

Interra Copper Corp.

(formerly IMC International Mining Corp.)

Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2021 and the Year Ended

December 31, 2020

(Expressed in Canadian Dollars)

Notice To Reader

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

The accompanying unaudited condensed consolidated interim financial statements of Interra Copper Corp. (formerly known as IMC International Mining Corp). (the “Company”) have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the three months ended March 31, 2021 have not been reviewed or audited by the Company’s independent auditors. All amounts are stated in Canadian Dollars.

Interra Copper Corp.
(formerly IMC International Mining Corp.)
Condensed Consolidated Interim Statements of Financial Position
For the Three Months Ended March 31, 2021 and the Year Ended December 31, 2020
(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2021	Audited December 31, 2020
ASSETS			
Current Assets			
Cash		\$ 872,712	\$ 907,658
Amounts receivable (GST)		74,191	72,760
Prepaid expenses		52,729	182,729
		999,632	1,163,147
Non-current Assets			
Reclamation bond		10,000	10,000
Exploration and evaluation assets	5	3,811,640	3,804,195
TOTAL ASSETS		\$ 4,821,272	\$ 4,977,342
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 47,814	\$ 13,914
SHAREHOLDERS' EQUITY			
Share capital	7	7,585,744	7,525,744
Subscriptions received		65,000	
Share – based payment reserve		1,575,937	1,204,937
Accumulated deficit		(4,453,223)	(3,767,254)
Total equity		4,773,458	4,963,428
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 4,821,272	\$ 4,977,342

Nature of operations and going concern - Note 1 and Note 2
Subsequent events – Note 12

These consolidated financial statements were authorized for issue by the Board of Directors on May 31, 2021.

Approved on behalf of the Board of Directors:

“Greg Hawkins”, Director

“Samir Patel”, Director

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

Interra Copper Corp.
(formerly IMC International Mining Corp.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three Months Ended March 31, 2021 and 2020
(Unaudited - Expressed in Canadian dollars)

	3 Months Ended March 31, 2021	3 Months Ended March 31, 2020
EXPENSES		
Advertising and marketing	\$ 170,994	\$ 455,894
Consulting	-	22,296
Director Fees	9,841	-
Filing fees	23,099	27,652
Investor relations	12,000	-
Office	6,804	13,037
Management fees	52,500	37,000
Professional fees	39,747	38,340
Share-based payments	371,000	-
Travel	-	-
TOTAL OPERATING EXPENSES	(685,985)	\$ (594,219)
OTHER ITEM		
Interest income	-	-
Foreign exchange	16	(15,125)
NET AND COMPREHENSIVE LOSS FOR THE PERIOD		
Loss per share, basic and diluted	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	47,596,771	28,567,584

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

Interra Copper Corp.
(formerly IMC International Mining Corp.)
Condensed Consolidated Interim Statements of Changes in Equity
For the Three Months Ended March 31, 2021 and 2020
(Unaudited - Expressed in Canadian dollars)

	Share Capital		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 7.3)	14,476,922	787,308	-	-	787,308
Options exercised (Note 7.4)	900,000	144,000	-	-	144,000
Flow through shares issued (Note 7.2)	3,733,334	1,260,000	-	-	1,260,000
Private placement (Note 7.2)	6,430,324	2,374,656	-	-	2,374,656
Shares issued for Thane (Note 6)	5,463,158	2,595,000	-	-	2,595,000
Share issuance cost	-	(652,040)	206,778	-	(445,262)
Share based payments	-	-	707,909	-	707,909
Net loss for the year	-	-	-	(3,112,943)	(3,112,943)
Balance, December 31, 2020	58,209,130	7,525,744	1,204,937	(3,767,254)	4,963,428
Warrants exercised	1,200,000	60,000	-	-	60,000
Subscriptions received	-	-	-	-	65,000
Share-based payments	-	-	371,000	-	371,000
Net loss for the year	-	-	-	(685,969)	(685,969)
Balance, March 31, 2021	59,409,130	7,585,744	1,575,937	(4,453,224)	4,773,458

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

Interra Copper Corp.
(formerly IMC International Mining Corp.)
Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31, 2021 and 2020
(Unaudited - Expressed in Canadian dollars)

	March 31, 2021	March 31, 2020
Cash flows from (used in) provided by:		
OPERATING ACTIVITIES:		
Net loss	\$ (685,969)	\$ (609,344)
Items not involving cash		
Share-based payments	371,000	-
Net changes in non-cash working capital items:		
Amounts receivable	(1,432)	(4,459)
Prepaid expenses	130,000	(304,952)
Accounts payable and accrued liabilities	33,900	49,334
Net cash flows from (used in) operating activities	(152,501)	(869,421)
INVESTING ACTIVITIES		
Reclamation bond	-	-
Exploration and evaluation assets	(7,445)	(9,232)
Net cash flows from (used in) investing activities	(7,445)	(9,232)
FINANCING ACTIVITIES		
Issuance of common shares	-	745,250
Exercise of warrants	60,000	21,000
Subscriptions received	65,000	-
Promissory note	-	120,000
Cash flows from financing activities	125,000	886,250
Change in cash	(34,946)	7,597
Cash, beginning of period	907,658	1,769
Cash, end of the period	872,712	\$ 9,366

Supplemental cash-flow information – see Note 11

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

Interra Copper Corp.
(formerly IMC International Mining Corp.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2021

1. NATURE OF OPERATIONS

Interra Copper Corp. (formerly known as IMC International Mining Inc.) (the “Company” or “Interra”) 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 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 Interra (formerly known as IMC) in exchange for 6,493,242 Interra (formerly known as 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, Interra (formerly known as IMC) owns 100% of CMAI along with the assets of the Bullard Pass Property. Interra (formerly known as 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.

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.

Interra’s (formerly known as IMC’s) registered and records office is Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

2. GOING CONCERN

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 its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at March 31, 2021, the Company had working capital of \$ 951,818, accumulated deficit of \$4,453,224 and incurred net losses of \$ 685,969 and expects to incur further losses in the development of its business. To date the Company has not earned any revenue and is considered to be in the exploration stage. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Although management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing exploration and evaluation assets for the next twelve months, the Company recognizes it will be required to obtain additional financing. While the Company has been successful in securing financings in the past there can be no assurance that it will be able to do so in the future.

There is material uncertainty about whether the Company will be able to obtain the required financing and complete or develop a business. This material uncertainty may cast significant doubt on the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to their reported carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

On March 11, 2020, the World Health Organization (“WHO”) declared the outbreak of a novel coronavirus, identified as “COVID-19”, as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

Interra Copper Corp.
(formerly IMC International Mining Corp.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2021

3. BASIS OF PRESENTATION

3.1 Statement of Compliance

These condensed interim 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”).

3.2 Basis of Measurement

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries (collectively, the “Company”) 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. In addition, these consolidated 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 consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

3.3 Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary (collectively, the “Company”). Subsidiaries are all entities over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Subsidiaries are de-consolidated from the date that control by the Company ceases. Intercompany balances and transactions are eliminated upon consolidation. The following companies have been consolidated within these consolidated financial statements:

Entity	Country of Incorporation	Holding	Functional Currency
Interra Copper Corp (Formerly known as IMC International Mining Corp.)	Canada	Parent Company	Canadian Dollar
Thane Minerals Inc.	Canada	100%	Canadian Dollar
Canadian Mining of Arizona Inc.	US	100%	Canadian Dollar

3.4 Significant Judgements, Estimates & Assumptions

The preparation of the Company’s condensed interim 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.

Interra Copper Corp.
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Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2021

3. BASIS OF PRESENTATION (CONTINUED)

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.

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

With the exception of the recently adopted accounting policies below, these condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statement for the fiscal year ended December 31, 2020.

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.

Interra Copper Corp.
(formerly IMC International Mining Corp.)
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For the Three Months Ended March 31, 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 another-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 March 31, 2021 and December 31, 2020, 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.

Interra Copper Corp.
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For the Three Months Ended March 31, 2021

SIGNIFICANT ACCOUNTING POLICIES (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 and its subsidiaries is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

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 Accounting standards adopted during the period

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

	<u>As at March 31, 2021</u>			<u>As December 31, 2020</u>		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Bullard						
Pass	74,435	243,161	317,596	74,435	243,161	317,596
Cathedral	2,674,728	819,317	3,494,044	2,674,728	811,871	3,486,599
	<u>2,749,163</u>	<u>1,062,478</u>	<u>3,811,640</u>	<u>2,749,163</u>	<u>1,055,032</u>	<u>3,804,195</u>

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Bullard Pass 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.

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 (“Thane”), which holds a 100% interest in the Cathedral property, located in north-central British Columbia. The Company completed the acquisition of Thane on March 31, 2020. See Note

	Bullard Pass	Cathedral	Total
	\$	\$	\$
Balance at December 31, 2019	266,165	-	266,165
Exploration costs			
Prospecting	13,923	811,871	825,794
	13,923	811,871	825,794
Acquisition Costs			
Claim Registration	37,508	-	37,508
	37,508	-	37,508
Acquisition of Thane		2,674,728	2,674,728
		2,674,728	2,712,236
Balance at December 31, 2020	317,596	3,486,599	3,804,195
Exploration Costs			
Prospecting	-	7,445	7,445
	-	7,445	7,445
Acquisition Costs			
Claim Registration	-	-	-
	-	-	-
Balance at March 31, 2021	317,596	3,494,044	3,811,640

6. 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, Interra (formerly known as IMC) agreed to issue to the current shareholders of Thane (the “Vendors”) an aggregate of \$2,500,000 of common shares in the capital of Interra (formerly known as IMC) at a fair market value of \$0.475 per common share, representing 5,263,158 shares. The Purchased Shares are escrowed and released over a 36-month period (the “Purchased Shares”).

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6. ACQUISITION OF THANE MINERALS INC. (CONTINUED)

200,000 common shares were also issued at a fair market value of \$0.475 to a finder as compensation in connection with the transaction.

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 Interra (formerly known as IMC) will issue an additional aggregate of \$2-million worth of common shares (or cash in lieu) to the Vendors.

This transaction was accounted for as an asset acquisition in line with IFRS 3. The value of the shares issued over the value of Thane's shares was attributed to exploration and evaluation assets.

Cost of acquisition

Common shares issued: 5,463,158 common shares at a fair value of \$0.475 per share	\$ 2,595,000
Share issuance costs	\$ <u>93,865</u>
	<u><u>\$ 2,688,865</u></u>

Fair value of Net assets acquired

Cash	\$ 589
Receivables	\$ 7,198
Reclamation Bond	\$ 10,000
Exploration and evaluation assets	\$ <u>2,674,728</u>
Total assets	\$ 2,692,515
Current liabilities	<u>\$ (3,650)</u>
Net assets acquired	<u><u>\$ 2,688,865</u></u>

- On February 8, 2021, the Company entered into a non-binding letter to intent to acquire an unproven mineral interest from two directors. The Company anticipates the purchase price will be \$50,000 and a 1% net smelter return royalty. The proposed acquisition is subject to negotiation of a definitive agreement and satisfaction or waiver of other conditions.

7. EQUITY

7.1 Authorized Share Capital

Unlimited number of common shares with no par value.

7.2 Shares Issued

During the year ended December 31, 2020, the Company had the following share transactions:

- 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. Cash finders' fees of \$21,750 were paid.

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7. EQUITY (CONTINUED)

7.2 Shares Issued (Continued)

- ii) On May 14, 2020, the Company closed a brokered private placement financing consisting of units and flow-through shares as led by Gravititas 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

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.

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.

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.

- iii) 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. Each FT Unit will be comprised of one common share of the Company that qualifies as a “flow-through share” for the purposes of the Income Tax Act (Canada) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “Warrant”). Each Warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.40 CDN at any time prior to the date that is twenty-four (24) months following the closing date of the Offering.

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7. EQUITY (CONTINUED)

Shares Issued (Continued)

- iv) On April 16, 2020, the Company entered into a 24 month draw down equity financing facility (the ‘Investment Agreement’) of up to \$8,000,000 with Alumina Partners (Ontario) Ltd. (‘Alumina’), an affiliate of Alumina Partners LLC, a New York based private equity firm, for the purpose of continuing its growth strategy through exploration and acquisition. The Investment Agreement details the purchase of up to \$8,000,000 of the Company’s units, each unit consisting of one common share and one common share purchase warrant, at discounts ranging between 15% to 25% of the market price of the common shares. The financing is at the mutual consent of the Company and Alumina, throughout the 24 – month term of the Investment Agreement. The exercise price of the purchase warrants will be at a 50% premium over the market price of the common shares with a 60 month term from the date of closing. There are no upfront fees or interest associated with the use of the use of the draw down facility. There has been no draw down to date.
- v) On February 11, 2021, the company announced that it intended to complete a non-brokered private placement of the company’s flow-through shares for gross proceeds of up to \$5,250,000 CDN. On March 19, 2021, an arm’s length investor wired \$50,000 into the company bank account and on March 29, 2021, an arm’s length investor wired \$15,000 into the company bank account. The \$65,000 was allocated to Subscriptions Received at March 31, 2021.

7.3 Warrants

As of March 31, 2021, the following warrants were outstanding:

	<u>Warrants</u>		<u>Weighted average exercise price</u>
December 31, 2020	14,716,833	\$	0.19
Exercised	(1,200,000)		0.05
Issued	-		-
March 31, 2021	13,516,833	\$	0.19

<u>Expiry Date</u>	<u>Warrants</u>	<u>Exercise</u>
April 18, 2021	1,500,000	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
July 22, 2022	1,766,828	0.40
Outstanding, March 31, 2021	13,516,833	0.25

⁽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 March 31, 2021, the weighted-average remaining life of the outstanding warrants was 1.26 years.

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7. EQUITY (CONTINUED)

7.4 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.

On July 3, 2020, the Company granted 4,150,000 stock options to consultants, at an exercise price of \$0.30 which expire on July 3, 2025, of which 1,037,500 options vested as at July 3, 2020. On November 9, 2020, 1,000,000 stock options were granted at an exercise price of \$0.19 which expire on November 9, 2025 of which 250,000 options vested as at November 9, 2020.

On January 5, 2021, the Company granted 2,100,000 stock options to consultants (including a Director of the Company) exercisable for a period of 5 years. The options are exercisable at a price of \$0.25 CDN per Common Share and will vest over 18 months.

On January 14, 2021, the Company announced it has appointed Freeform Communications Inc. (“Freeform”) to provide investor relations and on-line marketing services. Under the terms of the agreement, Freeform has been engaged for a 6-month term at CDN \$4,000 per month. The Company is also granting to Freeform an aggregate of 250,000 stock options valid for two years and exercisable at CDN \$0.25 cents per option share with such stock options vested over a period of 18 months, all subject to the terms and conditions of the Company’s stock option plan.

In addition, on March 1, 2021, the Company granted 400,000 stock options to consultants and employees. The stock options are exercisable at a price of \$0.25 which are vested over 18 months and will expire after 36 months.

The fair value of stock options during the period ended March 31, 2021 has been estimated using the Black-Scholes pricing model to be \$1,575,937 (Q1 2020 \$772,965) (Q4 2020 - \$1,045,200).

For the period ended March 31, 2021, the company recorded an expense of \$371,000 related to stock options granted by the company (Q1 2020 - \$nil) (Q4, 2020 - \$707,909).

Assumptions used in pricing model are as follows.

	Mar 1, 2021	Jan 14, 2021	Jan 5, 2021
Strike price	\$0.25	\$0.25	\$0.25
Risk free interest rate	0.2%	0.19%	0.18%
Expected option life (years)	3 years	2 years	5 years
Expected stock price volatility	110%	110%	110%
Dividend payments during life of option	Nil	Nil	Nil
Expected forfeiture rate	Nil	Nil	Nil

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7. EQUITY (CONTINUED)

	Nov 9, 2020	July 3, 2020	2019
Strike price	\$0.19	\$0.30	\$0.32
Risk free interest rate	0.27%	0.5%	1.34%
Expected option life (years)	5 years	5 years	5 years
Expected stock price volatility	110%	110%	110%
Dividend payments during life of option	Nil	Nil	Nil
Expected forfeiture rate	Nil	Nil	Nil

As at March 31, 2021, 8,135,000 options were outstanding and had a weighted average remaining life of 3.55 years. The following stock options are issued under the stock option plan:

	Options	Weighted average exercise price (\$)
Balance, December 31, 2019	2,895,000	0.23
Options Granted	4,150,000	0.30
Options Granted	2,750,000	0.25
Options Granted	1,000,000	0.19
Options Exercised	(900,000)	0.16
Options Expired	(1,760,000)	0.51
Balance, March 31, 2021	8,135,000	0.28

Outstanding and exercisable				
Expiry date	Number of options outstanding	Number options exercisable	Exercise price (\$)	Remaining contractual life
June 9, 2022	15,000	15,000	0.25	1.31
July 22, 2023	170,000	170,000	0.50	2.44
January 14, 2023	250,000	62,500	0.25	4.65
March 1, 2024	400,000	100,000	0.25	2.80
September 24, 2024	650,000	650,000	0.16	3.60
July 3, 2025	3,550,000	2,225,000	0.30	4.39
November 9, 2025	1,000,000	500,000	0.19	4.56
January 05, 2026	2,100,000	525,000	0.25	4.65
Outstanding, March 31, 2021	8,135,000	4,247,500	0.25	3.55

8 - RELATED PARTY DISCLOSURES

Key management personnel are the directors and officers of the Company. Management compensation transactions for the period ended March 31, 2021 and March 31, 2020 are summarized as follows:

	March 31, 2021	March 31, 2020
Management fees	\$52,500	\$ 37,000
Exploration & Evaluation	-	
Directors' fees	9,841	
Share Based Payments	<u>371,000</u>	
Total	433,341	\$ 37,000

CEO - During the three months ended March 31, 2021, \$27,000 (March 31, 2020: \$nil) was paid to a Company owned by an officer of the Company for CEO-related services.

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8. RELATED PARTY DISCLOSURES (Continued)

COO - During the three months ended March 31, 2021, \$6,000 (March 31, 2020: \$nil) was paid to a Company owned by an officer of the Company for COO-related services.

CFO - During the three months ended March 31, 2021, \$10,500 was paid to a Company owned by an officer of the Company for CFO-related services provided (March 31, 2020 – \$nil).

Corporate Secretary - During the three months ended March 31, 2021, \$9,000 was paid to Company owned by an officer of the Company for corporate secretarial-related services provided (March 31, 2020 – \$nil).

The 2020 balance was paid to related parties who are no longer associated with the company in the period ending March 31, 2021.

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 the period ended March 31, 2021, the Company's working capital is \$951,818 (2020 - \$1,533,935), 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 the period ended March 31, 2021, the Company has cash of \$872,712 amounts receivable of \$74,191 (GST), and accounts payable and accrued liabilities of \$47,814.

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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 on the lowest level of input that is significant to the fair value measurement.

11. SUPPLEMENTAL CASH-FLOW INFORMATION

During the 3 months ended March 31, 2021 and 2020, non-cash activities were conducted by the Company as follows:

	March 31, 2021	March 31, 2020
	\$	\$
Items not involving cash:		
Share-based payments	371,000	-
Non-cash working capital items:		
Amounts receivable	(1,431)	(4,459)
Prepaid expenses	130,000	(304,952)
Payables & accrued liabilities	33,900	49,334
Investing Activity:		
Environmental bond acquired	-	(10,000)
Exploration & evaluation assets	(7,445)	(2,595,000)
Financing Activity		
Exercise of warrants	60,000	21,000
Subscriptions received	65,000	-
Issuance common shares	-	745,250
Promissory note	-	120,000

12. SUBSEQUENT EVENTS

- On April 16, 2021, the Company closed the first tranche of a non-brokered private placement financing of 6,486,870 flow-through units (“FT Units”) at a price of \$0.20 per FT Unit and 835,000 units (“Units”) at \$0.15 per Unit for gross proceeds of \$1,422,624.

Each FT Unit consists of one common share in the capital of the Company that qualifies as a ‘flow-through share’ for the purposes of the Income Tax Act (*Canada*) and one non-flow-through warrant exercisable at \$0.30 for 24 months from the date of issuance into a common share in the capital of the Company. Each Unit consists of one Share and one warrant exercisable at \$0.30 for 24 months from the date of issuance into a common share.

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13. SUBSEQUENT EVENTS (Continued)

- On April 18, 2021, the remainder of the \$0.05 warrants, being 1,500,000 expired without exercise.
- On May 19, 2021, the Company announced it has closed the second and final tranche of a non-brokered private placement offering issuing an aggregate of 2,386,870 flow-through units (“FT Units”) at \$0.20 per FT Unit and 5,176,366 units (“Units”) at \$0.15 per Unit for gross proceeds of \$1,253,828.90.

Each FT Unit consists of one common share in the capital of the Company that qualifies as a ‘flow-through share’ for the purposes of the Income Tax Act (*Canada*) and one non-flow-through warrant exercisable at \$0.30 for 24 months from the date of issuance into a common share in the capital of the Company. Each Unit consists of one Share and one warrant exercisable at \$0.30 for 24 months from the date of issuance into a common share.

- On May 25th, 2021, the Company engaged CME Consultants to manage and supervise the 2021 exploration program for the Thane property. The projected, agreed to 2021 budget is \$2,400,000.
- On May 27th, 2021, the Company announced it is changing its name to Interra Copper Corp. effective May 31, 2021. The Company’s trading symbol will remain as “IMCX” on the CSE.
- The third and final tranche of the Company’s offering closed May 28, 2021, subject to acceptance of the CSE, and the Company will be issuing an aggregate of 166,667 units (“Units”) at \$0.15 per Unit for gross proceeds of \$25,000.05. Net proceeds will be used for working capital. Each Unit consists of one common share in the capital of the Company (“Share”) and one Share purchase warrant exercisable at \$0.30 until May 28, 2023, into an additional Share. All securities to be issued pursuant to the third and final tranche of the Offering are subject to a hold period under applicable Canadian securities laws of four months and one day expiring September 29, 2021.