NAVASOTA RESOURCES INC.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Navasota Resources Inc.:

Opinion

We have audited the consolidated financial statements of Navasota Resources Inc., (the "Company"), which comprise the consolidated statement of financial position as at April 30, 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30 2019, and its financial performance and its cash flows for the year 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 2 to the financial statements, which indicates that the Company incurred a net loss of $122,668 during the year ended April 30, 2019 and has a deficit of $29,045,769 as at April 30, 2019. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended April 30, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 21, 2018.

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 Otto Ehinger.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia
August 29, 2019

NAVASOTA RESOURCES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT APRIL 30, 2019 AND 2018

(Expressed in Canadian dollars)

	April 30, 2019	April 30, 2018
	$	$
ASSETS		
Current		
Cash	37,002	4,026
HST receivable	-	5,116
	37,002	9,142
Non-current		
Exploration and evaluation assets (Note 5)	1	1
	1	1
Total Assets	37,003	9,143
LIABILITIES		
Current		
Due to related parties (Note 7)	743	210,801
Accounts payable and accrued expenses (Note 6)	250,907	255,184
Total Liabilities	251,650	465,985
DEFICIT		
Share capital (Note 8)	26,613,483	26,327,850
Contributed surplus (Note 8)	79,230	-
Share-based payment reserves (Note 8)	2,138,409	2,138,409
Accumulated deficit	(29,045,769)	(17,114,482)
Total deficit attributable to the shareholders of parent	(214,647)	11,351,777
Non-controlling interest (Note 8)	-	(11,808,619)
	(214,647)	(456,842)
Total Liabilities and Deficit	37,003	9,143

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

NAVASOTA RESOURCES INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

(Expressed in Canadian dollars)

		2019		2018
EXPENSES				
Filing fees	$	29,127	$	43,659
Professional fees (Note 7)		57,326		59,997
Management fees (Note 7)		30,603		18,854
Rent		-		1,500
General and administration		370		895
Bank charges		126		65
Write off of HST receivable		5,116		-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(122,668)		(124,970)
Basic and diluted loss per share	$	(0.01)	$	(0.06)
Weighted average number of common shares outstanding		8,902,223		2,159,177

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

NAVASOTA RESOURCES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Share-based Payments Reserves	Contributed surplus	Accumulated Deficit	Total Deficit Attributable to the Shareholders of Parent	Non-Controlling Interest	Total Deficit
		$	$		$	$	$	$
Balance at May 1, 2017	**2,066,026**	**26,227,850**	**2,138,409**	**-**	**(16,989,512)**	**11,376,747**	**(11,808,619)**	**(431,872)**
Share issuance (Note 8)	2,000,000	100,000	-	-	-	100,000	-	100,000
Net loss and comprehensive loss for the year	-	-	-	-	(124,970)	(124,970)	-	(124,970)
Balance as at April 30, 2018	**4,066,026**	**26,327,850**	**2,138,409**	**-**	**(17,114,482)**	**11,351,777**	**(11,808,619)**	**(456,842)**
Debt settled for shares	5,712,660	285,633	-	-	-	285,633	-	285,633
Capital contribution (Note 8)	-	-	-	79,230	-	79,230	-	79,230
Reclass of NCI to Accumulated Deficit (Note 8)	-	-	-	-	(11,808,619)	(11,808,619)	11,808,619	-
Net loss and comprehensive loss for the year	-	-	-	-	(122,668)	(122,668)	-	(122,668)
Balance as at April 30, 2019	**9,778,686**	**26,613,483**	**2,138,409**	**79,230**	**(29,045,769)**	**(214,647)**	**-**	**(214,647)**

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

NAVASOTA RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED APRIL 30, 2019 AND 2018

(Expressed in Canadian dollars)

	2019	2018
	$	$
OPERATING ACTIVITIES		
Net loss and comprehensive loss for the year	(122,668)	(124,970)
Adjustments for non-cash item:		
Write off of HST receivable	5,116	-
Change in non-cash working capital:		
HST receivable	-	(5,011)
Due to related parties	75,575	(25,170)
Accounts payable and accrued expenses	(4,277)	59,007
Cash used for operating activities	(46,254)	(96,144)
FINANCING ACTIVITY		
Share issuance	-	100,000
Capital contribution	79,230	-
Cash provided by financing activities	79,230	100,000
Net change in cash during the year	32,976	3,856
Cash, beginning of the year	4,026	170
Cash, end of the year	37,002	4,026

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

1. CORPORATION INFORMATION

Navasota Resources Inc. (the "Company" or "Navasota") was incorporated pursuant to the Business Corporations Act (British Columbia) on March 7, 1980. Effective July 12, 2013, in connection with a share consolidation, the Company changed its name from Anglo Aluminum Corp. to Navasota Resources Inc. The Company's principal place of business is located at 349 Beach Avenue, Kelowna, British Columbia, V1Y 5R7. Its registered office is located at 6 Adeliade Street East, Unit 310 Toronto Ontario, M5C 1H6, Canada. The common shares of the Company were listed for trading on the TSX Venture Exchange (the "Exchange"), and its common shares traded under the symbol "Nav-V." The Company's principal business activity was searching for business opportunities in the mining industry.

On June 25, 2018, the Company entered into a letter of intent with Israel-based I.M.C. Holdings Ltd. ("IMC") whereby the parties will complete a business combination by way of a transaction that will constitute a reverse takeover of the Company by IMC. The resulting issuer that will exist upon completion of the Transaction will change its business from mining to the medical cannabis industry. The Company signed the definitive business combination agreement with IMC ("the Combination Agreement") on November 6, 2018. The transaction is subject to certain conditions and applicable shareholder and regulatory approvals. The transaction has not closed at the reporting date.

Under the terms of the Combination Agreement, proposed transaction will be completed by way of a triangular statutory merger under the laws of Israel, whereby Navasota Acquisition Ltd., a wholly owned Israeli subsidiary of the Company, will merge with and into IMC, with IMC surviving as a wholly owned subsidiary of the Company. In connection with the proposed transaction, the Company will reconstitute its board of directors and change its name to "IM Cannabis Corp." or such other similar name as may be accepted by the relevant regulatory authorities and the Resulting Issuer will conduct its business under the new name.

The Combination Agreement includes a number of conditions, including but not limited to, requisite shareholder approvals including the approval of the shareholders of the Company and IMC as applicable, the consolidation of the Company's common shares on a 1:2.83 basis (the "Consolidation"), the issuance of post-consolidation Navasota common shares to holders of IMC ordinary shares (the "IMC Shares") on a 10:1 basis, approvals of all regulatory bodies having jurisdiction in connection with the proposed transaction including, without limitation, the approval of the Israeli Registrar of Companies, the Israeli Tax Authorities and the Medical Cannabis Unit of the Israeli Ministry of Health (YAKAR), and other closing conditions customary to transactions of the nature of the proposed transaction.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2019.

2.2 Basis of Measurement

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment within the next financial year are included in Note 11.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in Note 4.

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. The consolidated financial statements of the Company have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, except for certain financial instruments, which are stated at their fair values.

2. BASIS OF PREPARATION *(Continued)*

2.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed or has a right to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

These consolidated financial statements include the accounts of the Company, its 51% interest in Société AMIG Navasota Mining International S.A.R.L. ("AMIG"), and its 67% interest in Africa Bauxite Corporation ("ABC") and its wholly-owned subsidiary Navasota Acquisition Ltd. All inter-company transactions and balances have been eliminated on consolidation.

The non-controlling interests of AMIG and ABC are reported in the statement of consolidated financial statements within deficit, separately from the deficit attributable to the shareholders of the Company. The Company also attributes the net loss and comprehensive loss for the year to the non-controlling interests. The proportion allocated to the shareholders of the Company and the non-controlling interests are determined based on present ownership interests.

2.4 Going Concern of Operations

The Company has incurred losses in the current and prior years. For the year ended April 30, 2019, the Company incurred a comprehensive loss of $122,668 (2018 - $124,970) and has an accumulated deficit of $29,045,769 (2018 - $17,114,482) and the Company's current liabilities exceeded its current assets by $214,647 (2018 - $456,842). Although the Company has been successful in securing additional financing in the past, there is no certainty that it can continue to do so. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's mineral property was completely impaired during the year ended April 30, 2013 (Note 5).

The application of the going concern concept is dependent upon the Company's ability to satisfy its current liabilities. After the year end, the Company entered into a letter of intent with a cannabis company to complete a business combination and the transaction is subject to a number of conditions. There can be no assurance that management's plan will be successful. If the going concern assumption are not appropriate for these consolidated financial statements then adjustments may be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PREPARATION *(Continued)*

2.4 Going Concern of Operations (Continued)

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, no adjustments to the carrying values of the assets and liabilities have been made in these consolidated financial statements. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis which may differ materially from the going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise noted.

3.1 Exploration and Evaluation Expenditures

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration, and classified as a component of mineral properties. Such expenditures include, but are not limited to, exploration license, expenditures, leasehold property acquisition costs, evaluation costs, including drilling costs directly attributable to a property, and directly attributable to general and administrative costs. From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement.

As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “mines under construction”. No amortization is taken during the exploration and evaluation phase.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Exploration and Evaluation Expenditures *(Continued)*

Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset. The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. To date the Company does not have any decommissioning liabilities.

Impairment of long-lived assets

Assets that have an indefinite useful life are tested annually for impairment. At the end of each reporting period, the Company reviews the carrying amounts of its assets that are subject to amortization to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Exploration and Evaluation Expenditures *(Continued)*

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.2 Financial Instruments

Financial assets

The Company adopted all of the requirements of IFRS 9 Financial Instruments on May 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

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

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL
Accounts payable	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. Accounts payable is classified in this category.

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 net (loss) income. 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 net (loss) income in the period in which they arise. Cash is classified in this category.

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 loss (“OCI’). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. There are no financial instruments classified in this category as at April 30, 2019 and 2018.

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. There are no financial instruments classified in this category as at April 30, 2019 and 2018.

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 net (loss) income, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Financial Instruments *(Continued)*

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 recognized in profit or loss.

3.3 Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Equity

Share capital represents the amount received on the issue of shares. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded for stock options and warrants.

Unit placements

The fair value of the issued shares is determined according to the quoted price of existing shares at the time of issuance and the fair value of the warrants are determined using the Black-Scholes valuation model. The proceeds are then pro-rated according to the fair values previously determined.

Comprehensive income (loss)

Comprehensive income (loss) includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) is the total of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) comprises revenues, expenses, gains and losses that, in accordance with IFRS, require recognition, but are excluded from net income (loss). The Company does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net income for the period. Net loss for the period is equivalent to comprehensive loss for the period.

3.5 Equity-settled Share-based Payments

The Company operates equity-settled share-based payment plans for its eligible directors and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measures the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except option units issued to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Equity-settled Share-based Payments *(Continued)*

Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to stock options and or warrants respectively, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs, as well as the related compensation cost previously recorded as contributed surplus, are credited to share capital.

3.6 Earnings/Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

3.7 Changes in Accounting Standards

The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Changes in Accounting Standards *(Continued)*

IFRS 16, Leases ("IFRS 16"): In January 2016, the IASB issued IFRS 16, Leases which replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Company currently has no leases.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

a) Critical Accounting Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

(i) Recoverability of exploration and evaluation assets
The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income (loss)in t he year the new information becomes available.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

a) Critical Accounting Estimates

(ii) Income taxes
The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which a deductible temporary differences can be utilized.

(iii) Share-based payments
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

b) Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

(i) Title to exploration and evaluation assets
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(ii) Going concern
Refer to Note 2.4

5. EXPLORATION AND EVALUATION ASSETS

a) Koba/Koumbia

During the year ended April 30, 2007, the Company entered into an option agreement (the "Option Agreement") with AMIG and its shareholders to earn and acquire up to 100% of the issued share capital of AMIG. AMIG is a Guinean corporation and its shareholders are residents of Conakry, Guinea, West Africa.

5. EXPLORATION AND EVALUATION ASSETS *(Continued)*

a) Koba/Koumbia *(Continued)*

AMIG is the legal and recorded holder of one mineral exploration permit for two mining research licenses granted by the Ministry of Mines and Geology of the Republic of Guinea on May 10, 2006. The permit covers two contiguous areas aggregating 1,064 km^2, located in the prefectures of the Telemele (koba) and Gaoual (Koumbia) (the Project), for the exploration of bauxite. The permit was initially valid for three years and has since, in accordance with article 30 of the new mining code of the Republic of Guinea, been renewed with the permitted area being reduced by approximately 50%, resulting in a new permit comprising two licenses covering 536 km^2.

Under the terms of the Option Agreement, the Company was granted an option to acquire an initial 45% of the issued share capital of AMIG by incurring a minimum aggregate US$2,000,000 in exploration expenditures on the Project (incurred) and by paying US$350,000 (paid) to the AMIG shareholders, within a period of three years.

During the year ended April 30, 2009, the Company exercised such option and acquired 45% of the issued share capital of AMIG. The AMIG agreement was subsequently amended on December 1, 2009 pursuant to which the Company was granted an option to acquire an additional 6% of the issued share capital of AMIG by paying US$350,000 (paid). The Company has exercised such option and is the registered holder of 51% of the issued share capital of AMIG.

Additionally, the Company may elect to acquire all remaining 49% of the issued shares of AMIG by incurring all exploration and development expenditures necessary to complete and deliver to AMIG a bankable feasibility study in respect of the project paying US$15,000,000 (US$150,000 deposit paid) and issuing 300,000 of its common shares to the third party shareholders of AMIG.

During the year ended April 30, 2013, the Company's management reviewed the Koba/Koumbia Project and determined to recognize an impairment to a nominal value of $1 of its exploration and evaluation assets relating to this property interest due to the expiration of the exploration permit on December 26, 2013, and the resulting uncertainty of the Company being able to realize the carrying value of the asset. On October 30, 2013 the Ministry granted an eight month extension to the Company for the Koba/Koumbia permit to June 30, 2014. The Company was not able to find a purchaser of the property within the allotted time frame.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS *(Continued)*

a) Koba/Koumbia *(Continued)*

On August 27, 2014, the Company received a letter from the Republic of Guinea's Minister of Mines and Geology stating that the permit will not be prolonged beyond a period of 4 months from the date of the letter and that the end of this period the Company was required to submit a feasibility study. The Company did not proceed further in this regard and as a result the project is considered closed. The nominal value of $1 kept as a carrying value of the property was written down to $Nil in the Consolidated Statement of Loss for the year ended April 30, 2015.

b) Mamou-Dalaba

SGFB holds the Mamou-Dalaba bauxite property interest in Guinea, West Africa. The exploration and evaluation asset consists of one exploration permit comprising three research licenses covering 934 km^2 in south-western Guinea. The renewed permit was in good standing until December 23, 2014. During the years ended April 30, 2013 and 2014, the Company's management reviewed the Mamou-Dalaba bauxite property interest and determined to recognize an impairment to a nominal value of $1 of its exploration and evaluation assets relating to this exploration permit due to certain economic uncertainties relating to this asset.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of:

	April 30, 2019	April 30, 2018
	$	$
Trade payables	238,907	245,184
Accrued expenses	12,000	10,000
	250,907	**255,184**

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS

Included in the Loss and Comprehensive Loss for the years ended April 30, 2019 and 2018, are the following amounts, which arose due to transactions with related parties:

	April 30, 2019	April 30, 2018
	$	$
Management fee from CEO	-	11,854
Management fee from former CEO	21,103	-
Management fee from CFO	-	5,000
Management fee from Director	7,000	2,000
Management fee from former Director	2,500	-
Professional fees from CFO	-	15,750
	30,603	**34,604**

The Company had the following balances outstanding as at April 30, 2019 and 2018 with related parties:

	April 30, 2019	April 30, 2018
	$	$
Due to related parties	743	210,801
	743	**210,801**

Due to related parties include loans and services received and unpaid from the directors of the Company and companies controlled by the directors. Due to related parties are non-interest bearing, unsecured and have no specified terms for repayment.

8. EQUITY

8.1 Share Capital

Authorized:
Unlimited number of common shares without par value, voting, participating, dividend as declared by the Board of Directors.

Share consolidation:
On June 19, 2018, the Company completed a share consolidation where outstanding common shares were consolidated on the basis of one post-consolidation common share for five pre-consolidation common shares. Unless otherwise stated, all share and per share amounts have been restated retrospectively to reflect this share consolidation.

8. EQUITY *(Continued)*

8.1 Share Capital *(Continued)*

Issued:

(i) At April 30, 2019, the Company had 9,778,686 common shares outstanding (April 30, 2018 – 4,066,026).

(ii) On April 13, 2018, the Company closed a non-brokered private placement of 2,000,000 units at a price of $0.05 per unit, for gross cash proceeds totaling $100,000. Each unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of $0.10 per warrant share until April 13, 2019, subject to accelerated expiry in certain circumstances.

(iii) During the year ended April 30, 2019, the Company settled $285,633 of balances due to related and unrelated parties with the issuance of 5,712,660 common shares.

(iv) During the year ended April 30, 2019, the Company received $79,230 as capital contribution from the shareholders.

8.2 Share Options

The Company has a share option plan whereby a rolling maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of share options. The term of the share options granted are fixed by the board of directors, and are not to exceed five years. The exercise prices of the share options are determined by the board of directors, but shall not be less than the closing price of Company's common shares on the day preceding the day on which the directors grant the share options, less any discount permitted by the Exchange, but shall not be less than $0.25 per share. The share options vest immediately on the date of grant unless otherwise required by the Exchange, however, a four month hold period applies to all shares issued under each share option, commencing on the date issued shares may be granted to any one individual in any 12 month period; without the prior consent of the Exchange, no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period; disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the holder is an insider, (ii) any grant of share options to insiders, within a 12 month period, exceeding 5% of the Company's issued shares; and share options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares. Options granted shall expire within 90 days (30 days if the optionee is engaged in investor relations activities) after the optionee ceases to be director, officer, consultant, or employee of the Company.

(Expressed in Canadian dollars)

8. EQUITY *(Continued)*

8.2 Share Options *(Continued)*

A continuity schedule of the Company's outstanding share options for years ended April 30, 2019 and 2018 is as follows:

	April 30, 2019		April 30, 2018	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
		$		$
Outstanding at beginning of year	70,000	0.20	70,000	0.20
Expired	(70,000)	0.20	-	-
Outstanding at end of year	**-**	**-**	**70,000**	**0.20**

As at April 30, 2019 and 2018, the Company had share options outstanding and exercisable to acquire common shares of the Company as follows:

	April 30, 2019 Outstanding Options			April 30, 2018 Outstanding Options		
	Number of Options	**Weighted Average Exercise Price**	**Remaining life (years)**	**Number of Options**	**Weighted Average Exercise Price**	**Remaining life (years)**
		$			$	
September 9, 2018	-	-	-	70,000	0.20	0.36
	-	**-**	**-**	**70,000**	**0.20**	**0.36**

8.3 Warrants

A continuity schedule of outstanding common share purchase warrants for the years ended April 30, 2019 and 2018 is as follows:

	April 30, 2019		April 30, 2018	
	Number of Warrants	**Weighted Average Exercise Price**	**Number of Warrants**	**Weighted Average Exercise Price**
		$		$
Outstanding at beginning of year	-	-	-	-
Issued	2,000,000	0.10	2,000,000	0.10
Outstanding at end of year	**2,000,000**	**0.10**	**2,000,000**	**0.10**

(Expressed in Canadian dollars)

8. EQUITY *(Continued)*

8.3 Warrants *(Continued)*

As at April 30, 2019 and 2018, the Company had share purchase warrant outstanding and exercisable to acquire common shares of the Company as follows:

	April 30, 2019 Outstanding Warrants			April 30, 2018 Outstanding Warrants		
	Number of Warrants	**Weighted Average Exercise Price**	**Remaining life (years)**	**Number of Warrants**	**Weighted Average Exercise Price**	**Remaining life (years)**
		$			$	
	2,000,000	0.10	Note a	2,000,000	0.10	0.79
	2,000,000	**0.10**	**Note a**	**2,000,000**	**0.10**	**0.79**

Note a: During the year ended April 30, 2019, the expiry date of the warrants were extended to the earlier of (i) six months after the completion of the business combination with I.M.C and (b) April 13, 2020.

8.4 Non-controlling interests ("NCI')

During the year ended April 30, 2019, the Company determined that the amounts advance to AMIG and ABC (the "Subsidiaries") had no prospect of recovery and accordantly these loans became part of the Company's net investment in the Subsidiaries, that has been written down to $Nil. Accordingly the NCI of $11,808,619 has been reclassified accumulated deficit during the year ended April 30, 2019.

9. INCOME TAXES

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

Deferred Income Taxes

	2019	2018
	$	$
Loss before income taxes	(122,668)	(124,970)
Tax expense at combined statutory rate of 27% (2018: 27%)	(33,120)	(33,742)
Unrecognized benefit of deferred income tax assets	33,120	33,742
Income tax expense (recovery)	-	-

(Expressed in Canadian dollars)

9. INCOME TAXES *(Continued)*

Deferred Income Taxes *(Continued)*

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered.

As at April 30, 2019, the Company has non-capital tax losses which are available to reduce income taxes in future years and for which no deferred tax asset has been recorded in the consolidated statement of financial position. These losses expire as follows:

	$
2039	122,668
2038	124,970
2037	15,750
2036	45,613
2035	80,049
2034	212,867
2033	385,786
2032	614,663
2031	701,129
2030	641,138
2029	462,069
2028	380,177
2027	338,420
2026	354,030
	4,479,329

10. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders’ equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator and there have been no changes in the Company’s approach to capital management during the year.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value hierarchy:

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3:	Inputs for assets or liabilities that are not based on observable market data.

The carrying value of the cash, due to related parties and accounts payable approximate their fair value.

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

11.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of foreign currency risk and interest rate risk.

Foreign Currency Risk:
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Interest Rate Risk:
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have significant exposure to interest rate fluctuation.

11.2 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with financial institutions with reputable credit or in trust accounts with the Company's legal counsel and may be redeemed upon demand. The Company does not have significant exposure to credit risk.

11.3 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of accounts payable and accrued liabilities. Due to related parties has no specific term of repayment. Liquidity risk has been assessed as being high.