IM EXPLORATION INC.

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

(EXPRESSED IN CANADIAN DOLLARS)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of IM Exploration Inc.

Opinion

We have audited the financial statements of IM Exploration Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2020, and 2019 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes events and conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 28, 2020

MOORE

An independent firm
associated with Moore
Global Network Limited

IM Exploration Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

		As at March 31, 2020		As at March 31, 2019
ASSETS				
Current assets				
Cash	**$**	**249,368**	$	192,859
Other receivable		**20,664**		253
Prepaid expenses (note 6)		**-**		38,825
Total current assets		**270,032**		231,937
Non-current assets				
Exploration and evaluation assets (note 7)		**69,250**		15,000
Total assets	**$**	**339,282**	$	246,937
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (note 8)	**$**	**62,244**	$	120,442
Total liabilities		**62,244**		120,442
Shareholders' equity				
Share capital (note 9)		**513,855**		289,971
Reserves		**85,002**		-
Deficit		**(321,819)**		(163,476)
Total shareholders' equity		**277,038**		126,495
Total liabilities and shareholders' equity	**$**	**339,282**	$	246,937

Nature of operations and going concern (note 1)
Subsequent events (note 13)

Approved on behalf of the Board:

(Signed) "Yaron Conforti" Director

(Signed) "Joel Freudman" Director

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

IM Exploration Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Year Ended March 31, 2020		Year Ended March 31, 2019
Operating expenses				
General and administrative	**$**	**6,117**	$	1,989
Consulting fees (note 12)		**720**		27,393
Professional fees (note 12)		**29,072**		78,838
One-time bonus (note 12)		**23,000**		-
Filing fees		**35,432**		8,475
Share-based payments (note 9)		**64,002**		-
Net loss and comprehensive loss for the year	**$**	**(158,343)**	$	(116,695)
Basic and diluted net loss per share	**$**	**(0.02)**	$	(0.02)
Weighted average number of common shares outstanding		**9,875,616**		5,311,264

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

IM Exploration Inc.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share capital	Shares subscribed to be issued	Reserves Options	Reserves Warrants	Deficit	Total
Balance, March 31, 2018	**1,500,000**	**$ 30,000**	**$ 45,000**	**$ -**	**$ -**	**$ (46,781)**	**$ 28,219**
Shares issued for cash	5,600,000	280,000	(45,000)	-	-	-	235,000
Share issuance costs		(20,029)					(20,029)
Net loss for the year	-	-	-	-	-	(116,695)	(116,695)
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)
Shares issued for acquisition of exploration and evaluation assets	300,000	30,000	-	-	-	-	30,000
Share-based payments	-	-	-	64,002	-	-	64,002
Net loss for the year	-	-	-	-	-	(158,343)	(158,343)
Balance, March 31, 2020	**10,400,000**	**$ 513,855**	**-**	**$ 64,002**	**$ 21,000**	**$ (321,819)**	**$ 277,038**

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

IM Exploration Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended March 31, 2020	Year Ended March 31, 2019
Operating activities		
Net loss	**$ (158,343)**	$ (116,695)
Adjustments for:		
Share-based payment	**64,002**	-
Changes in non-cash working capital items:		
Other receivable	**(20,411)**	(253)
Prepaid expenses	**38,825**	(18,825)
Amounts payable and accrued liabilities	**(58,198)**	75,221
Net cash used in operating activities	**(134,125)**	(60,552)
Investing activities		
Exploration and evaluation expenditures	**(24,250)**	-
Net cash used in investing activities	**(24,250)**	-
Financing activities		
Proceeds from share issuances	**214,884**	214,971
Net cash provided by financing activities	**214,884**	214,971
Net change in cash	**56,509**	154,419
Cash, beginning of year	**192,859**	38,440
Cash, end of year	**$ 249,368**	$ 192,859

The accompanying notes to the 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") 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 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. Basic of presentation

Statement of compliance

These financial statements have been prepared in accordance 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 principle accounting policies applied in the presentation of these financial statements are set out in note 3.

These financial statements were authorized for issue by the Board of Directors of the Company as of July 28, 2020.

Basis of measurement

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

The financial statements are presented in Canadian dollars unless otherwise noted.

2. Basic of presentation (continued0

Significant accounting estimates and judgements

The preparation of the Company's 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.

3. Significant accounting policies

Financial instruments

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

<u>Classification</u>
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
Accounts receivable	Amortized cost

Financial liabilities:	Classification:
Accounts payable	Amortized cost

3. Significant accounting policies (continued)

Financial instruments (continued)

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 recognised in profit or loss. Other net gains and losses are recognised 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 recognised 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 recognised in OCI and are never reclassified to profit or loss.

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 or 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.

3. Significant accounting policies (continued)

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.

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.

3. Significant accounting policies (continued)

Restoration and environmental obligations (continued)

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.

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.

3. Significant accounting policies (continued)

Income taxes

Current income tax:

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.

Deferred income tax:

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

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.

IFRS 16, Leases establishes a comprehensive framework for recognition, measurement and classification of leases and requires lessees to recognize assets and liabilities for most leases. It has replaced International Accounting Standard (“IAS”) 17 Leases and related interpretations. The Company has adopted IFRS 16 using the modified retrospective approach on April 1, 2019 and has not restated comparatives for the 2019 reporting period. The Company elected to use the exemptions proposed by the standard on lease contracts for which the lease terms end within twelve months as of the date of adoption and lease contracts from which the underlying asset is of low value. The adoption of IFRS 16 does not result in any adjustment to the opening statement of financial position on April 1, 2019.

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

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to 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 amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

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.

(Expressed in Canadian Dollars)

5. Financial instruments and risk management

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 exposure to foreign exchange risk is minimal.

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.

6. Prepaid expenses

		2020		2019
Prepaid expenses	**$**	**-**	$	12,500
Deposits		**-**		26,325
Total prepaid expenses	**$**	**-**	$	38,825

7. 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 (see note 9).

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, 2018 and 2019	**$**	**15,000**
Shares issued as option payment		**30,000**
Balance, March 31, 2020		**69,250**
Exploration costs		
Balance, March 31, 2018 and 2019		**-**
Geophysical survey and assessment		**24,250**
Balance, March 31, 2020		**24,250**
Total balance, March 31, 2020	**$**	**69,250**

(Expressed in Canadian Dollars)

8. Accounts payable and accrued liabilities

		2020		2019
Accounts payable	$	21,341	$	795
Accrued liabilities		40,903		119,647
Total accounts payable and accrued liabilities	**$**	**62,244**	**$**	**120,442**

9. 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, March 31, 2018	**1,500,000**	**$**	**30,000**
Private placements (i) (ii) (iii)	5,600,000		280,000
Share issue costs	-		(20,029)
Balance, March 31, 2019	**7,100,000**	**$**	**289,971**
Initial public offering (iv)	3,000,000		300,000
Share issue costs {iv}	-		(106,116)
Share issued for acquisition of exploration and evaluation assets (Note 7)	300,000		30,000
Balance, March 31, 2020	**7,100,000**	**$**	**513,855**

(i) On July 13, 2018, the Company completed a private placement (tranche 1) with the issuance of 3,600,000 common shares, at a price of $0.05 per common share, for gross proceeds of $180,000. Gross proceeds of $45,000 was received prior to March 31, 2018 and was recorded in subscriptions received in advance at the year ended March 31, 2018.

(ii) On July 26, 2018, the Company completed a private placement (tranche 2) with the issuance of 1,300,000 common shares, at a price of $0.05 per common share, for gross proceeds of $65,000.

(iii) On October 5, 2018, the Company completed a private placement (tranche 3) with the issuance of 700,000 common shares, at a price of $0.05 per common share, for gross proceeds of $35,000.

(iv) On May 29, 2019, the Company completed an initial public offering ("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 fee of $30,000 corporate finance fee of $12,500 and legal and other fees of $42,616 and issued100,000 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.

(Expressed in Canadian Dollars)

9. Share capital (continued)

c) 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	Weighted average exercise price
Warrants outstanding, March 31, 2019 and 2018	-	$ -
Warrants issued	400,000	0.10
Warrants outstanding, March 31, 2020	400,000	$ 0.10

Details of warrants outstanding as at March 31, 2020 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of warrants outstanding
$0.10	1.41 years	400,000

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 the Exchange 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 5% 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, 2019 and 2018	**-**	**$ -**
Options granted	875,000	0.10
Options forfeited	(25,000)	0.10
Options outstanding, March 31, 2020	**850,000**	**$ 0.10**
Options exercisable, March 31, 2020	**650,000**	**$ 0.10**

(Expressed in Canadian Dollars)

9. Share capital (continued)

Details of options outstanding as at March 31, 2020 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	700,000	4.16 years	500,000	4.16 years
$0.10	100,000	4.26 years	100,000	4.26 years
$0.09	50,000	4.51 years	50,000	4.51 years
$0.10	850,000	4.20 years	650,000	4.20 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. During the year ended March 31, 2020, $52,752 was expensed (2019 - $nil).

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. During the year ended March 31, 2020, $7,456 (2019 - $nil) was expensed.

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. During the year ended March 31, 2020, $3,794 was expensed (2019 - $nil).

During the year ended March 31, 2020, the Company recognized stock-based compensation expense of $64,002 (2019 - $nil).

(Expressed in Canadian Dollars)

10. Income taxes

A reconciliation of income taxes at statutory rates is as follows:

		2020		2019
Loss before income taxes	$	(158,343)		(116,968)
Statutory income tax rates		27 %		26 %
Computed income tax recovery		(42,753)		(30,000)
Permanent differences and other		(13,443)		30,000
Change in unrecognized deductible temporary		56,196		-
Income tax recovery	$	-	$	-

Significant components of the Company's deferred tax assets and liabilities are as follows:

		2020		2019
Deferred income tax assets				
Non-capital loss carry-forwards	$	75,275	$	42,000
Share issue costs		22,951		-
		98,196		42,000
Unrecognized deferred tax assets		(98,196)		(42,000)
Deferred income tax asset	$	-	$	-

The Company has non-capital losses of approximately $278,000 which may be carried forward to reduce taxable income in future years. The non-capital losses expire in 2040.

The conditions required under IFRS, to recognize net potential deferred tax assets based on the establishment of likely recovery through future profitability have not been met. Accordingly, a 100% valuation allowance has been provided.

(Expressed in Canadian Dollars)

11. Loss per share

For the year ended March 31, 2020, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $158,343 (2019 - $116,695) and the weighted average number of common shares outstanding of 9,875,616 (2019 – 5,311,264).

12. 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 has entered into the following transactions with related parties:

		2020		2019
Marrelli Support Services Inc. ("Marrelli Support") (i)	$	**14,926**	$	28,531
2411763 Ontario Incorporated ("2411763 ONT") (ii)		**-**		7,500
	$	**14,926**	$	36,031

i) For the year ended March 31, 2020, the Company expensed $14,926, (2019 - $28,531) to Marrelli Support for bookkeeping services. Victor Hugo, former CFO of the Company, is an employee of Marrelli Support. As at March 31, 2020, Marrelli Support was owed $nil (2019 - $15,340).

ii) For the year ended March 31, 2020, the Company expensed $nil (2019 - $7,500), to 2411763 ONT, for strategic advisory services provided to the Company. 2411763 ONT is a corporation controlled by a director of the Company.

b) The Company incurred the following key management compensation:

		2020		2019
Consulting fees	$	**3,201**	$	-
One-time bonus (iii)		**20,500**		-
Share-based compensation (note 9)		**64,002**		
	$	**87,703**	$	-

iii) While the CEO and directors of the Company have not received any compensation as at the date the Offering, they received bonuses upon completion of the Offering. The amount of $20,500 have been accrued for and is included in accounts payable and accrued liabilities.

13. Subsequent event

Subsequent to December 31, 2019, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. As a result, global equity markets and commodity prices have experienced significant volatility and weakness. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.