

IMC International Mining Corp.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Notice to the Reader

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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the IMC International Mining Corp. (the “**Company**”) have been prepared by and are the responsibility of the Company’s management. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed consolidated interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

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

IMC International Mining Corp.
Condensed Consolidated Interim Statements of Financial Position
As at June 30, 2020 and December 31, 2019
(Unaudited - Expressed in Canadian dollars)

	Note	June 30, 2020	December 31, 2019 (audited)
ASSETS			
Current Assets			
Cash		\$ 993,861	\$ 1,769
Amounts receivable		57,621	10,026
Reclamation bond		10,000	-
Prepaid expenses		363,974	273,560
Promissory note receivable	11	-	195,974
		1,425,456	481,329
Non-current Assets			
Exploration and evaluation assets		2,398,594	266,165
TOTAL ASSETS		\$ 3,824,050	\$ 747,494
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 117,984	\$ 94,734
Flow through liabilities	6	68,000	-
		185,984	94,734
SHAREHOLDERS' EQUITY			
Share capital	6	6,074,890	1,016,820
Share – based payment reserve		290,250	290,250
Accumulated deficit		(2,727,074)	(654,310)
Total equity		3,638,066	652,760
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 3,824,050	\$ 747,494

Nature of operations and going concern - Note 1
 Commitments – Note 12

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 28, 2020.

Approved on behalf of the Board of Directors:

“Brian Thurston”, Director

“Faizaan Lalani”, Director

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

IMC International Mining Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three and Six Months Ended June 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
EXPENSES				
Advertising and marketing	\$ 428,282	\$ -	\$ 1,473,054	\$ -
Bank charges	441	185	778	356
Consulting	42,418	-	53,241	-
Filing fees	16,005	5,645	43,657	7,783
Investor relations	15,199	-	23,672	-
Office	4,889	-	13,882	221
Management fees	37,139	9,000	74,139	18,450
Professional fees	165,585	49,625	203,925	66,390
Travel	1,162	1,336	1,162	1,336
TOTAL OPERATING EXPENSES	(711,121)	(65,792)	(1,887,517)	(93,814)
OTHER ITEM				
Foreign exchange income	(4,122)	(148)	(19,247)	(154)
NET AND COMPREHENSIVE LOSS FOR THE PERIOD	(715,243)	(65,939)	(1,906,764)	(93,969)
Loss per share, basic and diluted	\$ (0.02)	\$ (0.01)	\$ (0.05)	\$ (0.02)
Weighted average number of common shares outstanding	36,459,904	5,526,478	36,459,904	5,526,475

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

IMC International Mining Corp.
Consolidated Interim Statements of Changes in Equity
For the Six Months Ended June 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars)

	<u>Share Capital</u>		Share – Based Payment Reserve \$	Deficit \$	Total Equity \$
	Number	Amount \$			
Balance, December 31, 2019	27,205,392	1,016,820	290,250	(654,310)	652,760
Warrants Exercised (Note 6.2)	8,756,922	501,308	-	-	501,308
Options Exercised (Note 6.2)	900,000	144,000	-	-	144,000
Flow through shares issued (Note 6.2)	400,000	192,000	-	-	192,000
Private Placement (Note 6.2)	6,430,324	2,286,220	-	-	2,286,220
Share issuance cost (Note 6.2)	-	(141,457)	-	-	(141,457)
Shares issued for Thane (Note 5)	5,463,158	2,076,000	-	-	2,000,000
Net loss	-	-	-	(1,906,764)	(1,906,764)
Balance, June 30, 2020	49,155,796	6,074,890	290,250	(2,727,074)	3,638,066
Balance, December 31, 2018	1	1	-	(18,900)	(18,899)
Shares issued pursuant to financing	8,300,000	415,000	-	-	415,000
Shares issued pursuant to Arrangement	3,246,621	113,319	-	-	113,319
Net loss	-	-	-	(94,690)	(94,690)
Balance, June 30, 2019	11,546,622	528,320	-	(113,590)	414,730

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

IMC International Mining Corp.
Condensed Consolidated Interim Statements of Cash Flows
For the Six Months Ended June 30, 2020 and 2019
(Unaudited - Expressed in Canadian dollars)

	June 30, 2020	June 30, 2019
Cash flows from (used in) provided by:		
OPERATING ACTIVITIES:		
Net loss	\$ (1,906,764)	\$ (93,969)
Net changes in non-cash working capital items:		
Amounts receivable	(47,595)	(2,810)
Prepaid expenses	(256,414)	-
Reclamation bond	(10,000)	-
Accounts payable and accrued liabilities	91,250	108,186
Net cash flows from (used in) operating activities	(2,129,523)	11,406
INVESTING ACTIVITIES		
Exploration and evaluation assets	(2,132,429)	(124,005)
Net cash flows from (used in) investing activities	(2,132,429)	(124,005)
FINANCING ACTIVITIES		
Issuance of common shares	5,058,070	528,319
Promissory note receivable	195,974	-
Cash flows from (used in) financing activities	5,254,044	528,319
Change in cash	992,092	415,721
Cash, beginning of period	1,769	1
Cash, end of period	993,861	415,722

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

IMC International Mining Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2020 and 2019
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

IMC International Mining Inc. (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”). On January 2, 2020, the Company split its shares on a 2:1 basis. All common shares, warrants and options in these condensed consolidated interim financial statements are stated post-split.

IMC’s head and principal business address are located at 33 Heritage Peak Road, Port Moody, British Columbia,, V3H 0H5. IMC’s registered and records office address is Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

The Company’s ability to continue as a going concern is dependent upon the financial support from its shareholders and other related parties, its ability to obtain financing for the continuing exploration and development of its resource properties, the existence of economically recoverable reserves, and the attainment of profitable operations or proceeds from disposition of these properties.

The Company has not yet achieved profitable operations and has accumulated losses of \$2,727,074 since inception. Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations.

These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (“IAS”) 34 “Interim Financial Reporting”. They do not include all the information required for full annual financial statements and should be read in conjunction with the Company’s audited financial statements for the fiscal year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The condensed consolidated interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on August 28, 2020.

b) Basis of Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using accrual basis of accounting except for cash flow information. All monetary references expressed in these notes are references to Canadian dollar amounts (\$). These condensed consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

c) Basis of Consolidation

These condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary (collectively, the “Company”). Intercompany balances and transactions are eliminated in preparing the consolidated financial statements. The following companies have been consolidated within these consolidated financial statements:

IMC International Mining Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2020 and 2019
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

Entity	Country of Incorporation	Holding	Functional Currency
IMC International Mining Corp.	Canada	Parent Company	Canadian Dollar
Thane Minerals Inc	Canada	100%	Canadian Dollar
Canadian Mining Arizona Inc.	US	100%	Canadian Dollar

Significant Judgements, Estimates & Assumptions

The preparation of the Company's condensed consolidated interim 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 condensed consolidated interim 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.

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.

IMC International Mining Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2020 and 2019
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 4 to the audited financial statements for the fiscal year ended December 31, 2019, and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

4. EXPLORATION AND EVALUATION ASSETS

a) Yavapai Project

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 June 30, 2020 are as follows:

Balance as at December 31, 2019	\$ 266,165
Additions during the period	-
Balance as at June 30, 2020	\$ 266,165

b) Cathedral Project

On March 19, 2020, the Company entered into a definitive agreement to acquire 100% of the issued and outstanding share capital of Thane Minerals Inc., which holds a 100% interest in the Cathedral property, located in north-central British Columbia

5. ACQUISITION OF THANE MINERALS INC.

On March 31, 2020, the Company completed its acquisition of Thane Minerals Inc. (“Thane”).

As consideration for the acquisition of 100% of the issued and outstanding Thane common shares, IMC agreed to issue to the current shareholders of Thane (the “Vendors”) an aggregate of \$2.-million worth of common shares in the capital of IMC at a deemed price of \$0.38 per common share, representing 5,463,158 shares. The Purchased Shares are escrowed and released over a 36-month period (the “Purchased Shares”).

In addition, 200,000 common shares were issued at a deemed price of \$0.38 to a finder as compensation in connection with the transaction.

IMC International Mining Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2020 and 2019
(Expressed in Canadian dollars)

5. ACQUISITION OF THANE MINERALS INC. (CONTINUED)

In addition to the foregoing, if through additional exploration programs, a resource calculation of at least 800,000,000lbs of copper-equivalent is determined by a National Instrument 43-101 compliant resource estimate to be indicated within the Cathedral Project area, then IMC will issue an additional aggregate of \$2-million worth of common shares (or cash in lieu) to the Vendors.

This transaction will be accounted for as an asset acquisition in line with IFRS 3. The value of the shares issued over the value of Thane's shares will be attributed to Goodwill.

Cost of acquisition

Common shares issued: 5,463,158 common shares at \$0.38 per share \$ **2,076,000**

Fair value of Net assets acquired

Cash \$ (16,944)

Receivables \$ 24,698

Reclamation Bond \$ 10,000

Exploration and evaluation assets \$ 2,061,896

Total assets \$ **2,003,650**

Current liabilities \$ (3,650)

Net assets acquired \$ **2,076,000**

No impairment charge was taken.

6. EQUITY

6.1 Authorized Share Capital

Unlimited number of common shares with no par value.

6.2 Shares Issued

Shares issued and outstanding as at June 30, 2020, are 49,155,796 common shares.

On January 2, 2020, the Company split its shares on the basis of two common shares for each outstanding common share. See Note 1.

During the six-month period ended June 30, 2020, the Company had the following share transactions:

- i) Issued 210,000 common shares of the Company for gross proceeds of \$21,000 pursuant to warrant exercises.
- ii) On February 24, 2020, the Company issued 3,110,000 units at a price of \$0.25 per unit for total proceeds of \$777,500. Each unit consisted 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. In addition, 87,000 finder's warrants were issued at the same terms. As the original warrants had a fair value of \$nil, the finder's warrants were also valued at \$nil. Cash finders' fees of \$32,250 were paid.

IMC International Mining Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2020 and 2019
(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

- iii) On May 14, 2020, the Company closed a brokered private placement financing consisting of units and flow-through shares as led by Gravitass Securities Inc. for total gross proceeds of \$1,768,720. The private placements consisted of:
- 3,143,166 units of the Company at a price of \$0.48 per unit for gross proceeds of \$1,508,720; and
 - 400,000 common shares issued on a flow-through basis at a price of \$0.65 per Flow-Through share for gross proceeds of \$260,000 (the “Flow-Through Offering”).
 - 177,158 shares were issued as compensation

According to IFRS 9 and IAS 39 the Flow-through shares would be treated as follows. The sale of the tax deduction is measured at \$0.17 (Flow Share Price \$0.65 - Unit Price \$0.48). This would result in the following adjustment:

Dr. Cash	\$260,000
Cr. Share Capital	\$192,000
Cr. Other Liabilities	\$68,000

Each Unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common Share of the Company at an exercise price of \$0.60 for a period of two years from the date of issuance thereof. The warrants and the broker warrants are subject to accelerated expiry if the volume weighted average closing price of the common shares on the Canadian Securities Exchange is equal to or greater than \$0.88 for a period of ten consecutive trading days, in which case the Company will have the option, but not the obligation, to accelerate the expiry to 20 days from the date of notice.

An amount equal to the gross proceeds from the Flow-Through Offering will be used for “Canadian exploration expenses” that will qualify as “flow-through mining expenditures” as defined in the Income Tax Act (Canada). The Company will renounce to the subscribers of the Flow-Through shares effective as of December 31, 2020, an amount of Canadian exploration expenses that will qualify as flow-through mining expenditures equal to the gross proceeds of the Flow-Through Offering. The Company intends to use the proceeds of the Offering for the Company’s 2020 drilling program and general working capital.

In connection with the Offering, the Company paid the Agent a cash fee of \$141,498. Additionally, the Company issued 251,453 broker unit warrants to the Agents. Each broker unit warrant entitles the holder to acquire one unit at any time for a period of two years from the date of issuance thereof at an exercise price of \$0.48 per broker unit warrant. Each broker unit consists of one common share and one share purchase warrant exercisable into an additional common share at an exercise price of \$0.60 per share for a period of two years.

The Company also issued 32,000 broker flow-through warrants to the agents. Each broker Flow-through warrant entitles the holder to acquire one common share of the Company at any time for a period of two years from the date of issuance thereof at an exercise price of \$0.70 per common share. The Company also paid the agents a corporate finance fee paid by the issuance of 20,000 common shares and 157,158 broker warrants at an exercise price of \$0.60 per common share for a period of two years.

- iv) In addition to the above, during the six-month period ended June 30, 2020, the Company received cash proceeds of:
- \$144,000 from the exercise of 900,000 options at \$0.16 per option;
 - \$92,308 from the exercise of 576,922 warrants at \$0.16 per warrant;
 - \$398,500 from the exercise of 7,970,000 warrants at \$0.05 per warrant; and
 - \$10,500 from the exercise of 210,000 warrants at \$0.05 per warrant.

IMC International Mining Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2020 and 2019
(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

6.3 Warrants

As of June 30, 2020, the following warrants were outstanding:

	<u>Warrants</u>		<u>Weighted average exercise price</u>
December 31, 2019	20,646,150	\$	0.05
Exercised	(8,756,922)		(0.06)
Issued	6,780,777		0.60
June 30, 2020	18,670,005	\$	0.62

<u>Expiry Date</u>	<u>Warrants</u>	<u>Exercise Price</u>
April 18, 2021	8,420,000	0.05
October 15, 2021	3,469,228	0.16
February 21, 2022	3,197,000	0.40
May 13, 2022	3,300,324	0.60
May 13, 2022	32,000	0.70
May 13, 2022 ⁽¹⁾	251,453	0.48
	18,670,005	

⁽¹⁾ Unit warrant entitling the holder to acquire one unit, whereby each unit consists of one common share in the capital of the Company plus one common share purchase warrant exercisable at \$0.60 for a period of two years from the date of issuance thereof.

As at June 30, 2020, the weighted-average remaining life of the outstanding warrants was 1.49 years.

6.4 Options and Share-based Compensation

The Company has adopted an equity incentive plan (the “Plan”) whereby up to 20% 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 CSE. 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.

As at June 30, 2020, 1,705,000 options were outstanding and had a weighted average remaining life of 4.00 years.

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

	<u>Options</u>	<u>Weighted average exercise price (\$)</u>
Balance, December 31, 2019	2,895,000	0.23
Options Granted	-	-
Options Exercised	900,000	0.16
Options Expired	290,000	0.51
Balance, June 30, 2020	1,705,000	0.23

IMC International Mining Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2020 and 2019
(Expressed in Canadian dollars)

6. EQUITY (CONTINUED)

Expiry date	Outstanding and exercisable		Remaining contractual life (years)
	Number of options	Exercise price (\$)	
June 9, 2022	20,000	0.25	2.19
July 22, 2023	265,000	0.50	3.31
September 27, 2023	20,000	0.87	3.49
September 24, 2024	1,400,000	0.16	4.33
	1,705,000	0.23	4.23

7. RELATED PARTY TRANSACTIONS

Key management personnel are the directors and officers of the Company. Management compensation transactions for the six-months ended June 2020 and 2019 are summarized as follows:

	2020	2019
Management fees	\$ 74,139	\$ 18,450

During the six months ended June 30, 2020, \$48,000 was paid to a Company owned by an officer and director of the Company for CEO and geology-related services provided (2019 - \$18,450). As at June 30, 2020, \$8,000 was included in accounts payable.

During the six months ended June 30, 2020, \$12,000 was paid to an officer of the Company for CFO-related services provided (2019 – nil). At June 30, 2020, \$3,000 was included in accounts payable.

During the six months ended June 30, 2020, \$1,155 was paid to Company owned by an officer of the Company for CFO-related services provided (2019 – nil).

During the six months ended June 30, 2020, \$10,000 was paid to a previous officer of the Company for CFO- related services provided (2019 – nil).

During the six months ended June 30, 2020, \$2,984 was paid to Company owned by an officer of the Company for corporate secretarial-related services provided (2019 – nil).

8. LOAN FACILITY

As of June 30, 2020, the Company has access to a loan facility for proceeds up to \$400,000 to be used to complete exploration and evaluation activities. To date, no amounts have been borrowed.

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.

IMC International Mining Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2020 and 2019
(Expressed in Canadian dollars)

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 June 30, 2020, the Company's working capital is \$2,409,432 (2019 - \$386,595), 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. As at June 30, 2020, the Company has cash of \$1,003,861, amounts receivable of \$57,621, and accounts payable and accrued liabilities of \$39,484.

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 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. PROMISSORY NOTE RECEIVABLE

As at December 31, 2020, 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. The balance was collected, cash in full, as at June 30, 2020.

IMC International Mining Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2020 and 2019
(Expressed in Canadian dollars)

12. COMMITMENTS

On April 16, 2020, the Company entered into a draw down equity financing of up to \$8,000,000 with Alumina Partner, LLC, a New York based private equity financing for the purpose of continuing its growth strategy through exploration and acquisition. The agreement details the purchase of up to \$8,000,000 of the Company's units consisting of one common share and one common share purchase warrant at discounts ranging from 15% to 25% of the market price. The financing is at the sole discretion of the Company allowing for the ability to access funds as necessary. As of June 30, 2020, this has not been accessed.

13. SUBSEQUENT EVENTS

- On July 17, 2020, the Company announced it had completed its non-brokered flow-through private placement offering previously announced on June 26, 2020, issuing an aggregate of 3,333,334 flow-through units of the Company at a price of \$0.30 per flow-through unit for gross proceeds of \$1,000,000.
- Peter E. Walcott & Associates Limited, under the direction of CME Consultants Inc., the operator of the 2020 work program, was contracted to complete a detailed induced polarization geophysical survey that will expand upon and generate greater detail over last year's broad 600-meter wide anomaly, discovered at the Cathedral Area.
- An aggregate of 640,000 warrants have been exercised at \$0.05 per warrant share.
- Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. On March 11, 2020, the World Health Organization ("WHO") declared a global pandemic. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the period ended June 30, 2020, have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.