375	19,276
Accrued bonuses (Note 9)	-	20,500
	13,866	62,244

5. Share capital

a) Authorized share capital

Authorized share capital consists of an unlimited number of common shares without par value.

b) Common shares issued

	Number of common shares	Amount \$
Balance at March 31, 2019	7,100,000	289,971
Initial public offering (i)	3,000,000	300,000
Share issue costs (i)	-	(106,116)
Shares issued for acquisition of exploration and evaluation assets (Note 3)	300,000	30,000
Balance at March 31, 2020	10,400,000	513,855
Balance at March 31, 2020	10,400,000	513,855
Private placement (ii)	6,200,000	310,000
Private placement (ii)	-	(6,033)
Balance at December 31, 2020	16,600,000	817,822

- (i) On May 29, 2019, the Company completed an initial public offering ("Offering") pursuant to which it has issued an aggregate of 3,000,000 common shares at a price of \$0.10 per common share to raise aggregate gross proceeds of \$300,000, all pursuant to a final prospectus dated March 29, 2019. In connection with the offering, a cash commission of \$30,000, a corporate finance fee of \$12,500, legal and other fees of \$42,616 was paid and, 100,000 agent's warrants and 300,000 compensation warrants was issued, each such warrant entitling the holder to acquire one common share at an exercise price of \$0.10 for a period of 24 months from the date of closing of the Offering. These warrants were assigned a value of \$21,000 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model 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 announced that it completed a non-brokered private placement of 6,200,000 common shares at \$0.05 per share for gross proceeds of \$310,000. Legal and filing fees of \$6,033 associated with the private placement were incurred for net cash proceeds of \$303,967.

IM EXPLORATION INC.

Notes to the Condensed Interim Financial Statements

As at and for the three and nine months ended December 31, 2020

(In Canadian dollars, Unaudited)

6. Warrants

On 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	Amount \$
Balance, March 31, 2019	-	-
Issued (Note 5)	400,000	21,000
Balance, March 31, 2020	400,000	21,000
Balance, December 31, 2020	400,000	21,000

The following table reflects the actual warrants outstanding and exercisable as of December 31, 2020:

Number of warrants outstanding	Grant date fair value (\$)	Exercise Price (\$)	Expiry date
400,000	21,000	0.10	May 29, 2021

7. 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 the Exchange requirements, grant to directors, officers, consultants and employees of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to 10 years from the date of the grant.

	Number of Stock Options	Weighted Average Exercise Price \$
Balance, March 31, 2019	-	-
Issued	875,000	0.10
Expired	(25,000)	0.10
Balance, March 31, 2020	850,000	0.10
Balance, December 31, 2020	850,000	0.10

The following table reflects the actual stock options issued and outstanding as of December 31, 2020:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
May 29, 2024	0.10	3.41	700,000	700,000
July 2, 2024	0.10	3.51	100,000	100,000
October 1, 2024	0.09	3.76	50,000	50,000

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Notes to the Condensed Interim Financial Statements

As at and for the three and nine months ended December 31, 2020

(In Canadian dollars, Unaudited)

8. Loss per share

For the nine months ended December 31, 2020, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$42,336 (nine months ended December 31, 2019 - \$79,414) and the weighted average number of common shares outstanding of 13,330,909 (nine months ended December 31, 2019 – 9,704,000). The Company does not have any securities outstanding that would currently be dilutive.

9. 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 directors and key management personnel of the Company was as follows:

	Three months ended December 31		Nine months ended December 31	
	2020	2019	2020	2019
	\$	\$	\$	\$
Management services (i)	1,040	1,836	6,094	1,836
One-time bonus (ii)	-	-	-	20,500
Share-based compensation to directors and officers	-	10,674	-	34,877
	1,040	12,510	6,094	57,213

(i) Management services are for CFO fees.

(ii) While the CEO and directors of the Company are not paid for serving in such positions, they received bonuses upon completion of the IPO. The amount of \$20,500 had been accrued for and was paid in June 2020.

- (b) The Company has entered into the following transactions with related parties:

	Three months ended December 31		Nine months ended December 31	
	2020	2019	2020	2019
	\$	\$	\$	\$
Marrelli Support Services Inc. ("Marrelli Support") (i)	-	-	-	14,926
	-	-	-	14,926

(i) For the three and nine months ended December 31, 2020, the Company expensed \$nil and \$nil, respectively, (three and nine months ended December 31, 2019 - \$nil and \$14,926) to Marrelli Support for bookkeeping services. Victor Hugo, former CFO of the Company, is an employee of Marrelli Support.