IM EXPLORATION INC.

BUSINESS ACQUISITION REPORT

FORM 51-102F4

Item 1. Identity of Company

1.1 Name and Address of Company

IM Exploration Inc. (the "**Company**")

1090 West Georgia Street
Suite 700,Vancouver, BC V6E 3V7

1.2 Executive Officer

The following executive officer of the Company is knowledgeable about the significant acquisition and this business acquisition report:

Executive Officer: Raymond Harari, CEO

Telephone: +507 6675-2221

Item 2. Details of Acquisition

2.1 Nature of Business Acquired

On July 5, 2021, the Company completed the acquisition of Momentum Minerals Ltd. ("**Momentum**") pursuant to the terms of the amalgamation agreement dated June 16, 2021 (the "**Amalgamation Agreement**") among the Company, IM's wholly-owned subsidiary, 1307605 B.C. Ltd. ("**IM Subco**") and Momentum (the "**Acquisition**").

Momentum is a junior mining company incorporated pursuant to the laws of British Columbia which is currently earning in to a 100% ownership position in the Turquoise Canyon Property, which lies to the immediate east of IM's Toiyabe Gold Project, which the Company has the option to acquire a 100% interest in. The Turquoise Canyon Property is comprised of 188 unpatented lode claims in Lander County, Nevada.

For additional details regarding the Acquisition and the Turquoise Canyon Project, see the Company's news releases dated June 17, 2021 and July 6, 2021, copies of which have been filed under the Company's profile on SEDAR at www.sedar.com.

2.2 Date of Acquisition

The Company completed the Acquisition on July 5, 2021.

2.3 Consideration

The Acquisition was completed by way of a three-cornered amalgamation under the *Business Corporation Act* (British Columbia) among the Company, Momentum and IM Subco. Pursuant to the Acquisition, Momentum amalgamated with IM Subco and the holders of shares of Momentum (the "**Momentum Shares**") received 0.6 of a common share of the Company (each whole common share of the Company, an "**IM Share**") for every one Momentum Share. The Company issued an aggregate of 19,817,400 IM Shares to the former shareholders of Momentum as consideration for all of the outstanding Momentum Shares pursuant to the amalgamation and the amalgamated company became a wholly-owned subsidiary of the Company. The Company also issued 240,000 replacement options to a former Momentum option holder, allowing such holder to purchase IM Shares at a price of $0.167 until April 14, 2026.

2.4 Effect on Financial Position

The Company does not have any current plans or proposals for material changes in its business affairs or the affairs of any of its subsidiaries, including Momentum, which may have a significant effect on the results of operations and financial position of the Company.

2.5 Prior Valuations

Not Applicable

2.6 Parties to the Transaction

The Acquisition was not with an informed person, associate or affiliate of the Company as defined in Section 1.1 of National Instrument 51 – 102 *Continuous Disclosure Obligations*.

2.7 Date of Report

September 14, 2021

Item 3. Financial Statements

The following financial statements are attached to this Business Acquisition Report:

- Schedule A – audited financial statements of Momentum for the fiscal years ended December 31, 2020 and 2019; and
- Schedule B – unaudited interim financial statements of Momentum for the three and six month periods ended June 30, 2021.

SCHEDULE A

Audited Financial Statements of Momentum for
the fiscal years ended December 31, 2020 and 2019

[see attached]

MOMENTUM MINERALS LTD.

FINANCIAL STATEMENTS

For the year ended December 31, 2020 and the period from incorporation on August 19, 2019 to December 31, 2019

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MOMENTUM MINERALS LTD.

Opinion

We have audited the financial statements of Momentum Minerals Ltd. (the "Company"), which comprise:

- the statements of financial position as at December 31, 2020 and 2019;
- the statements of loss for the year ended December 31, 2020 and the period from incorporation on August 19, 2019 to December 31, 2019;
- the statements of changes in shareholders' equity for the year ended December 31, 2020 and the period from incorporation on August 19, 2019 to December 31, 2019;
- the statements of cash flows for the year ended December 31, 2020 and the period from incorporation on August 19, 2019 to December 31, 2019; and
- the 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 December 31, 2020 and 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and the period from incorporation on August 19, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $10,853 during the year ended December 31, 2020 and, as of that date, had an accumulated deficit of $10,872. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 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.

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 IFRS, 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.

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Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 6, 2021

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Momentum Minerals Ltd.
(an Exploration Stage Company)
Statements of Financial Position
Expressed in Canadian Dollars

	Note	December 31, 2020 $	December 31, 2019 $
ASSETS			
Current			
Cash		1,503,876	4,981
Accounts receivable		1,000	-
		1,504,876	**4,981**
Non-current			
Exploration and evaluation asset	5	337,824	25,000
TOTAL ASSETS		**1,842,700**	**29,981**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		17,925	-
TOTAL LIABILITIES		**17,925**	-
SHAREHOLDERS' EQUITY			
Share capital	6	1,869,400	30,000
Share issuance costs	6	(33,753)	-
Deficit		(10,872)	(19)
TOTAL SHAREHOLDERS' EQUITY		**1,824,775**	**29,981**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,842,700**	**29,981**

Nature of operations and going concern *(Note 1)*

Approved by the Board of Directors on April 6, 2021

"Andrew Nelson" — Director

"Colin Moore" — Director

The accompanying notes form an integral part of these financial statements.

Momentum Minerals Ltd.
(an Exploration Stage Company)
Statements of Loss
Expressed in Canadian Dollars

	For the year ended December 31, 2020 $	For the period from incorporation on August 19, 2019 to December 31, 2019 $
Expenses:		
Audit	10,000	-
Bank charges	396	19
Office	457	-
Total Expenses	(10,853)	(19)
Net loss for the period	(10,853)	(19)
Basic and diluted loss per share	(0.00)	(0.00)
Weighted average number of common shares outstanding – Basic and Diluted	14,661,612	6,746,270

The accompanying notes form an integral part of these financial statements.

Momentum Minerals Ltd.
(an Exploration Stage Company)
Statements of Changes in Shareholders’ Equity
Expressed in Canadian Dollars

	Note	Number of common shares	Share capital $	Share issuance costs $	Deficit $	Total $
August 19, 2019 - incorporation		**1**	**-**	**-**	**-**	**-**
Private placement	6	8,000,000	30,000	-	-	30,000
Net loss for the period		-	-	-	(19)	(19)
December 31, 2019		**8,000,001**	**30,000**	**-**	**(19)**	**29,981**
Private placement	6	2,000,000	7,500	-	-	7,500
Private placement	6	9,420,000	471,000	-	-	471,000
Shares issued as consideration for exploration and evaluation asset	5, 6	1,500,000	150,000	-	-	150,000
Private placement	6	12,109,000	1,210,900	-	-	1,210,900
Share issuance costs	6	-	-	(33,753)	-	(33,753)
Net loss for the year		-	-	-	(10,853)	(10,853)
December 31, 2020		**33,029,001**	**1,869,400**	**(33,753)**	**(10,872)**	**1,824,775**

The accompanying notes form an integral part of these financial statements.

Momentum Minerals Ltd.
(an Exploration Stage Company)
Statements of Cash Flows
Expressed in Canadian Dollars

	Note	For the year ended December 31, 2020 $	For the period from incorporation on August 19, 2019 to December 31, 2019 $
Cash flows provided by (used in)			
Operating activities			
Net loss for the period		(10,853)	(19)
Changes in non-cash working capital			
Accounts receivable		(1,000)	-
Accounts payable and accrued liabilities		10,924	-
		(929)	**(19)**
Investing activity			
Exploration and evaluation expenditures	5	(155,823)	(25,000)
		(155,823)	**(25,000)**
Financing activities			
Proceeds from issuance of common shares	6	1,689,400	30,000
Share issuance costs	6	(33,753)	-
		1,655,647	**30,000**
Increase in cash for the period		1,498,895	4,981
Cash – Beginning of period		4,981	-
Cash – End of period		**1,503,876**	**4,981**
Non-cash financing and investing activities			
Shares issued for exploration and evaluation asset	6	150,000	-
Exploration and evaluation asset additions included in accounts payable and accrued liabilities		7,001	-
Taxes paid		-	-
Interest paid		-	-

1. Nature of Operations and Going Concern

Momentum Minerals Ltd. ("Momentum" or the "Company") was incorporated under the laws of the Province of British Columbia, Canada, on August 19, 2019. The Company's corporate office, registered address and records office are located at #909, 939 Homer Street, Vancouver, British Columbia, Canada, V6B 2W6.

Momentum is an exploration stage mining company which has an option to acquire the Turquoise Canyon Project situated in Ladner County, Nevada (Note 5).

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business. Momentum is an exploration stage company which incurred a loss of $10,853 (2019 - $19) for the year ended December 31, 2020, and as at December 31, 2020 had an accumulated deficit of $10,872 (2019 - $19). The Company is expected to incur operating losses for the foreseeable future. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing to finance operations and exploration and development of its exploration and evaluation asset. These financial statements do not include adjustments that may be necessary if the going concern principal is not appropriate. Such adjustments could be material.

During the first calendar quarter of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization; this has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot yet be determined, but they could have a prospective material impact to the Company's exploration activities and ability to raise financing and therefore, the Company's cash flows and liquidity. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company are not known at this time.

2. Basis 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 of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and are presented in Canadian dollars.

3. Significant Accounting Policies

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21").

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions and then translated to the Canadian dollar in accordance with IAS 21. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the acquisition date. All gains and losses on translation of these foreign currency transactions are included in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired, or have been transferred, and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires.

Financial assets and liabilities are offset, and the net amount is reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Initial recognition

At initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities classified as FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

Classification of financial assets

Amortized cost

Financial assets that meet the following conditions are measured at amortized cost:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the financial asset is measured at amortized cost determined using the effective interest method, net of impairment loss, if necessary.

The Company holds the following financial assets at amortized cost: cash and accounts receivable.

Fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the financial asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

The Company does not have any instruments classified as financial assets at FVTOCI.

FVTPL

All other financial assets are measured at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

The Company does not have any financial assets measured at fair value through profit or loss.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Classification of financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

As at December 31, 2020 and 2019, the Company does not have any derivative financial liabilities.

Exploration and evaluation assets

Acquisition costs of mineral claims are initially capitalized as exploration and evaluation assets as incurred and include cash consideration and the fair market value of shares issued on acquisition.

When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating units or “CGUs”).

If an indicator of impairment exists, the recoverable amount of the asset or CGU is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Current income taxes

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 the 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 taxes

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date 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 assets 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) enacted or substantively enacted at the end of each reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Loss per share

The Company presents basic loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the periods presented. The Company uses the treasury stock method for calculating diluted earnings per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Non-monetary consideration

Common shares issues for consideration other than cash are valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, common shares issued for consideration will be valued at the fair value of the common shares at the date of issuance.

Changes in accounting standards

There are no upcoming changes in accounting standards which impact the Company.

4. Significant Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates and judgments.

Judgments

Judgments made in applying accounting policies that have the most significant effect on the amounts recognized is these financial statements are as follows:

Going concern

The assessment of the Company’s ability to continue as a going concern and to raise sufficient funds to pay its ongoing expenditures, meet its liabilities for the ensuring year, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of exploration and evaluation assets

Assets or CGU's are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for exploration and evaluation assets.

In respect of costs incurred for its exploration and evaluation asset, management has determined that exploration, evaluation, and related costs incurred, which have been capitalized, continue to be appropriately recorded on the statements of financial position at its carrying value as management has determined there are no indicators of impairment for its exploration and evaluation asset as at December 31, 2020 and 2019.

Estimates

Estimates made in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements are as follows:

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

5. Exploration and Evaluation Asset

Option agreement

On August 20, 2019, the Company entered into an option agreement with First Mining Gold Corp. ("First Mining") to acquire a 100% interest in the Turquoise Canyon Property, comprising 188 unpatented mining claims located in Lander County, Nevada (the "TC Property") (the "Agreement"). The Agreement has a maximum term of 4 years from the date of signing, being August 20, 2019 (the "Signing Date").

In consideration for the option, the Company is required to pay First Mining up to $500,000, payable as follows:

- pay $25,000 to First Mining within 30 days of signing the Agreement (paid);
- pay $50,000 in cash or common shares to First Mining on the 1st anniversary of the Signing Date (paid);
- issue to First Mining 10% of the current outstanding common shares of Momentum (issued);
- pay $150,000 in cash or common shares to First Mining on the 2nd anniversary of the Signing Date ($100,000 paid);
- pay half of the remaining amount owing in cash or common shares on the 3rd anniversary of the Signing Date;
- pay the remaining amount owing in cash or common shares on the 4th anniversary of the Signing Date.

The Company is also required to pay all mining claim maintenance fees with respect to the TC Property and incur $750,000 in exploration expenditures as follows:

- $50,000 by the first anniversary of the Signing Date (incurred);
- An additional $100,000 by the second anniversary of the Signing Date; and
- An additional $600,000 by the fourth anniversary of the Signing Date.

Expressed in Canadian Dollars unless otherwise stated

The property is subject to a 2% net smelter royalty ("NSR"), payable to First Mining. The Company may repurchase 1% of the NSR for $1,000,000 up until the 1st anniversary of the commencement of commercial production.

Exploration and evaluation asset

A reconciliation of the Company's exploration and evaluation asset is as follows:

	Total **$**
Balance at August 20, 2019	-
Payment to First Mining	25,000
Balance at December 31, 2019	25,000
Share consideration to First Mining (Note 6)	150,000
Geological consulting	114,081
Claim maintenance fees	48,743
Balance at December 31, 2020	**337,824**

6. Share Capital

The Company's authorized share capital consists of unlimited number common shares without par value and without special rights and restrictions attached.

During the period ended December 31, 2019, the Company:

On August 19, 2019, 1 common share was issued on incorporation of the Company.

On August 19, 2019, completed a private placement issuing 8,000,000 common shares at an issue price of $0.00375 per common share for gross aggregate proceeds of $30,000.

During the year ended December 31, 2020, the Company:

On May 1, 2020, completed a private placement issuing 2,000,000 common shares at an issue price of $0.00375 per common share for gross aggregate proceeds of $7,500.

On July 27, 2020, completed a private placement issuing 9,420,000 common shares at an issue price of $0.05 per common share for gross aggregate proceeds of $471,000.

On August 19, 2020, issued 1,500,000 shares to First Mining with a fair value of $150,000 (Note 5).

On December 9, 2020, completed a private placement issuing 12,109,000 common shares at an issue price of $0.10 per common share for gross aggregate proceeds of $1,210,900.

As at December 31, 2020, 19,420,000 of the Company's shares were held in escrow. Such shares are to be released based on a predetermined schedule from as early as the Listing Date to a maximum of 24 months after the Listing Date. Share issuance costs relating to the 2020 financings totaled $33,753.

Expressed in Canadian Dollars unless otherwise stated

7. Income Taxes

The Company is subject to Canadian federal and provincial tax for the estimated assessable profit for the year ended December 31, 2020 and for the period ended December 31, 2019. The Company had no assessable profit from incorporation on August 19, 2019 to December 31, 2019 or for the year ended December 31, 2020. The tax expense at statutory rates for the Company can be reconciled to the reported loss for the period per the statement of loss as follows:

	For the year ended December 31, 2020 $	For the period from August 19, 2019 to December 31, 2019 $
Net loss for the period	(10,853)	(19)
Canadian Federal and Provincial income tax rates	27.00%	27.00%
Income tax recovery based on the above rate	(2,930)	(5)
Effect of deferred tax assets for which no tax benefit is recorded	2,930	5
Total income tax recovery	-	-

The Company's unrecognized deferred income tax assets are as follows:

	December 31, 2020 $	December 31 2019 $
Deferred Tax Assets		
Tax losses	**4,758**	5
Share issuance costs	**7,291**	-
Total unrecognized deferred income tax assets	**12,049**	**5**

In assessing the recoverability of deferred tax assets, other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. As the Company currently does not have any revenues, enough evidence is not yet available to determine if the Company will be able to utilize its deferred tax assets. None of the deferred tax assets have therefore been recognized in the Company's statement of financial position.

The Company's non-capital loss carry-forwards in Canada ($17,623) may be used to offset future taxable income until 2040.

8. Segmented Information

The Company's business consists of only one reportable segment being exploration and evaluation of mineral properties located in the United States.

Expressed in Canadian Dollars unless otherwise stated

9. Related Party Transactions

The Company's related parties are considered to be the Directors and Officers of the Company and their close family members and any companies controlled by these individuals. During the year ended December 31, 2020, and the period from incorporation on August 19, 2019 to December 31, 2019, no fees were charged by these individuals.

10. Financial Instruments

The Company's financial instruments are categorized as follows:

Categories of Financial Instruments

	December 31, 2020 $	December 31, 2019 $
Financial assets		
Amortized cost		
Cash	1,503,876	4,981
Accounts receivable	1,000	-
	1,504,876	4,981
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	17,925	-
	17,925	-

The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments.

Fair Value of Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

Financial Risks

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below:

i. Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company's exploration activities are situated entirely in the United States and it is therefore exposed to foreign exchange risk arising from transactions and monetary balances denominated in United States dollars. The Company has no program in place for hedging foreign currency risk.

ii. Credit Risk

Credit risk is a risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Company's cash balance is held with large, credit-worthy financial institutions and as such the risk of loss is considered to be low.

iii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its expenditures accordingly. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at December 31, 2020, the Company had a cash balance of $1,503,876 (2019 - $4,981) to settle current liabilities of $17,925 (2019 - $nil).

The only commitments and contractual obligations of the Company pertain to those in the Agreement, which are detailed in Note 5. The impact of COVID-19 on the Company is yet unknown but may negatively impact the Company's future ability to raise financing and meet future commitments.

iv. Market Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations, amongst other things, in the market price of commodities, global financial markets and investor sentiment. The Company closely monitors commodity prices and financial markets to determine the appropriate course of action to be taken by the Company.

11. Capital Management

In the management of capital, the Company includes the components of shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral projects for the benefit of its stakeholders. As the Company is in the exploration stage, it has no income from operations, and its principal source of funds is from the issuance of its common shares. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, or dispose of assets.

SCHEDULE B

Unaudited Interim Financial Statements of Momentum for
the three and six month periods ended June 30, 2021

[see attached]

MOMENTUM MINERALS LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

For the six months ended June 30, 2021

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Momentum Minerals Ltd.
(an Exploration Stage Company)
Condensed Interim Statements of Financial Position
Expressed in Canadian Dollars unless otherwise stated
Unaudited – Prepared by Management

	June 30, 2021	December 31, 2020
ASSETS		
Current		
Cash	$ 1,392,155	$ 1,503,876
Accounts receivable	-	1,000
Prepaids	66,316	-
	1,458,471	1,504,876
Non-current		
Exploration and evaluation asset (Note 5)	342,033	337,824
TOTAL ASSETS	**$ 1,800,504**	**$ 1,842,700**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 65,405	$ 17,925
TOTAL LIABILITIES	65,405	17,925
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	1,835,647	1,835,647
Contributed surplus (Note 6)	19,581	-
Deficit	(120,129)	(10,872)
TOTAL SHAREHOLDERS' EQUITY	1,735,099	1,824,775
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 1,800,504**	**$ 1,842,700**

Nature of operations and going concern *(Note 1)*

Approved by the Board of Directors on September 14, 2021

"Andrew Nelson"
Director

"Colin Moore"
Director

Momentum Minerals Ltd.

(an Exploration Stage Company)

Condensed Interim Statements of Loss

Expressed in Canadian Dollars unless otherwise stated
Unaudited – Prepared by Management

		Three months ended June 30, 2021		Three months ended June 30, 2020		Six months ended June 30, 2021		Six months ended June 30, 2020
Expenses:								
Bank charges	$	66	$	26	$	114	$	26
Consulting (Note 8)		21,000		-		21,000		-
Office		168		457		977		457
Professional fees		67,585		-		67,585		-
Share-based compensation (Note 8)		19,581		-		19,581		-
Total Expenses		(108,400)		(483)		(109,257)		(483)
Net loss for the period	$	(108,400)	$	(483)	$	(109,257)	$	(483)
Basic and diluted loss per share	$	(0.00)	$	(0.00)	$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding – Basic and Diluted		33,029,001		10,000,001		33,029,001		8,659,342

The accompanying notes form an integral part of these condensed interim financial statements.

Momentum Minerals Ltd.

(an Exploration Stage Company)

Condensed Interim Statements of Changes in Shareholders' Equity

Expressed in Canadian Dollars unless otherwise stated
Unaudited – Prepared by Management

	Note	Number of common shares	Share capital	Contributed surplus	Deficit	Total
December 31, 2019		**8,000,001**	**$ 30,000**	**$ -**	**$ (19)**	**$ 29,981**
Private placement	6	2,000,000	7,500	-	-	7,500
Net loss for the period		-	-	-	(483)	(483)
June 30, 2020		**10,000,001**	**37,500**	**-**	**(502)**	**36,998**
Private placement	6	9,420,000	471,000	-	-	471,000
Shares issued as consideration for exploration and evaluation asset	5, 6	1,500,000	150,000	-	-	150,000
Private placement	6	12,109,000	1,210,900	-	-	1,210,900
Share issuance costs	6	-	(33,753)	-	-	(33,753)
Net loss for the period		-	-	-	(10,370)	(10,370)
December 31, 2020		**33,029,001**	**1,835,647**	**-**	**(10,872)**	**1,824,775**
Share-based compensation	6	-	-	19,581	-	19,581
Net loss for the period		-	-	-	(109,257)	(109,257)
June 30, 2021		**33,029,001**	**$ 1,835,647**	**$ 19,581**	**$ (120,129)**	**$ 1,735,099**

Momentum Minerals Ltd.
(an Exploration Stage Company)
Statements of Condensed Interim Cash Flows
Expressed in Canadian Dollars unless otherwise stated
Unaudited – Prepared by Management

	Six months June 30, 2021	Six months June 30, 2020
Cash flows provided by (used in)		
Operating activities		
Net loss for the period	$ (109,257)	$ (483)
Items not involving cash:		
Share-based compensation	19,581	-
Changes in non-cash working capital		
Accounts receivable	1,000	-
Prepaids	(66,316)	-
Accounts payable and accrued liabilities	47,480	-
	(107,512)	**(483)**
Investing activity		
Exploration and evaluation expenditures	(4,209)	-
	(4,209)	**-**
Financing activities		
Proceeds from issuance of common shares	-	7,500
Subscriptions received in advance	-	200,500
	-	**208,000**
Change in cash for the period	(111,721)	207,517
Cash – Beginning of period	1,503,876	4,981
Cash – End of period	**$ 1,392,155**	**$ 212,498**
Non-cash financing and investing activities		
Taxes paid	$ -	$ -
Interest paid	$ -	$ -

The accompanying notes form an integral part of these condensed interim financial statements.

1. Nature of Operations and Going Concern

Momentum Minerals Ltd. ("Momentum" or the "Company") was incorporated under the laws of the Province of British Columbia, Canada, on August 19, 2019. The Company's corporate office, registered address and records office are located at #909, 939 Homer Street, Vancouver, British Columbia, Canada, V6B 2W6.

Momentum is an exploration stage mining company which has an option to acquire the Turquoise Canyon Project situated in Lander County, Nevada (Note 5).

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business. Momentum is an exploration stage company which incurred a loss of $109,257 (June 30, 2020 - $483) for the period ended June 30, 2021, and as at June 30, 2021 had an accumulated deficit of $120,129 (December 31, 2020 - $10,872). The Company is expected to incur operating losses for the foreseeable future. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing to finance operations and exploration and development of its exploration and evaluation asset. These financial statements do not include adjustments that may be necessary if the going concern principal is not appropriate. Such adjustments could be material.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization; this has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot yet be determined, but they could have a prospective material impact to the Company's exploration activities and ability to raise financing and therefore, the Company's cash flows and liquidity. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company are not known at this time.

2. Basis of Presentation

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and are presented in Canadian dollars.

3. Significant Accounting Policies

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21").

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions and then translated to the Canadian dollar in accordance with IAS 21. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the acquisition date. All gains and losses on translation of these foreign currency transactions are included in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired, or have been transferred, and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires.

Financial assets and liabilities are offset, and the net amount is reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Initial recognition

At initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities classified as FVTPL are expensed in the period in which they are incurred.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities.

Classification of financial assets

Amortized cost

Financial assets that meet the following conditions are measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the financial asset is measured at amortized cost determined using the effective interest method, net of impairment loss, if necessary.

The Company holds the following financial assets at amortized cost: cash and accounts receivable.

Fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the financial asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

The Company does not have any instruments classified as financial assets at FVTOCI.

FVTPL

All other financial assets are measured at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

The Company does not have any financial assets measured at fair value through profit or loss.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Classification of financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as other financial liabilities and carried on the statement of financial position at amortized cost.

As at June 30, 2021 and December 31, 2020, the Company does not have any derivative financial liabilities.

Exploration and evaluation assets

Acquisition costs of mineral claims are initially capitalized as exploration and evaluation assets as incurred and include cash consideration and the fair market value of shares issued on acquisition.

When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating units or "CGUs").

If an indicator of impairment exists, the recoverable amount of the asset or CGU is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Current income taxes

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 the 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 taxes

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date 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 assets 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) enacted or substantively enacted at the end of each reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Loss per share

The Company presents basic loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the periods presented. The Company uses the treasury stock method for calculating diluted earnings per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Non-monetary consideration

Common shares issues for consideration other than cash are valued at the fair value of assets received or services rendered. If the fair value of assets received or services rendered cannot be reliably measured, common shares issued for consideration will be valued at the fair value of the common shares at the date of issuance.

Changes in accounting standards

There are no upcoming changes in accounting standards which impact the Company.

4. Significant Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates and judgments.

Judgments

Judgments made in applying accounting policies that have the most significant effect on the amounts recognized is these financial statements are as follows:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing expenditures, meet its liabilities for the ensuring year, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment of exploration and evaluation assets

Assets or CGU's are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for exploration and evaluation assets.

In respect of costs incurred for its exploration and evaluation asset, management has determined that exploration, evaluation, and related costs incurred, which have been capitalized, continue to be appropriately recorded on the statements of financial position at its carrying value as management has determined there are no indicators of impairment for its exploration and evaluation asset as at June 30, 2021 and 2020.

Estimates

Estimates made in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements are as follows:

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

5. Exploration and Evaluation Asset

Turquoise Canyon Property

On August 20, 2019, the Company entered into an option agreement with First Mining Gold Corp. ("First Mining") to acquire a 100% interest in the Turquoise Canyon Property, comprising 188 unpatented mining claims located in Lander County, Nevada (the "TC Property") (the "Agreement"). The Agreement has a maximum term of 4 years from the date of signing, being August 20, 2019 (the "Signing Date").

In consideration for the option, the Company is required to pay First Mining up to $500,000, payable as follows:

- pay $25,000 to First Mining within 30 days of signing the Agreement (paid);
- pay $50,000 in cash or common shares to First Mining on the 1st anniversary of the Signing Date (paid);
- issue to First Mining 10% of the current outstanding common shares of Momentum (issued);
- pay $150,000 in cash or common shares to First Mining on the 2nd anniversary of the Signing Date ($100,000 paid as of June 30, 2020);
- pay half of the remaining amount owing in cash or common shares on the 3rd anniversary of the Signing Date;
- pay the remaining amount owing in cash or common shares on the 4th anniversary of the Signing Date.

Expressed in Canadian Dollars unless otherwise stated

The Company is also required to pay all mining claim maintenance fees with respect to the TC Property and incur $750,000 in exploration expenditures as follows:

- $50,000 by the first anniversary of the Signing Date (incurred);
- An additional $100,000 by the second anniversary of the Signing Date (incurred); and
- An additional $600,000 by the fourth anniversary of the Signing Date.

The property is subject to a 2% net smelter royalty ("NSR"), payable to First Mining. The Company may repurchase 1% of the NSR for $1,000,000 up until the 1st anniversary of the commencement of commercial production.

A reconciliation of the Company's exploration and evaluation asset is as follows:

	Total **$**
Balance at December 31, 2019	25,000
Share consideration to First Mining (Note 6)	150,000
Geological consulting	114,081
Claim maintenance fees	48,743
Balance at December 31, 2020	**337,824**
Geological consulting	4,209
Balance at June 30, 2021	**342,033**

6. Share Capital

Authorized share capital

The Company's authorized share capital consists of unlimited number common shares without par value and without special rights and restrictions attached.

Issuances

During the year ended December 31, 2020, the Company:

On May 1, 2020, completed a private placement issuing 2,000,000 common shares at an issue price of $0.00375 per common share for gross aggregate proceeds of $7,500.

On July 27, 2020, completed a private placement issuing 9,420,000 common shares at an issue price of $0.05 per common share for gross aggregate proceeds of $471,000.

On August 19, 2020, issued 1,500,000 shares to First Mining with a fair value of $150,000 (Note 5).

On December 9, 2020, completed a private placement issuing 12,109,000 common shares at an issue price of $0.10 per common share for gross aggregate proceeds of $1,210,900.

As at December 31, 2020, 19,420,000 of the Company's shares were held in escrow. Such shares are to be released based on a predetermined schedule from as early as the Listing Date to a maximum of 24 months after the Listing Date. Share issuance costs relating to the 2020 financings totaled $33,753.

Expressed in Canadian Dollars unless otherwise stated

Stock options

The Company adopted a stock option plan to grant options to individuals exercisable up to 10 years from the date of grant to purchase shares at the market price, less applicable discount, if any. Such grants not to exceed an aggregate of 10% of the issued and outstanding shares and vesting periods will be determined by the Board of Directors.

On April 14, 2021, the Company granted 400,000 stock options exercisable at a price of $0.10 until April 14, 2026 to a director that vest equally over a 1 year period. The fair value of the options was $36,300, of which the vested portion of $19,581 was recorded as share-based compensation. The fair value was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 150%; an expected life of 5 years; a dividend yield of 0%; and a risk-free rate of 0.28%.

Stock option transactions are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance at December 31, 2019 and 2020	-	$ -
Granted	400,000	0.10
Balance at June 30, 2021	**400,000**	**$ 0.10**

Details of options outstanding as at June 30, 2021 are as follows:

Number of Options	Exercise Price	Expiry date	Exercisable
400,000	$0.10	April 14, 2026	100,000

7. Segmented Information

The Company's business consists of only one reportable segment being exploration and evaluation of mineral properties located in the United States.

Expressed in Canadian Dollars unless otherwise stated

8. Related Party Transactions

The Company's related parties are considered to be the Directors and Officers of the Company and their close family members and any companies controlled by these individuals.

	Six months ended June 30, 2021	Six months ended June 30, 2020
Consulting	**$ 21,000**	$ -
Share-based compensation	**$ 19,581**	$ -

Included in prepaids at June 30, 2021 is $10,000 (December 31, 2020 - $Nil) owed to officers of the Company.

9. Financial Instruments

The Company's financial instruments are categorized as follows:

Categories of Financial Instruments

	June 30, 2021	December 31, 2020
Financial assets		
Amortized cost		
Cash	$ 1,392,155	$ 1,503,876
Accounts receivable	-	1,000
	$ 1,392,155	**$ 1,504,876**
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	$ 65,405	$ 17,925
	$ 65,405	**$ 17,925**

The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments.

Fair Value of Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

Financial Risks

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below:

i. Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company's exploration activities are situated entirely in the United States and it is therefore exposed to foreign exchange risk arising from transactions and monetary balances denominated in United States dollars. The Company has no program in place for hedging foreign currency risk.

ii. Credit Risk

Credit risk is a risk of loss that may arise on outstanding financial instruments should a counter party default on its obligation. The Company's cash balance is held with large, credit-worthy financial institutions and as such the risk of loss is considered to be low.

iii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its expenditures accordingly. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at June 30, 2021, the Company had a cash balance of $1,392,155 (December 31, 2020 - $1,503,876) to settle current liabilities of $65,405 (December 31, 2020 - $17,925).

The only commitments and contractual obligations of the Company pertain to those in the Agreement, which are detailed in Note 5. The impact of COVID-19 on the Company is yet unknown but may negatively impact the Company's future ability to raise financing and meet future commitments.

iv. Market Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations, amongst other things, in the market price of commodities, global financial markets and investor sentiment. The Company closely monitors commodity prices and financial markets to determine the appropriate course of action to be taken by the Company.

10. Capital Management

In the management of capital, the Company includes the components of shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral projects for the benefit of its stakeholders. As the Company is in the exploration stage, it has no income from operations, and its principal source of funds is from the issuance of its common shares. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, or dispose of assets.

11. Subsequent Events

On July 5, 2021, IM Exploration Inc. ("IM") completed the acquisition of Momentum pursuant to the terms of the amalgamation agreement dated June 16, 2021 (the "Amalgamation Agreement") among IM, IM's wholly-owned subsidiary, 1307605 B.C. Ltd. ("IM Subco") and Momentum.

The acquisition was completed by way of a three-cornered amalgamation under the Business Corporation Act (British Columbia) among Momentum, IM and IM Subco. Pursuant to the acquisition, Momentum amalgamated with IM Subco and the holders of shares of Momentum (the "Momentum Shares") received 0.6 of a common share of IM (each whole common share of an "IM Share") for every one Momentum Share. IM issued an aggregate of 19,817,400 IM Shares to the former shareholders of Momentum as consideration for all of the outstanding Momentum Shares pursuant to the amalgamation and the amalgamated company became a wholly-owned subsidiary of IM. IM also issued 240,000 replacement options to a former Momentum option holder, allowing such holder to purchase IM Shares at a price of $0.167 until April 14, 2026.

For additional details regarding the acquisition and the Turquoise Canyon Property, see IM's news releases dated June 17, 2021 and July 6, 2021, copies of which have been filed under IM's profile on SEDAR at www.sedar.com.

On August 20, 2021, IM completed the remainder of Momentum's second anniversary payment to First Mining Gold Corp. by issuing 310,889 common shares of IM Exploration to satisfy $50,000 owing related to the Turquoise Canyon Property option agreement entered into by Momentum, now a wholly-owned subsidiary of IM Exploration. Momentum is currently earning into a 100% ownership position in the Turquoise Canyon Property, based on the agreement dated Aug. 20, 2019.