



Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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 financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of iMetal Resources Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

iMetal Resources Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	February 28, 2021	May 31, 2020
ASSETS		
Current		
Cash	\$ 300,953	\$ 858
Amounts receivable	12,464	10,370
Prepays	172,450	15,145
	485,867	26,373
Non-current		
Exploration and evaluation assets (Note 3)	2,952,672	2,716,300
Equipment (Note 4)	13,394	17,282
TOTAL ASSETS	\$ 3,451,933	\$ 2,759,955
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 98,728	\$ 80,647
Due to related parties (Note 5)	-	161,243
Note payable (Note 6)	8,919	8,545
Total liabilities	107,647	250,435
SHAREHOLDERS' EQUITY		
Capital stock (Note 7)	42,121,171	40,168,745
Reserves (Note 7)	3,808,598	3,432,598
Deficit	(42,585,483)	(41,091,823)
Total shareholders' equity	3,344,286	2,509,520
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 3,451,933	\$ 2,759,955

Nature of operations and going concern – Note 1
Contingencies – Note 12
Subsequent events – Note 13

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on April 26, 2021. They are signed on the Company's behalf by:

“Johan Grandin”
Director

“Saf Dhillon”
Director

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

iMetal Resources Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended February 28,		Nine months ended February 28,	
	2021	2020	2021	2020
OPERATING EXPENSES				
Consulting (Note 5)	\$ 118,617	\$ 52,750	\$ 492,444	\$ 203,000
Depreciation (Note 4)	1,296	1,851	3,888	5,555
Interest	123	123	374	374
Marketing	128,975	8,312	375,125	62,551
Office and administration	6,662	8,021	47,854	34,513
Professional fees (Note 5)	38,715	32,467	194,659	92,290
Share-based payments (Notes 5 and 7)	-	6,738	332,000	49,373
Transfer agent and listing fees	15,855	8,459	37,829	29,551
Travel and promotion	115	11,318	9,487	18,727
Loss from operations	(310,358)	(130,039)	(1,493,660)	(495,934)
Loss and comprehensive loss for the period	\$ (310,358)	\$ (130,039)	\$ (1,493,660)	\$ (495,934)
Loss per common share – basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.03)
Weighted average number of common shares outstanding - basic and diluted	42,239,877	22,439,723	33,511,035	19,007,904

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

iMetal Resources Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended February 28,
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (1,493,660)	\$ (495,934)
Items not affecting cash:		
Depreciation	3,888	5,555
Interest expense	374	374
Share-based payments	332,000	49,373
Changes in non-cash working capital items:		
Amounts receivable	(2,094)	32,857
Prepays	(157,305)	45,963
Accounts payable and accrued liabilities	11,304	11,294
Due to related parties	(161,243)	49,885
Net cash used in operating activities	(1,466,736)	(300,633)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(208,125)	(562,602)
Net cash used in investing activities	(208,125)	(562,602)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of capital stock	2,046,790	309,995
Share issuance costs	(71,834)	(7,550)
Shares issued for exercise of options	-	5,400
Proceeds from loans payable	15,000	-
Repayment of loans payable	(15,000)	-
Net cash provided by financing activities	1,974,956	307,845
Change in cash	300,095	(555,390)
Cash, beginning	858	593,705
Cash, end	\$ 300,953	\$ 38,315

Supplemental cash flow information (Note 11)

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

iMetal Resources Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Capital Stock		Reserves	Deficit	Total
	Number of shares	Amount			
Balance – May 31, 2019	22,446,317	\$ 39,792,986	\$ 3,396,065	\$ (40,443,797)	\$ 2,745,254
Shares issued for private placement	885,700	309,995	-	-	309,995
Share issuance costs	-	(7,550)	-	-	(7,550)
Exercise of stock options	21,000	5,400	-	-	5,400
Transfer to share capital on exercise of stock options	-	5,725	(5,725)	-	-
Share-based payments	-	-	49,373	-	49,373
Loss and comprehensive loss for the period	-	-	-	(495,934)	(495,934)
Balance – February 29, 2020	23,353,017	\$ 40,106,556	\$ 3,439,713	\$ (40,939,731)	\$ 2,606,538
Balance – May 31, 2020	23,691,009	\$ 40,168,745	\$ 3,432,598	\$ (41,091,823)	\$ 2,509,520
Shares issued for private placement	18,607,181	2,046,790	-	-	2,046,790
Share issuance costs	-	(115,834)	44,000	-	(71,834)
Shares issued for debt settlement	195,182	21,470	-	-	21,470
Share-based payments	-	-	332,000	-	332,000
Loss and comprehensive loss for the period	-	-	-	(1,493,660)	(1,493,660)
Balance – February 28, 2021	42,493,372	\$ 42,121,171	\$ 3,808,598	\$ (42,585,483)	\$ 3,344,286

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

iMetal Resources Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended February 28, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

1. Nature of Operations and Going Concern

The Company is engaged in the exploration and evaluation of mineral properties in Ontario and Quebec, Canada and has not yet determined whether these properties contain National Instrument 43-101 compliant ore reserves that are economically recoverable. The exploration programs undertaken and proposed constitute an exploratory search and the evaluation of historic resources. There is no assurance that the Company will be successful in its search and evaluation. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and evaluation programs planned by the Company will result in a profitable commercial mining operation. The amounts shown as exploration and evaluation assets represent net costs to date, less amounts written-off, and do not necessarily represent present or future values. The recovery of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and evaluation of such a property or properties and ultimately upon future profitable production from a property or properties or the realisation of proceeds from the disposition thereof. At February 28, 2021, the Company had working capital of \$378,220 (May 31, 2020 – deficiency of \$224,062), incurred losses since inception and at February 28, 2021 has an accumulated deficit of \$42,585,483 (May 31, 2020 - \$41,091,823).

The Company requires additional funds to continue operations, to explore its mineral properties and to maintain its property interests. Management is actively seeking additional financing and, while it has successfully done this in the past, there is no assurance that it will continue to be able to do so in the future. These matters raise significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

On September 4, 2020, all issued and outstanding common shares of the Company were consolidated on a 5:1 basis. All references to share and per share amounts have been retroactively restated to reflect the share consolidation.

The head office, principal address, registered address and records office of the Company are located at 510 – 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6. The Company's shares are traded on the Tier 2 of the TSX Venture Exchange ("TSX-V") under the symbol "IMR.V".

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

2. Significant Accounting Policies**Statement of Compliance**

These condensed consolidated interim financial statements of the Company for the period ended February 28, 2021 have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

iMetal Resources Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended February 28, 2021 and 2020

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2. Significant Accounting Policies (cont'd)**Basis of Presentation**

These condensed consolidated interim financial statements have been prepared on a historical basis except for items at fair value and have been prepared using the accrual basis of accounting, except cash flow information. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and the entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated. These condensed consolidated interim financial statements include the accounts of iMetal Resources Inc. and its wholly-owned subsidiary Risorse Dei Minerali Naturali S.R.L. ("RMN"), a company incorporated in the province of Grosseto, Italy.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously 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. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Differences may be material.

Fair value of stock options and warrants

The fair value of stock options and brokers' warrants issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

iMetal Resources Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended February 28, 2021 and 2020

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2. Significant Accounting Policies (cont'd)

Significant Accounting Judgments, Estimates and Assumptions (cont'd)

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements:

- the determination that the Company will continue as a going concern for the next year;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable.

iMetal Resources Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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3. Exploration and Evaluation Assets

	Gowganda West	Ghost Mountain	Mosher Lake	Carheil	Temagami North	Other Properties	Total
Balance – May 31, 2019	\$ 1,265,799	\$ 162,056	\$ 278,731	\$ 379,064	\$ 7,162	\$ -	\$ 2,092,812
Acquisition costs:	54,420	-	-	-	-	-	54,420
Exploration costs:							
Assays, staking and mapping	21,332	-	-	-	-	-	21,332
Consulting	88,815	-	-	179	-	-	88,994
Claims, leases and permits	-	-	-	-	-	1,200	1,200
Drilling	132,623	-	-	-	-	-	132,623
Equipment rental and field work	57,961	950	-	-	-	4,210	63,121
Geological/Geophysical	210,009	-	-	-	-	-	210,009
Office, miscellaneous and travel	16,717	1,170	-	-	-	2,483	20,370
Rent	40,115	-	-	-	-	-	40,115
Cost recoveries	-	-	-	(8,696)	-	-	(8,696)
	621,992	2,120	-	(8,517)	-	7,893	623,488
Balance – May 31, 2020	1,887,791	164,176	278,731	370,547	7,162	7,893	2,716,300
Acquisition costs:	1,200	-	-	-	-	-	1,200
Exploration costs:							
Assays, staking and mapping	9,504	-	-	-	-	-	9,504
Consulting	59,507	-	-	-	-	-	59,507
Equipment rental and field work	25,604	-	-	-	-	-	25,604
Geological/Geophysical	89,358	-	-	-	-	-	89,358
Office, miscellaneous and travel	24,013	-	-	-	-	-	24,013
Rent	27,186	-	-	-	-	-	27,186
	236,372	-	-	-	-	-	236,372
Balance – February 28, 2021	\$ 2,124,163	\$ 164,176	\$ 278,731	\$ 370,547	\$ 7,162	\$ 7,893	\$ 2,952,672

iMetal Resources Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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3. Exploration and Evaluation Assets (cont'd)

Ontario, Canada

Gowganda West Property

During the year ended May 31, 2017, the Company entered into an option agreement for mineral properties in Gowganda, Ontario. The option agreement includes cash payments totalling \$200,000 and share issuances totalling 400,000 common shares under the following terms:

- The Vendors will receive \$50,000 upon signing the definitive agreement (paid);
- The Vendors will receive \$50,000 each year for three years starting one year after the signing of the definitive agreement (paid). During the year ended May 31, 2018 the agreement was amended in that the first payment was satisfied in two \$10,000 payments and one \$30,000 payment; the final payment was made during the year ended May 31, 2020. The Company will issue 100,000 shares to the vendors upon the signing of the definitive agreement (issued at a fair value of \$25,000);
- The Company will issue 100,000 shares each year for three years, starting one year after the signing of the definitive agreement (year one issued at a fair value of \$25,000, year two issued at a fair value of \$50,000 and year three issued at a fair value of \$25,000);
- The Vendors will have the first right of refusal to participate in up to 10% of all future financings in the Company; and
- The Vendors will be entitled to a 3% NSR royalty. The Company has the option to acquire half of the NSR for \$1,000,000 up until the end of the 3 year term of this agreement (subsequently amended, see note 13).

Ghost Mountain Property

During the year ended May 31, 2017, the Company entered into an option agreement for mineral properties in Kirkland Lake, Ontario. The terms of the option agreement include:

- The Vendors will receive \$25,000 upon signing of the definitive agreement (paid);
- The Vendors will receive \$25,000 one year from signing the definitive agreement (paid);
- The Company will issue 150,000 shares to the Vendors upon the signing of the definitive agreement (issued at a fair value of \$41,250);
- The Company will issue 150,000 shares one year from signing the definitive agreement (issued at a fair value of \$67,500);
- The Vendors will have the first right of refusal to participate in up to 10% of all future financings in the Company; and
- The Vendors will be entitled to a 3% NSR royalty. The Company has the option to acquire half of the NSR for \$1,000,000 up until the end of the 3 year term of this agreement (subsequently amended, see note 13).

iMetal Resources Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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3. Exploration and Evaluation Assets (cont'd)**Ontario, Canada (cont'd)***Mosher Lake Property*

During the year ended May 31, 2018, the Company entered into an option agreement for mineral properties in Gowganda, Ontario. The option agreement includes cash payments totalling \$50,000 and share issuances totalling 600,000 common shares under the following terms:

- The Vendors will receive \$20,000 upon signing a definitive agreement (paid);
- The Vendors will receive \$15,000 each year for two years starting one year after the signing of the definite agreement (paid);
- The Company will issue 200,000 shares to the Vendors upon signing a definitive agreement (issued at a fair value of \$70,000);
- The Company will issue 200,000 shares to the Vendors each year for two years starting one year after the signing of the definite agreement (year one issued at a fair value of \$100,000 and year two issued at a fair value of \$55,000);
- A 2% NSR is reserved by the Vendors on the property. The Company has the option to acquire half of the NSR for \$1,000,000 anytime up to five years from the date of closing of the definitive agreement (subsequently amended, see note 13); and
- The Vendors have the first right of refusal to participate in up to 10% of all future financings in the Company.

Temagami North Property

The Company holds several claims on the Temagami North Property.

Quebec, Canada*Carheil Property*

During the year ended May 31, 2016, the Company acquired mineral properties (43 claims) in Quebec from Skyworld Holdings Limited ("Skyworld"). The terms of the acquisition include:

- Skyworld will receive \$15,000 upon signing of a definitive agreement (paid);
- Skyworld will receive \$10,000 each year for five years for a total of \$50,000 starting in the year following the year of the initial \$15,000 payment and the signing of the definitive agreement (paid in full);
- The Company will issue 80,000 shares to Skyworld upon the closing of the transaction (issued at a value of \$20,000);
- The Company will issue 100,000 additional shares per year each year for three years for a total of 300,000 shares, starting in the year following the year after the closing of the transaction (issued in full at a value of \$75,000); and
- Finder's fees were paid by issuing 38,000 shares valued at \$9,500 to an arm's length third party in connection with this transaction.

During the year ended May 31, 2017, the Company renewed the 43 claims for two years and also staked an additional 189 contiguous claims. During the year ended May 31, 2018, the Company renewed the 54 claims to August 2020 and during the year ended May 31, 2019, the Company renewed the 54 claims to August 2022.

iMetal Resources Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

4. Equipment

Vehicle	
Cost:	
Balance at May 31, 2020 and February 28, 2021	\$ 29,046
Accumulated depreciation:	
Balance at May 31, 2020	\$ 11,764
Additions	3,888
Balance at February 28, 2021	\$ 15,652
Carrying amount:	
May 31, 2020	\$ 17,282
February 28, 2021	\$ 13,394

5. Related Party Transactions

The Company incurred expenses to related parties during the period ended February 28, 2021 as follows:

- \$210,000 (2020 - \$135,000) in consulting fees and \$5,000 (2020 - \$Nil) in travel allowance to a company owned a director of the Company.
- \$6,250 (2020 - \$13,000) in consulting fees to a company controlled by a former director of the Company.
- \$183,000 (2020 - \$Nil) in consulting fees to a company controlled by a director of the Company.
- \$30,000 (2020 - \$Nil) in consulting fees capitalized to exploration and evaluation assets to a company controlled by a director of the Company.
- \$120,877 (2020 - \$67,500) in professional fees to an accounting firm providing accounting and corporate secretary services where an officer and director of the Company is a partner.

As at February 28, 2021 the Company owed \$Nil (May 31, 2020 – \$48,944) to a company controlled by a director of the Company.

As at February 28, 2021, the Company owed \$Nil (May 31, 2020 - \$3,937) to a company controlled by a director of the Company.

As at February 28, 2021 the Company owed \$Nil (May 31, 2020 – \$78,750) to a company controlled by a director of the Company.

As at February 28, 2021 the Company owed \$Nil (May 31, 2020 – \$29,313) in professional fees to a firm where an officer and director of the Company is a partner and \$Nil (May 31, 2020 - \$299) as expense reimbursements.

iMetal Resources Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

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5. Related Party Transactions (cont'd)

Amounts owing to or from related parties are non-interest bearing and due on demand.

During the period ended February 28, 2021, the Company received loans from a related party for an aggregate total of \$15,000 and were repaid in the period in full. The loans were unsecured, non-interest bearing with no terms of repayment.

During the period ended February 28, 2021 the Company granted 2,125,000 (2020 – Nil) stock options with a fair value of \$266,228 (2020 - \$Nil) to directors and officers of the Company. During the period ended February 28, 2021 the Company cancelled 290,000 (2020 – Nil) stock options to directors and officers of the Company.

6. Note Payable

In March 2013, the Company entered into a promissory note for \$5,000 that accrues interest at 10% per annum. As at February 28, 2021, the Company had recorded interest payable of \$3,919 (May 31, 2020 - \$3,545).

7. Equity**a) Share capital**

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

As at February 28, 2021, the Company had 42,493,372 shares issued and outstanding.

During the period ended February 28, 2021, the Company:

- i. Closed its non-brokered private placement by issuing 18,607,181 units for gross proceeds of \$2,046,790. Each unit consists of one common share and one share purchase warrant exercisable for a period of 24 months from the date of issue at a price of \$0.20 per share. The Company paid cash finder's fees of \$71,834 and issued an aggregate total of 653,040 finder's warrants at a fair value of \$44,000 under the same terms upon closing of the financing.
- ii. Settled \$21,470 of debt by the issuance of 195,182 units. Each unit consists of one common share and one share purchase warrant exercisable for a period of 24 months from the date of issue at a price of \$0.20 per share.

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

- i. Completed a non-brokered private placement by issuing 885,700 units for gross proceeds of \$309,995. Each unit consists of one common share and one share purchase warrant exercisable for a period of 24 months from the date of issue at a price of \$0.50 per share for the first 12 months and \$0.75 for the remaining 12 months. The Company paid cash finder's fees totaling \$5,250 and other share issue costs totaling \$2,300.
- ii. Issued 46,000 shares for the exercise of stock options for proceeds of \$13,525 and transferred \$12,838 from reserves to share capital.
- iii. Issued 313,003 shares with a value of \$46,951 to settle outstanding debt to arms length and non-arms length parties in the amount of \$78,251 and recorded a gain of \$31,300 on the settlement.

iMetal Resources Inc.

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7. Equity (cont'd)**b) Share purchase options**

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, officers, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the option price of any common share in respect of which an option may be granted under the stock option plan shall be fixed by the Board of Directors but shall be not less than the minimum price permitted by the Exchange. The options vest immediately at the time of grant.

During the period ended February 28, 2021 the Company granted 2,650,000 stock options (year ended May 31, 2020 - 180,000) at a weighted average exercise price of \$0.14 (year ended May 31, 2020 - \$0.34) per share and recorded share-based payments of \$332,000 (year ended May 31, 2020 – \$49,371).

The continuity of share purchase options is as follows:

	Outstanding Options	Weighted Average Exercise Price
Balance, May 31, 2019	1,560,000	\$ 0.38
Granted	180,000	0.34
Exercised	(46,000)	0.29
Balance, May 31, 2020	1,694,000	0.38
Granted	2,650,000	0.14
Expired/cancelled	(1,149,000)	0.41
Balance, February 28, 2021	3,195,000	\$ 0.17

At February 28, 2021, the following incentive stock options were outstanding to directors, officers and consultants:

Number of Options Outstanding	Exercise Price	Expiry Date	Number of Options Exercisable
250,000	\$ 0.25	May 19, 2021	250,000
20,000	0.25	July 28, 2022	20,000
20,000	0.25	August 15, 2022	20,000
115,000	0.325	October 4, 2022	115,000
20,000	0.35	October 11, 2022	20,000
30,000	0.35	December 10, 2022	30,000
20,000	0.375	April 8, 2023	20,000
60,000	0.375	May 31, 2023	60,000
10,000	0.425	November 2, 2023	10,000
2,650,000	0.14	November 18, 2025	2,650,000
<u>3,195,000</u>			<u>3,195,000</u>

iMetal Resources Inc.

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7. Equity (cont'd)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended February 28, 2021 and the year ended May 31, 2020:

	Period ended February 28, 2021	Year ended May 31, 2020
Risk-free interest rate	0.44%	1.40%
Expected life of options	5.00 years	2.83 years
Expected annualized volatility	161.06%	147.24%
Expected dividend rate	-	-
Fair value per option	\$0.13	\$0.28

c) Warrants

The continuity of share purchase warrants for the period ended February 28, 2021 and 2020 is as follows:

	Outstanding Warrants	Weighted Average Exercise Price
Balance, May 31, 2019	2,979,823	\$ 0.56
Granted	885,700	0.50
Expired	(1,120,990)	0.50
Balance, May 31, 2020	2,744,533	0.56
Granted	19,455,403	0.20
Expired	(1,512,500)	0.49
Balance, February 28, 2021	20,687,436	\$ 0.24

At February 28, 2021, the following warrants were outstanding:

Number of Warrants	Exercise Price (\$)	Expiry Date
333,333	1.00	March 18, 2021
13,000	0.80	March 18, 2021
885,700	0.75	November 29, 2021
16,281,272	0.20	September 30, 2022
1,525,909	0.20	November 18, 2022
800,000	0.20	December 9, 2022
653,040	0.20	December 15, 2022
195,182	0.20	February 23, 2023
20,687,436		

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(Unaudited – Prepared by Management)

7. Equity (cont'd)

The following weighted average assumptions were used for the Black-Scholes valuation of 653,040 broker's warrants granted at a fair value of \$44,000 during the period ended February 28, 2021 and the year ended May 31, 2020:

	Period ended February 28, 2021	Year ended May 31, 2020
Risk-free interest rate	0.25%	-
Expected life of options	2.00 years	-
Expected annualized volatility	149.34%	-
Expected dividend rate	-	-
Fair value per option	\$0.07	-

8. Segmented Information

The Company currently conducts all of its operations in Canada in one business segment being the acquisition and exploration of resource properties.

9. Capital Management

The Company defines its capital as all components of shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

The Company is not subject to any externally imposed capital requirements or debt covenants, and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to managing capital during the period.

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10. Financial Instruments and Financial Risk Factors**Financial instruments**

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

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

The fair value hierarchal classification of the Company's financial instruments measured at fair value is as follows:

February 28, 2021	Level 1	Level 2	Level 3	Total
Cash	\$ 300,953	\$ -	\$ -	\$ 300,953

May 31, 2020	Level 1	Level 2	Level 3	Total
Cash	\$ 858	\$ -	\$ -	\$ 858

Cash is measured using Level 1. The Company does not have any financial instruments that are measured using Level 2 or Level 3 inputs. During the period ended February 28, 2021, there were no transfers between Level 1, Level 2, and Level 3 classified assets and liabilities.

The Company's financial instruments are exposed to certain financial risks, including liquidity risk and foreign exchange risk. The Company's financial instruments consist of cash, amounts receivable, due from related parties, accounts payable and accrued liabilities, note payable and due to related parties. The fair value of these financial instruments approximates their carrying values due to their short term to maturity.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. To the extent that the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity funding, or engage in negotiations to extend terms with creditors. The Company manages liquidity risk through the management of its capital structure (see Note 9).

Foreign Exchange Risk

The Company raises its capital in Canadian dollars. The Company holds its cash mainly in Canadian dollars. The Company minimizes its exposure to foreign currency risk by minimizing the amount of funds in currencies other than the Canadian dollar. The Company does not undertake currency hedging activities. The Company continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

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11. Supplemental Cash Flow Information

	February 28,	
	2021	2020
Accounts payable included in exploration and evaluation assets	\$ 54,643	\$ 88,896
Shares issued for debt settlement	\$ 21,470	\$ -
Fair value of broker's warrants issued	\$ 44,000	\$ -

12. Contingencies

During the year ended May 31, 2020, the Company received a lawsuit in the Supreme Court of British Columbia from a shareholder citing that the Company terminated a consulting agreement between the shareholder and the Company and is seeking damages for breach of contract. However, in the opinion of management, the claim is without merit and the outcome is unknown. No provision has been recorded for this lawsuit.

13. Subsequent events

Subsequent to February 28, 2021, the Company amended the residual Net Smelter Return (NSR) royalties to the underlying property vendors for the Gowganda West, Mosher Lake and Ghost Mountain properties:

- Gowganda West NSR remains at 3% with the Company now holding the option to buy back fifty percent reducing the NSR to 1.5% at any time up to production for \$1,000,000;
- Mosher Lake NSR remains at 2% with the Company now holding the option to buy back fifty percent reducing the NSR to 1.0% at any time up to production for \$1,000,000;
- Ghost Mountain NSR remains at 3% with the Company now holding the option to buy back fifty percent reducing the NSR to 1.5% at any time up to production for \$1,000,000;

Each of the four underlying property vendors has agreed to modify the existing NSR agreements to the new terms in exchange for a cash payment of \$5,000 and the issuance of 150,000 common shares of the Company to each.