IMC International Mining Corp.

Consolidated Financial Statements

For the year ended December 31, 2019 and the period ended December 31, 2018

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of IMC International Mining Corp.

Opinion

We have audited the consolidated financial statements of IMC International Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2019 and for the period from incorporation on August 30, 2018 to December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and December 31, 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and for the period from incorporation on August 30, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company recorded a net loss of $ 635,410 and, as at December 31, 2019, the Company had an accumulated deficit of $ 654,310 and a working capital deficit of $ 386,595. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

"D&H Group LLP"

Vancouver, B.C.
April 3, 2020

Chartered Professional Accountants

(Expressed in Canadian dollars)

	Note		December 31, 2019		December 31, 2018
ASSETS					
Current Assets					
Cash		$	1,769	$	1
Amounts receivable			10,026		-
Prepaid expenses			273,560		-
Promissory note receivable	8		195,974		-
			481,329		1
Non-current Assets					
Exploration and evaluation assets	5		266,165		-
TOTAL ASSETS		**$**	**747,494**	**$**	**1**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities		$	94,734	$	18,900
SHAREHOLDERS' EQUITY					
Share capital	6		1,016,820		1
Share-based payment reserve			290,250		-
Accumulated deficit			(654,310)		(18,900)
Total equity			**652,760**		(18,899)
TOTAL LIABILITIES AND SHAREHOLDER EQUITY		**$**	**747,494**	**$**	**1**

Share split - Notes 1 and 6
Going concern – Note 2
Subsequent event – Note 13

These financial statements were authorized for issue by the Board of Directors on April 3, 2020.

Approved on behalf of the Board of Directors:

"Brian Thurston", Director *"Mike Aujla"*, Director

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

(Expressed in Canadian dollars)

	Note	Year ended December 31, 2019	Period ended December 31, 2018
EXPENSES			
Consulting		$ 44,904	$ -
Filing fees		37,118	-
Office		8,301	-
Management fees	7	86,450	18,900
Professional fees		152,665	-
Travel		13,376	-
Share-based payments	6	290,250	-
TOTAL OPERATING EXPENSES		$ 633,064	$ 18,900
OTHER ITEMS			
Interest income	8	(974)	-
Foreign exchange		3,320	-
TOTAL OTHER ITEMS		2,346	-
NET AND COMPREHENSIVE LOSS FOR THE YEAR		$ 635,410	$ 18,900
Loss per share, basic and diluted		$ (0.03)	$ (18,900)
Weighted average number of common shares outstanding		18,488,003	1

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

(Expressed in Canadian dollars)

	Share Capital				
	Number	**Amount**	**Share-Based Payment Reserve**	**Deficit**	**Total Equity**
		$	$	$	$
Incorporation August 30, 2018	-	-	-	-	-
Common share issued for cash at incorporation	2	1	-	-	1
Net loss for the period	-	-	-	(18,900)	(18,900)
Balance, December 31, 2018	2	1	-	(18,900)	(18,899)
Shares issued pursuant to private placements	20,712,148	942,500	-	-	942,500
Share issuance costs	-	(39,000)	-	-	(39,000)
Shares issued pursuant to Arrangement (Notes 5,6)	6,493,242	113,319	-	-	113,319
Share-based payments	-		290,250		290,250
Net loss for the year	-	-		(635,410)	(635,410)
Balance, December 31, 2019	27,205,392	1,016,820	290,250	(654,310)	652,760

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

(Expressed in Canadian dollars)

		December 31, 2019		December 31, 2018
Cash (used in) provided by:				
OPERATING ACTIVITIES:				
Net loss for the periods	$	(635,410)	$	(18,900)
Share-based payments		290,250		-
Net changes in non-cash working capital items:				
Amounts receivable		(10,026)		-
Prepaid expenses		(273,560)		-
Accounts payable and accrued liabilities		75,834		18,900
Net cash provided by (used in) operating activities		(552,912)		-
INVESTING ACTIVITIES:				
Promissory note receivable		(195,974)		-
Exploration and evaluation assets		(152,846)		-
Net cash used in investing activity		(348,820)		-
FINANCING ACTIVITY:				
Issuance of common shares		903,500		1
Cash provided by financing activity		903,500		1
Change in cash		1,768		1
Cash, beginning of year		1		-
Cash, end of year	$	1,769	$	1

Supplemental cash-flow information – see Note 12

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

1. NATURE OF OPERATIONS

IMC International Mining Corp. (the "Company" or "IMC") was incorporated under the laws of British Columbia on August 30, 2018, for the purposes of a plan of arrangement ("Arrangement") with Chemesis International Inc. ("Chemesis"). IMC's head and principal business address are all located at Suite 2710, 200 Granville Street, Vancouver, British Columbia V6C 1S4. IMC's registered and records office address is Suite 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

On January 2, 2020, the Company split its shares on a 2:1 basis. All common shares, warrants and options in these consolidated financial statements are stated post-split.

On February 1, 2019, Chemesis and the Company completed a reorganization transaction by way of the Arrangement whereby Chemesis undertook a reorganization and spin-out of various interests in minerals located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the "Bullard Pass Property") to IMC.

On February 1, 2019, Chemesis transferred all of the issued and outstanding common shares of its wholly owned subsidiary, Canadian Mining of Arizona Inc. ("CMAI"), to IMC in exchange for 6,493,242 IMC common shares. Further, the Company granted 610,000 options at a weighted average exercise price of $0.265 per option and 458,028 warrants at an exercise price of $0.125.

After completion of the Arrangement, IMC now owns 100% of CMAI along with the assets of the Bullard Pass Property. IMC intends to operate as a gold mineral exploration and development company and will continue to advance its Bullard Pass Property and seek other mining assets.

2. GOING CONCERN

The Company has no current source of operating revenue and is accordingly dependent upon the receipt of equity and/or related party debt financing on terms which are acceptable.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these consolidated financial statements and are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on April 3, 2020.

3. BASIS OF PRESENTATION (CONTINUED)

3.1. Basis of measurement

These consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical Accounting Judgments

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Functional currency

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment.

Impairment of exploration and evaluation assets

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation assets. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely, and exploration and evaluation assets should be impaired.

3. BASIS OF PRESENTATION (CONTINUED)

Completeness of reclamation liabilities

Management determines the future costs the Company will incur to complete the rehabilitation work that is required to comply with existing laws, regulations and agreements in place at each exploration site. Actual costs incurred may differ from those amounts estimated. Future changes to environmental laws and regulations could increase the extent of rehabilitation work required by the Company. Management determined at the date of the statement of financial position that no material rehabilitation provisions were required under IAS 37, Provisions, Contingent Liabilities, and Contingent Assets.

Critical Accounting Estimates

Income Taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Exploration and Evaluation Assets

(i) Pre-license costs:

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

(ii) Exploration and evaluation costs:

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes, on a property by property basis, the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold or considered impaired in value. Indirect administrative costs are expensed as incurred. Exploration and evaluation properties are not depreciated during the exploration and evaluation stage.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Exploration and Evaluation Assets (Continued)

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

4.2 Decommissioning and Restoration

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at December 31, 2019 and 2018, the Company has determined that it does not have any decommissioning and restoration obligations related to current or former operations.

4.3 Impairment of exploration and evaluation assets

Management reviews the carrying values of its exploration and evaluation assets on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, acquisition costs related to relinquished property rights are written off in the period of relinquishment. Capitalized acquisition costs in respect of the Company's exploration and evaluation assets may not be recoverable and there is a risk that these costs may be written down in future periods. Impairment is charged through profit and loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Impairment of exploration and evaluation assets (continued)

The recoverability of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4.4 Functional Currency

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity enters transactions. The functional currency of the Company is the Canadian dollar. The functional currency of Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the statement of financial position, while non-monetary assets and liabilities are translated at historical rates.

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of net loss in the period in which they occur.

The results of operations and financial position of each subsidiary where the functional currency is different from the presentation currency are translated as follows: assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; expenses are translated at exchange rates prevailing at the dates of the transactions, all resulting exchange differences are recognized in other comprehensive income.

4.5 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as contributed surplus.

4.8 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation properties, with the offsetting credit to contributed surplus. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.10 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

4.11 Financial Instruments

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

(i) Classification

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Financial Instruments (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial assets and liabilities at FVTPL Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss in the period in which they arise. Financial assets and liabilities carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in compressive income or loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss.

4.12 Share Issuance Costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital. Share issue costs incurred from the issuance of flow-through shares are charged directly to share capital and expense in proportion to the value of the Company's shares at time of issue and any flow-through share premium.

4.13 Comprehensive Income (Loss)

Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income includes items such as gains and losses on re-measuring available-for-sale financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Changes in Significant Accounting Policies

Accounting standards adopted during the year

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2019, or later periods. New standards and updates, which are not applicable or are not consequential to the Company, have been excluded from the list below.

IFRS 16, *Leases*, specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. IFRS 16 is effective for years beginning after January 1, 2019. There was no impact on the Company's financial statements pursuant to adopting this standard.

5. EXPLORATION AND EVALUATION ASSETS

The Company has 171 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United states.

On February 1, 2019, the Company completed the spin out transaction to acquire the mineral property claims described above. A summary of the capitalized acquisition and exploration expenditures and accumulated totals for the periods ended December 31, 2019 and 2018 are as follows:

Balance at December 31, 2018	**$**	**-**
Additions during the year		
Mineral interest – pursuant to spin out transaction		113,319
Claim fees		36,927
Geologist and assaying		115,919
Balance at December 31, 2019	$	266,165

6. EQUITY

6.1 Authorized Share Capital

Unlimited number of common shares with no par value.

(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

6.2 Shares Issued

Shares issued and outstanding as at December 31, 2019 are 27,205,392 common shares.

On January 2, 2020, the Company split its shares on the basis of two common shares for each outstanding common share. All common shares, warrants and options in these consolidated financial statements are stated post-split.

During the year ended December 31, 2019, the Company had the following share transactions:

i. Issued 6,493,242 common shares pursuant to an arrangement to spin-out assets (Note 1).

ii. Issued 16,600,000 units at a price of $0.025 per unit for total proceeds of $415,000 and 66,000 shares at a price of $0.025 per share for total net proceeds of $1,500. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of $0.05 for a period of two years.

iii. Issued 4,046,150 units at a price of $0.13 per unit for total proceeds of $526,000. Each unit consist of one common share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of $0.16 for a period of two years.

The Company incurred $39,000 in legal fees pursuant to the private placements completed during the year.

6.3 Warrants

As of December 31, 2019, the following warrants were outstanding:

	Warrants	Weighted average exercise price	
Balance, December 31, 2018	-		-
Spin-out warrants	229,014	$	0.02
Expired	(229,014)		(0.02)
Issued	20,646,150		0.05
Balance, December 31, 2019	**20,646,150**	**$**	**0.05**

Expiry date	Warrants	Exercise price	
April 18, 2021	16,600,000	$	0.05
October 15, 2021	4,046,150		0.16
	20,646,150	**$**	**0.07**

At December 31, 2019, the weighted-average remaining life of the outstanding warrants was 1.40 years.

(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

6.4 Options and Share-based Compensation

The Company has adopted a stock option plan (the "Plan") whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the Plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The Plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority. Stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any three-month period. The exercise price of any stock options granted under the Plan shall be determined by the Board but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the Plan shall be determined by the Board at the time of grant but may not exceed ten years.

Pursuant to the Plan, the Company granted 2,300,000 options with a fair value of $290,250, calculated using the Black-Scholes Pricing Model with the following weighted average assumptions:

	2019	**2018**
Strike price	$0.32	-
Risk free interest rate	1.34%	-
Expected option life (years)	5 years	-
Expected stock price volatility	110%	-
Dividend payments during life of option	Nil	-
Expected forfeiture rate	Nil	-

The following stock options are issued under the stock option plan:

	Options	**Weighted average exercise price ($)**
Balance, December 31, 2018	-	-
Spin-out options	610,000	0.51
Options granted	2,300,000	0.16
Expired	(15,000)	0.50
Balance, December 31, 2019	**2,895,000**	**0.23**

(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

6.4 Options and Share-based Compensation (continued)

At December 31, 2019, the weighted average remaining life of the outstanding options was 4.48 years. No options were outstanding as at December 31, 2018.

Outstanding and exercisable			
Expiry date	**Number of options**	**Exercise price ($)**	**Remaining contractual life (years)**
June 09, 2022	35,000	0.25	2.44
August 18, 2022	30,000	0.55	2.63
July 22, 2023	480,000	0.50	3.56
September 27, 2023	20,000	0.87	3.74
November 06, 2023	30,000	0.70	3.85
September 24, 2024	2,300,000	0.16	4.74
	2,895,000	**0.23**	**4.48**

7. RELATED PARTY DISCLOSURES

Key management personnel are the directors and officers of the Company. Management compensation transactions for the year ended December 31, 2019 and 2018 are summarized as follows:

	December 31, 2019	December 31, 2018
Management fees	$ 86,450	$ 18,900
Exploration and evaluation	13,000	-
Share-based payments	100,957	-
Total	**$ 200,407**	**$ 18,900**

During the year ended December 31, 2019, $59,450 was paid to an officer and director of the Company for CEO and geology related services provided (2018 - $18,900). Of this amount, $13,000 was capitalized to exploration and evaluation assets (Note 5) and $2,155 is included in accounts payable and accrued liabilities as of December 31, 2019.

During the year ended December 31, 2019, $40,000 was accrued to an officer of the Company for CFO services provided and is included in accounts payable and accrued liabilities as of December 31, 2019.

8. PROMISSORY NOTE RECEIVABLE

As at December 31, 2019, the Company had a balance receivable from a third party with an interest rate of 4% and a balance at year-end of $195,974. $974 in interest was charged during the year (2018 - $nil). The note is due on demand, repayable no later than May 1, 2020 and is not secured or guaranteed.

9. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

10. RISK MANAGEMENT

10.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk
The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of share capital.

b. Credit Risk
Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

c. Liquidity Risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at December 31, 2019, the Company's working capital is $386,595 (2018 - $18,899 deficiency), and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

(Expressed in Canadian dollars)

10. RISK MANAGEMENT (CONTINUED)

10.1 Financial Risk Management (continued)

d. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

10.2 Fair Values

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Cash is measured at fair value using level 1 inputs. The carrying value of promissory note receivable and accounts payable approximates its fair values due to its short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows for the periods ended December 31:

		2019		2018
Net loss for the year	$	(635,410)	$	(18,900)
Combined tax rate		27%		26%
Expected tax recovery		(172,000)		(5,000)
Non-deductible item		78,000		-
Unrecognized benefit of income tax losses		94,000		5,000
Total income tax expense	$	-	$	-

(Expressed in Canadian dollars)

11. INCOME TAXES (CONTINUED)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2019		2018
Canadian non-capital losses (expires between 2038-2039)	$	364,000	$	18,900
Exploration and evaluation assets		152,000		-
	$	**516,000**	$	**18,900**

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. SUPPLEMENTAL CASH-FLOW INFORMATION

During fiscal 2019, non-cash activities were conducted by the Company as follows:

	2019
Investing activity	$
Exploration and evaluation assets	(113,319)
Financing activity	
Issuance of common shares	113,319

13. SUBSEQUENT EVENTS

On February 22, 2020, the Company issued 3,110,000 units at a price of $0.25 per unit for total proceeds of $777,500. Each unit consists of one common share and one share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of $0.40 for a period of two years.

The Company paid finders' fees of $21,750 in cash and 87,000 finder warrants, with each finder warrant entitling the holder thereof to acquire a common share at a price of $0.40 per common share for a period of two years.

Subsequent to December 31, 2019, the Company collected $105,000 of funds from the promissory note receivable.

13. SUBSEQUENT EVENTS (CONTINUED)

Pursuant to the definitive agreement signed March 17, 2020, the Company has now acquired 100% of the issued and outstanding capital of Thane Minerals Inc. ("Thane"), which holds a 100% interest in Cathedral property in north-central British Columbia. As consideration for the acquisition the Company is in the process of issuing 5,263,158 common shares of its own stock measured at a fair value of $0.495 per share. The Purchased Shares will be escrowed and released over a 36-month period (the "Purchased Shares"). In addition to the foregoing, if through additional exploration programs, a resource calculation of at least 800,000,000lbs of copper-equivalent, as determined based on a National Instrument 43-101 (Standards of Disclosure for Mineral Projects) ("NI 43-101") compliant resource estimate, is determined to be indicated within the Cathedral Project area, then IMC will issue an additional aggregate of $2,000,000 worth of common shares (or cash in lieu) to the previous shareholders of Thane.

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