
IM EXPLORATION INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED JUNE 30, 2019
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

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

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

	As at June 30, 2019	As at March 31, 2019
ASSETS		
Current assets		
Cash	\$ 341,569	\$ 192,859
Other receivable	12,122	253
Prepaid expenses (note 3)	5,000	38,825
Total current assets	358,691	231,937
Non-current assets		
Exploration and evaluation assets (note 4)	45,000	15,000
Total assets	\$ 403,691	\$ 246,937
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 5 and 10)	\$ 66,751	\$ 120,442
Total liabilities	66,751	120,442
Equity		
Share capital (note 6)	464,657	289,971
Warrant reserve (note 7)	21,000	-
Contributed surplus	31,652	-
Deficit	(180,369)	(163,476)
Total equity	336,940	126,495
Total equity and liabilities	\$ 403,691	\$ 246,937

Nature of operations and going concern (note 1)
Subsequent events (note 11)

Approved on behalf of the Board:

(Signed) "Yaron Conforti" _____ Director

(Signed) "Joel Freudman" _____ Director

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

IM Exploration Inc.**Condensed Interim Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****Unaudited**

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018
Operating expenses		
General and administrative	\$ 4,350	\$ 415
Consulting fees (note 10)	-	10,000
Professional fees (note 10)	(58,355)	8,498
One-time bonus (note 10)	23,000	-
Filing fees	16,246	-
Share-based payments	31,652	-
	(16,893)	(18,913)
Net loss and comprehensive loss for the period	\$ (16,893)	\$ (18,913)
Basic and diluted net loss per share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	8,273,333	1,500,000

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

IM Exploration Inc.**Condensed Interim Statements of Cash Flows****(Expressed in Canadian Dollars)****Unaudited**

	Three Months Ended June 30, 2019	Three Months) Ended June 30, 2018
Operating activities		
Net loss for the period	\$ (16,893)	\$ (18,913)
Adjustments for:		
Share-based payments	31,652	-
Changes in non-cash working capital items:		
Other receivable	(11,869)	(1,132)
Prepaid expenses	33,825	5,000
Amounts payable and accrued liabilities	(53,691)	9,554
Net cash used in operating activities	(16,976)	(5,491)
Financing activities		
Proceeds from share issuances	300,000	-
Share issue costs	(134,314)	-
Cash proceeds from shares subscribed, not issued	-	50,000
Due from / to related party	-	5,000
Net cash provided by financing activities	165,686	55,000
Net change in cash	148,710	49,509
Cash, beginning of period	192,859	38,440
Cash, end of period	\$ 341,569	\$ 87,949

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IM Exploration Inc.

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

Unaudited

	Number of shares	Share Capital	Shares subscribed, to be issued	Reserves			Total
				Contributed surplus	Warrants	Deficit	
Balance, March 31, 2018	1,500,000	\$ 30,000	\$ 45,000	\$ -	\$ -	\$ (46,781)	\$ 28,219
Subscriptions received in advance	-	-	50,000	-	-	-	50,000
Net loss for the period	-	-	-	-	-	(18,913)	(18,913)
Balance, June 30, 2018	1,500,000	\$ 30,000	\$ 95,000	\$ -	\$ -	\$ (65,694)	\$ 59,306
Balance, March 31, 2019	7,100,000	\$ 289,971	\$ -	\$ -	\$ -	\$ (163,476)	\$ 126,495
Shares issued during the period	3,000,000	300,000	-	-	-	-	300,000
Share issue costs	-	(155,314)	-	-	21,000	-	(134,314)
Shares issue for property	300,000	30,000	-	-	-	-	30,000
Share-based payments	-	-	-	31,652	-	-	31,652
Net loss for the year	-	-	-	-	-	(16,893)	(16,893)
Balance, June 30, 2019	10,400,000	\$ 464,657	\$ -	\$ 31,652	\$ 21,000	\$ (180,369)	\$ 336,940

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

IM Exploration Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

IM Exploration Inc. (the "Company") was incorporated under the Canada Business Corporations Act on April 19, 2017. The Company is in the business of acquiring, exploring and evaluating mineral resource properties. The address of the Company's corporate office and principal place of business is Suite 4400, 181 Bay Street, Brookfield Place, Toronto, Ontario.

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

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

The Company's future viability depends upon the acquisition and financing of mineral exploration 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. Significant accounting policies

Statement of compliance

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

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of August 13, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended March 31, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending March 31, 2020 could result in restatement of these unaudited condensed interim financial statements.

IM Exploration Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars)

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2. Significant accounting policies (continued)

New standards adopted

The Company has adopted the following amendment to accounting standards, effective April 1, 2019. This change was made in accordance with the applicable transitional provision.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”)

IFRIC 23 was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. Effective April 1, 2019, the Company adopted the following and there was no material impact on the Company's financial statements.

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

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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.

3. Prepaid expenses

	As at June 30, 2019	As at March 31, 2019
Prepaid expenses	\$ -	\$ 12,500
Deposits	5,000	26,325
Total prepaid expenses	\$ 5,000	\$ 38,825

IM Exploration Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars)

Unaudited

4. 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 which are to be issued upon the Company's initial public offering (see note 6).

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	Total
Balance, March 31, 2018 and June 30, 2018	\$ 15,000	\$ 15,000

	Mulloy Property	Total
Balance, March 31, 2019	\$ 15,000	\$ 15,000
Value of shares issued to Mulloy optionors	30,000	30,000
Balance, June 30, 2019	\$ 45,000	\$ 45,000

5. Accounts payable and accrued liabilities

	As at June 30, 2019	As at March 31, 2019
Accounts payable	\$ 20,051	\$ 795
Accrued liabilities (note 10)	46,700	119,647
Total accounts payable and accrued liabilities	\$ 66,751	\$ 120,442

IM Exploration Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars)

Unaudited

6. Share capital

a) Authorized share capital

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

b) Common shares issued

	Number of common shares	Amount
Balance at March 31, 2018 and June 30, 2018	1,500,000	\$ 30,000
Balance, March 31, 2019	7,100,000	\$ 289,971
Initial public offering (i)	3,000,000	300,000
Share issue costs (i)	-	(155,314)
Shares issued for property acquisition (note 4)	300,000	30,000
Balance, June 30, 2019	10,400,000	\$ 464,657

- (i) On May 29, 2019, the Company completed an initial public offering ("Offering") pursuant to which it has issued an aggregate of 3,000,000 common shares at a price of \$0.10 per common share to raise aggregate gross proceeds of \$300,000, all pursuant to a final prospectus dated March 29, 2019. In connection with the offering, a cash commission of \$30,000, a corporate finance fee of \$12,500, legal and other fees of \$91,814 was paid and, 100,000 agent's warrants and 300,000 compensation warrants was issued, each such warrant entitling the holder to acquire one common share at an exercise price of \$0.10 for a period of 24 months from the date of closing of the Offering. These warrants were assigned a value of \$21,000 using the Black-Scholes valuation model. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate - 1.53%; expected life - 2 years; expected volatility - 100%; and weighted average share price - \$0.10.

7. Warrants

The following table reflects the continuity of warrants for the three months ended June 30, 2019 and June 30, 2018:

	Number of warrants	Amount
Balance, March 31, 2018, June 30, 2018 and March 31, 2019	-	\$ -
Issued (note 6)	400,000	21,000
Balance, June 30, 2019	400,000	\$ 21,000

The following table reflects the actual warrants outstanding and exercisable as of June 30, 2019:

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

IM Exploration Inc.

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Three Months Ended June 30, 2019

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8. Stock options

The stock option plan of the Company was adopted on November 26, 2018 and amended on July 15, 2019, provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers, consultants and employees of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to 10 years from the date of the grant.

	Number of stock options	Weighted average exercise price
Balance, March 31, 2018, June 30, 2018 and March 31, 2019	-	\$ -
Issued (i) (ii)	725,000	0.10
Balance, June 30, 2019	725,000	\$ 0.10

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 options has 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 three months ended June 30, 2019, \$31,862 (three months ended June 30, 2018 - \$nil) was expensed.

The following table reflects the actual stock options issued and outstanding as of June 30, 2019:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
May 29, 2024	0.10	4.92	725,000	375,000

9. Loss per share

For the three months ended June 30, 2019, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$16,893 (three months ended June 30, 2018 - \$18,913) and the weighted average number of common shares outstanding of 8,273,333 (three months ended June 30, 2018 - 1,500,000).

IM Exploration Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended June 30, 2019

(Expressed in Canadian Dollars)

Unaudited

10. 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:

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018
Marrelli Support Services Inc. ("Marrelli Support") (i)	\$ 6,497	\$ 8,498

i) For the three months ended June 30, 2019, the Company expensed \$6,497, (three months ended June 30, 2018 - \$8,498) to Marrelli Support for bookkeeping services. Victor Hugo, CFO of the Company, is an employee of Marrelli Support. As at June 30, 2019, Marrelli Support was owed \$3,967 (March 31, 2019 - \$15,350) and this amount was included in accounts payable and accrued liabilities.

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

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018
One-time bonus (i)	\$ 20,500	\$ -
Share-based compensation (note 8)	24,203	-
	\$ 44,703	\$ -

(i) 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.

11. Subsequent events

i) On July 2, 2019, the Company granted an aggregate of 100,000 stock options to a consultant of the Company at an exercise price of \$0.10 each with a term of 5 years.