

**INTERNATIONAL ICONIC GOLD EXPLORATION CORP.
(formerly Marifil Mines Limited)**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

Expressed in Canadian dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of International Iconic Gold Exploration Corp. (Formerly Marifil Mines Limited)

Opinion

We have audited the consolidated financial statements of International Iconic Gold Exploration Corp. (Formerly Marifil Mines Limited) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company has an accumulated deficit of \$21,356,037 as at December 31, 2021 and, as of that date, the Company's current liabilities exceeded its current assets by \$2,274,636. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 2, 2022



An independent firm
associated with Moore
Global Network Limited

INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2021 AND 2020

Expressed in Canadian dollars

	Note	December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash		\$ 458,052	\$ 54,562
Other receivables	5	98,756	41,276
Prepaid expenses		14,737	14,807
Investments	6	24,829	-
		596,374	110,645
Exploration and evaluation assets	7	4,053,440	3,861,373
Total assets		\$ 4,649,814	\$ 3,972,018
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables and other liabilities	9	\$ 2,128,117	\$ 1,608,949
Loans payable to related parties	9	15,836	86,367
Loans payable	10	59,357	-
Promissory note	11	667,700	-
		2,871,010	1,695,316
CEBA loan payable	8	53,572	31,888
Promissory note	11	774,656	-
Total liabilities		3,699,238	1,727,204
Shareholders' equity			
Share capital	12	21,302,538	19,211,873
Shares to be issued	12	90,000	-
Contributed surplus	12	914,075	2,501,058
Deficit		(21,356,037)	(19,437,272)
Equity attributable to owners of the parent		950,576	2,275,659
Equity attributable to non-controlling interests	19	-	(30,845)
Total shareholders' equity		950,576	2,244,814
Total liabilities and shareholders' equity		\$ 4,649,814	\$ 3,972,018

Going concern (Note 2)

Approved and authorized by the Board on May 2, 2022.

"Robert Abenante"

Robert Abenante

"Greg Burnett"

Greg Burnett

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

INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020****Expressed in Canadian dollars**

	Note	2021	2020
EXPENSES			
General and administrative expenses	13	\$ 1,672,215	\$ 638,267
Accretion expense	8,11	36,896	1,281
General exploration		-	785
Foreign exchange gain		(31,716)	(3,241)
Unrealized gain on investments		(101)	-
Finance costs	9	98,393	76,527
Administrative charge income	7	(3,569)	(3,045)
Income from government assistance	8	(3,680)	(9,393)
Share-based compensation	9,12	254,222	-
Recovery of other receivables		-	(36,230)
Write-off of accounts payable		(10,000)	-
Loss on shares for debt settlement	12	12,000	-
Gain on sale of securities	14	(87,628)	-
Net loss and comprehensive loss		1,937,032	664,951
Net loss for the year attributable to:			
Owners of the parent		\$ 1,918,765	\$ 658,167
Non-controlling interests	19	18,267	6,784
		\$ 1,937,032	\$ 664,951
Weighted average number of common shares			
outstanding	12	92,668,427	59,250,432
Basic and diluted loss per common share attributable to owners of the parent	12	\$ (0.02)	\$ (0.01)

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

INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
Expressed in Canadian dollars

	Note	Number of common shares	Common shares amount	Contributed surplus	Shares to be issued	Deficit	Shareholders' equity	Non- controlling interests	Total equity
Balance as at December 31, 2019		60,075,432	\$ 19,211,873	\$ 2,501,058	-	\$ (18,779,105)	\$ 2,933,826	\$ (24,061)	\$ 2,909,765
Net loss for the year		-	-	-	-	(658,167)	(658,167)	(6,784)	(664,951)
Balance as at December 31, 2020		60,075,432	\$ 19,211,873	\$ 2,501,058	-	\$ (19,437,272)	\$ 2,275,659	\$ (30,845)	\$ 2,244,814
Proceeds from private placement	9, 12	40,000,000	1,983,665	-	-	-	1,983,665	-	1,983,665
Proceeds from exercise of warrants	12	1,000,000	70,000	-	-	-	70,000	-	70,000
Issuance of performance shares	9, 12	250,000	15,000	(15,000)	-	-	-	-	-
Shares to be issued for performance milestones	9, 12	-	-	-	90,000	-	90,000	-	90,000
Shares for debt settlement	9, 12	200,000	22,000	-	-	-	22,000	-	22,000
Shares returned to treasury	9, 12	(200,000)	-	-	-	-	-	-	-
Share-based compensation	9, 12	-	-	164,222	-	-	164,222	-	164,222
Acquisition of non-controlling interest	19	-	-	(1,736,205)	-	-	(1,736,205)	49,112	(1,687,093)
Net loss for the year		-	-	-	-	(1,918,765)	(1,918,765)	(18,267)	(1,937,032)
Balance as at December 31, 2021		101,325,432	\$ 21,302,538	\$ 914,075	\$ 90,000	\$ (21,356,037)	\$ 950,576	\$ -	\$ 950,576

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

INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
Expressed in Canadian Dollars

	2021	2020
OPERATING ACTIVITIES		
Net loss	\$ (1,937,032)	\$ (664,951)
Items not affecting cash		
Accretion expense	36,896	1,281
Income from government assistance	(3,680)	(9,393)
Recovery of other receivables	-	(36,230)
Write-off of accounts payable	(10,000)	-
Loss on shares for debt settlement	12,000	-
Unrealized foreign exchange gain	(20,844)	(1,425)
Interest on related party loans	2,289	6,985
Interest on loans payable	4,269	-
Share-based payments	254,222	-
Unrealized gain on investments	(101)	-
Changes in non-cash working capital items:		
Other receivables	(83,749)	79,358
Prepaid expenses	70	(14,807)
Trade payables and other liabilities	560,463	629,373
Cash used in operating activities	(1,185,197)	(9,809)
INVESTING ACTIVITIES		
Cash expenditures on exploration and evaluation assets	(192,067)	(27,925)
Acquisition of non-controlling interest	(250,000)	-
Purchase of investments	(25,232)	-
Cash used in investing activities	(467,299)	(27,925)
FINANCING ACTIVITIES		
Proceeds from loans payable to related parties	-	26,000
Repayment of loans payable to related parties	(17,679)	-
Proceeds from CEBA loan	20,000	40,000
Proceeds on exercise of warrants	70,000	-
Proceeds from private placement	2,000,000	-
Share issuance costs	(16,335)	-
Cash provided by financing activities	2,055,986	66,000
CHANGE IN CASH	403,490	28,266
CASH, BEGINNING OF YEAR	54,562	26,296
CASH, END OF YEAR	\$ 458,052	\$ 54,562

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

INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020****Expressed in Canadian dollars**

1. NATURE OF OPERATIONS

International Iconic Gold Exploration Corp. (formerly Marifil Mines Limited) (the “Company” or “Iconic”) was incorporated on December 2, 2003 under the Yukon Business Corporation Act. On January 17, 2014, the Company changed its reporting jurisdiction from Yukon to British Columbia. On September 29, 2021 the Company changed its name to International Iconic Gold Exploration Corp. The Company is listed on the TSX Venture Exchange (“TSXV”) under the symbol ICON.V. The address of the Company’s corporate office and principal place of business is 3020 – 700 West Georgia Street, Vancouver, British Columbia, Canada.

The Company is in the business of acquiring, exploring, and evaluating mineral resource properties in Argentina.

2. BASIS OF PREPARATION**2.1 Going Concern of Operations**

The Company has not generated revenue from operations. The Company incurred a net loss of \$1,937,032 for the year ended December 31, 2021 and as of that date the Company’s accumulated deficit was \$21,356,037. The Company has a working capital deficiency of \$2,274,636. The Company’s continuation as a going concern is contingent on the completion of financings to adequately cover the Company’s working capital deficit and planned exploration activities. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financial resources to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors comprise a material uncertainty which cast significant doubt about the Company’s ability to continue as a going concern.

In March of 2020, the World Health Organization declared an outbreak of COVID-19 Global pandemic. The COVID-19 has impacted vast array of businesses through the restrictions put in place by most governments internationally, including the Canadian federal government as well as provincial and municipal governments, regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown to what extent the impact of the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place world-wide to fight the virus. While the extent of the impact is unknown, the COVID-19 outbreak may hinder the Company’s ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company’s business and financial condition.

2.2 Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the international Accounting Standards Board (“IASB”). The consolidated annual financial statements were authorized for issue by the Board of Directors on May 2, 2022.

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

INTERNATIONAL ICONIC GOLD EXPLORATION CORP. (FORMERLY MARIFIL MINES LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
Expressed in Canadian dollars

2. BASIS OF PREPARATION (continued)

2.3 Basis of Measurement

The consolidated financial statements are presented in Canadian dollars (“CDN\$”), unless otherwise stated, which is also the functional currency of the Company and its subsidiaries.

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are discussed in Note 4.

2.4 Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the Company’s subsidiaries are included in the consolidated financial statements. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation. The Company’s Argentine subsidiaries are Marifil S.A. and Minas San Roque S.A (“MSR”), which are both wholly owned as of December 31, 2021. Three Canadian subsidiaries of the Company which are inactive are Prosperity Growth Ltd., Synergistic Resources Ltd., and Emirates Growth Ltd.

Non-controlling interests are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of the acquisition. Changes in the Company’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue, and expense denominated in a foreign currency is translated into Canadian dollars using the exchange rate in effect at that date. At the period end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the period end date and the related translation differences are recognized in net income. Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Financial Instruments

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets and liabilities: amortized cost, fair value through other comprehensive income and fair value through profit or loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its investments at fair value through profit or loss. Changes in the fair value of the investments will be reported in the consolidated statement of loss and comprehensive loss. The Company has classified its other receivables, trade payables and other liabilities and loans payable to related parties as financial assets and financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The Company has classified its cash as a financial asset measured at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company's derivatives, if any, are carried at fair value and are reported as assets when they have a positive fair value and as liabilities when they have a negative fair value. Changes in the fair values of derivative financial instruments are reported in the consolidated statements of loss and comprehensive loss.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from shareholders' equity, net of tax.

Government grant

Loans received from government grants are recognized initially at fair value, with the difference between the fair value of the loan based on prevailing market interest rates and the amount received recorded as a government grant gain in the consolidated statements of loss and comprehensive loss.

3.3 Exploration and evaluation assets

Pre-exploration costs

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of resource properties are capitalized and classified as intangible assets. These expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company has classified exploration and evaluation assets as intangible assets as opposed to property plant and equipment since the assets are identifiable i.e. distinguishable from goodwill and arise from contractual rights via licensing through local governments or agreements, the Company retains control over the asset as a result of past events, and there is potential for future economic benefits.

The Company enters into joint venture agreements ("JV"), whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the JV partner to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the JV partner on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for in income as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

3.4 Impairment of tangible and intangible assets

At the end of each reporting period, the Company’s assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. 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 in prior years. A reversal of an impairment loss is recognized immediately on the statement of comprehensive loss/income.

3.5 Share-based payments

The Company grants stock options to purchase common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the grant date using the Black-Scholes option pricing model and is recognized over the vesting period. Share-based payments are initially recorded to contributed surplus. Subsequently, consideration paid for the shares on the exercise of share-based payments are credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The Company grants performance shares with vesting conditions not related to the market price of the equity instruments of the Company and, as a result, they are non-market performance conditions. Upon grant or issuance into escrow, the fair value of performance shares are recorded to contributed surplus based on management’s assessment of whether the vesting conditions will be met. The evaluation of whether vesting conditions will be met is reassessed every reporting period and changes, if any, are reflected in future periods. Upon vesting, the fair value of performance shares is transferred to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned a residual value if the unit is issued at a price exceeding the market price of underlying share at the time of issuance otherwise the warrants are assigned no value and included in share capital with the common shares that are concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payment transaction costs.

3.7 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For all identified lease contracts that do not meet the exemption criteria of being a short-term lease or having low-value underlying assets, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease liabilities are subsequently reduced by lease payments net of interest expense calculated using the effective interest method.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it was located, less any lease incentives received. Right-of-use assets are subsequently depreciated over the remaining term of the lease and are carried at cost less accumulated depreciation and impairment.

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term lease of assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

The only lease the Company is a party to is an office lease for \$1,000 per month, on a month-to-month basis with and may be terminated at the Company's option with six months' notice. Management has assessed the lease to be a short-term lease and has elected not to recognize right-of-use assets and lease liabilities for this lease.

3.8 Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Deferred income tax assets, including the benefit of losses available to be carried forward to future years, and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities. Deferred tax assets are recognized only if it is probable that they can be realized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Provisions

Provisions are recorded when a present legal or constructive obligation exists because of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

3.10 Loss per share

Basic loss per share is computed by dividing net earnings or loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings or loss per share is computed similar to basic earnings or loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. Escrowed shares will be excluded from basic earnings per share.

3.11 Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

a) Resource properties exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**b) Title to exploration and evaluation assets**

Although the Company has taken steps to verify title to resource 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 and title may be affected by undetected defects. Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many resource properties. The Company has investigated title to all its resource properties and, to the best of its knowledge; title to all properties is in good standing. The properties in which the Company has committed to earn an interest are in Argentina.

c) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

d) Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances

e) Functional currency

The Company operates in multiple jurisdictions and transacts in multiple currencies. Being an exploration stage company, the Company has no revenues from operations to date and therefore has based the determination of functional currency on expenditures, financial commitments and historical financings, the areas in which the majority of the Company's transactions occur. Transactions related to all three of these criteria occur in more than one currency, however the CDN\$ is the dominant currency for each of these criteria and therefore the currency of the primary economic environment to which the Company is the most significantly exposed.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods are outlined below:

f) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

The Company records share-based payments in conjunction with the expected issuance of performance shares. Specifically, the Company enters into contracts with executives that allow for the issuance of shares into escrow and subsequent release upon successful achievement of certain performance-based milestones. Significant judgement and estimates were made in assessing whether those conditions would be met.

g) Site closure and reclamation provisions

The Company assesses its mineral properties' rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development, and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing, and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the nil amounts currently provided due to minimal site disturbance.

h) Impairment

The Company assess each asset every reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, regulatory and political environment, discount rates, operating costs, future capital requirements, closure and reclamation costs, exploration potential. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets.

Management has assessed each of its mineral assets based on their exploration potential and has determined that no exploration and evaluation assets were impaired.

5. OTHER RECEIVABLES

As at December 31, 2021, amounts in other receivables are related to \$81,050 (December 31, 2020: \$15,672) in government sales tax receivables, \$nil (December 31, 2020: \$23,865) in cash calls related to the operations at San Roque, and \$17,706 (December 31, 2020: \$1,739) in expense advances made to a few vendors.

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6. INVESTMENTS

Investments are comprised of shares of publicly traded companies. The Company classifies its investments at fair value through profit or loss. Realized gains and losses on disposal of investments and unrealized gains and losses in the fair value of the investments are reflected in profit or loss for the period in which they occur. The movements in investments are summarized as follows:

Balance, December 31, 2019 and 2020	-
Additions	25,136
Unrealized gain recorded in net loss	101
Foreign exchange loss	(408)
Balance, December 31, 2021	\$ 24,829

7. EXPLORATION AND EVALUATION ASSETS

	San Roque, Rio Negro Province	Other properties	Total
Balance, December 31, 2019	\$ 3,833,448	\$ -	\$ 3,833,448
Property payments	7,688	-	7,688
Exploration costs	19,418	-	19,418
Change in IVA	819	-	819
Balance, December 31, 2020	\$ 3,861,373	\$ -	\$ 3,861,373
Property payments	15,739	4,845	20,584
Exploration costs	161,571	6,672	168,243
Change in IVA	3,240	-	3,240
Balance, December 31, 2021	\$ 4,041,923	\$ 11,517	\$ 4,053,440

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many resource properties. The Company has investigated title to all its resource properties and, to the best of its knowledge; title to all properties are in good standing unless specifically noted otherwise. All the resource properties are in Argentina.

Impuesto al Valor Agregado (“IVA”) represents value added sales taxes paid to the government of Argentina which is recorded when paid. When there is reasonable assurance that the Company will be able to obtain a refund of IVA taxes, the amounts received by the Company will be credited to the cost of the properties.

San Roque Gold Property, Rio Negro Province

Prior to November 3, 2021, MSR was a 51% owned subsidiary of the Company and 49% owned by Novagold Argentina Inc. (NovaGold), which holds a 100% interest in the San Roque property consisting of 8 contiguous claims.

On May 14, 2018, the Company and Novagold (the “Shareholders”) entered into an Amended Shareholders Agreement (the “Agreement”) which details the management of MSR by the Shareholders. The Agreement required the Shareholders to contribute funds to MSR as needed for operations and exploration requirements in proportion to each Shareholder’s ownership percentage. At the inception of the original agreement, Novagold had a credit against its required contribution amount of US\$436,939.

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Total costs incurred by MSR, and funded by the Company, on the San Roque Property plus additional allowable costs prescribed in the Agreement have exceeded the required 51% of expenditures, and NovaGold's 49% portion of expenditures such that the initial credit of US\$436,939 was expended. Under the Agreement, Novagold was required to contribute funds in response to cash calls from MSR and provide funds in proportion to its ownership percentage.

The Agreement includes a recoverable 7% administration charge on total allowable expenditures incurred in MSR. As MSR incurred 100% of costs, 49% of this administration charge is recoverable from NovaGold. This charge has been recorded as administrative charge income for the year ended December 31, 2021 of \$3,569 (December 31, 2020: \$3,045). On December 31, 2021, other receivables included an administration cost recovery charge of \$nil (December 31, 2020: \$23,865) due from NovaGold.

On November 3, 2021, the Company entered into a share purchase agreement with NovaGold, pursuant to which NovaGold sold all 5,051,537 of the shares of MSR that it owned to Marifil S.A. ("Marifil") in consideration for \$2,000,000 payable by Marifil (Note 11). As a result, MSR is a wholly owned subsidiary of the Company (Note 19). From November 3, 2021 onwards the administration charge will no longer be recorded.

Other Properties

Other Argentine properties include the Lago Fontana mine rights in Chubut Province, the Mechaquil mine rights in Rio Negro province, the Milagros mine properties in Mendoza province, exploration rights in Ortiquita, and various claims in Salta, San Juan, and Catamarca Provinces.

8. CEBA LOAN PAYABLE

During the year ended December 31, 2020, the Company entered into a Canada Emergency Business Account "CEBA" loan with the Government of Canada. The loan is an interest free loan of \$40,000 from the Government of Canada. If the Government of Canada is repaid by December 31, 2022, 25% being \$10,000 will be forgiven. If the Company is not able to repay, the loan will convert into a regular loan with a three-year term at 5% per annum. The loan was recorded at a fair value of \$30,607 using an effective rate of 12%, considering the grant, the interest-free loan and the forgivable portion. The residual value of \$9,393 is recorded as other income. During the year ended December 31, 2021, the Company recorded accretion expense of \$3,826 (\$2020 - \$1,281).

During the year ended December 31, 2021, the Company entered into a CEBA loan with the Government of Canada for an additional \$20,000 (the "Additional Financing"). As above, the loan is interest free. If the Government of Canada is repaid the full loan of \$60,000 by December 31, 2022, 33%, being a total of \$20,000, will be forgiven. If the Company is not able to repay, the loan will convert into a regular loan with a three-year term at 5% per annum. The Additional Financing was recorded at a fair value of \$16,320 using an effective rate of 12%, considering the grant, the interest-free loan and the forgivable portion. The residual value of \$3,680 is recorded as other income. During the year ended December 31, 2021, the Company recorded accretion expense of \$1,538.

As at December 31, 2021, the carrying value of the CEBA loan was \$53,572 (December 31, 2020: \$31,888). During the year ended December 31, 2021, the Company recorded accretion expense of \$5,364 (December 31, 2020: \$1,281).

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9. RELATED PARTY BALANCES AND TRANSACTIONS

a) Related Party Balances

On October 10, 2017, the Company entered into a loan agreement with a director, whereas the director loaned the Company US\$2,500. The unsecured loan bears no interest and is due and payable on demand. During the year ended December 31, 2021, the Company repaid the loan of US\$2,500.

On May 22, 2020, the Company received an aggregate of \$26,000 cash in exchange for two \$13,000 promissory notes, with a director and a company controlled by an officer, respectively. The notes each carry an interest rate of 13%, accrued monthly, with a maturity date of April 30, 2021. The notes can be settled in either cash or common shares of the Company. If settled in shares, the terms will be agreed upon between the Company and the note holder. If the Company does not fully repay each note upon maturity, the Company shall pay a penalty of 10% on the principal of the note. During the year ended December 31, 2021, the Company recorded finance costs of \$2,290 (December 31, 2020: \$2,092) in connection with interest accrued under the notes. On April 21, 2021 the Company repaid one of the two \$13,000 promissory notes plus accrued interest of \$1,546. As at December 31, 2021, included in loans payable to related parties is the carrying value of \$15,836 (December 31, 2020: \$28,093) for the remaining promissory note. The promissory note with a company controlled by an officer is in default at December 31, 2021.

During the year ended December 31, 2021, the Company recorded finance costs of \$59,822 (December 31, 2020: \$30,983) related to accrued interest on amounts due to companies controlled by officers and directors. Interest is accrued at 10% per annum, compounded monthly.

As at December 31, 2021 and 2020, the assets and liabilities of the Company include the following amounts receivable and payable from related parties:

	2021		2020	
Other receivables ⁽¹⁾	\$	17,771	\$	-
Trade payables and other liabilities	\$	1,103,847	\$	869,940

⁽¹⁾ This amount is non-interest bearing, unsecured and is due on demand.

b) Related Party Transactions

During the years ended December 31, 2021 and 2020, key management compensation consisted of the following:

	2021		2020	
Management fees	\$	275,773	\$	250,037
Consulting fees		60,000		60,000
Share-based compensation		142,176		-
Total	\$	477,949	\$	310,037

For the years ended December 31, 2021 and 2020, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits. These transactions were recorded at the exchange amount, which is the amount agreed to by the transacting parties.

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9. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

During the year ended December 31, 2021, the Company issued 500,000 units at a price of \$0.05 per unit pursuant to a private placement to a director of the Company and issued 2,800,000 units at a price of \$0.05 per unit pursuant to a private placement to a company controlled by the Chief Executive Officer of the Company.

During the year ended December 31, 2021, the Company issued 250,000 shares pursuant to a services agreement to a company belonging to an officer of the Company, representing the bonus earned pursuant to a services agreement.

During the year ended December 31, 2021, the Company issued 200,000 shares for debt to settle debt of \$10,000 owing to a company controlled by the Chief Executive Officer of the Company. As part of the transaction the Company recognized a loss on shares for debt settlement of \$12,000.

During the year ended December 31, 2021, 200,000 shares were returned to treasury from a company controlled by the Chief Executive Officer of the Company in relation to past performance milestones that were not met.

On May 1, 2021, the Company entered into an agreement with a company controlled by the Chief Executive Officer of the company for certain corporate consulting services provided by the Chief Executive Officer. As part of the compensation, the Company will issue various performance shares up to 1,500,000 for non-market performance milestones which include the agreement to acquire NovaGold's share of MSR (1,000,000 shares – milestone completed) and completion of an NI 43-101 technical report which leads to a preliminary economic assessment (500,000 shares). As at the effective date of the contract, Management estimated all of the performance shares will vest. During the year ended December 31, 2021, the Company recorded \$105,041 in stock-based compensation in relation to the vesting of these shares. The stock-based compensation consisted of \$90,000 in relation to 1,000,000 shares which are eligible to be issued at December 31, 2021 based on the closing share price of \$0.09 per share on the date of the contract in addition to \$15,041 of stock-based compensation recognized for 500,000 shares at \$0.09 per share to be issued for the completion of an NI 43-101 technical report which leads to a preliminary economic assessment that is expected to vest over a period of 2 years.

During the year ended December 31, 2021, the Company issued 3,250,000 stock options to related parties (December 31, 2020: nil) and recognized \$37,135 in stock-based compensation (December 31, 2020: \$nil).

During the year ended December 31, 2021, \$41,608 (December 31, 2020: \$8,647) in management fees was capitalized to mineral properties.

10. LOANS PAYABLE

On July 29, 2014, the Company entered into a loan agreement with a director, whereas the director loaned the Company US\$20,000. The unsecured loan bears interest at 18% per year and matured on January 29, 2016. At the option of the lender, the loan can be converted into common shares of the Company at the market price of the Company's shares. The loan balance was reclassified from loans payable to related parties to loans payable as at December 31, 2021.

During the year ended December 31, 2021, the Company recorded finance costs of \$4,269 (December 31, 2020: \$4,893) in connection with interest accrued under the loan. As at December 31, 2021, the loan is outstanding and due on demand and the carrying value is \$59,357 (December 31, 2020: \$55,088 included in loans payable to related parties) included in loans payable.

The director ceased to be a related party effective June 25, 2021.

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11. PROMISSORY NOTES

On November 3, 2021, the Company entered into a share purchase agreement with NovaGold Argentina Inc. ("NovaGold"), (Note 19) pursuant to which NovaGold sold all 5,051,537 of the shares of MSR that it owned to Marifil S.A. ("Marifil") in consideration for \$2,000,000 payable by Marifil as follows:

- Payment of \$250,000 on November 3, 2021 (paid);
- Delivery of a promissory note for \$750,000 which is repayable on or before November 1, 2022; and
- Delivery of a promissory note for \$1,000,000 which is repayable on or before November 1, 2023.

The principal sum of the promissory notes does not bear interest. The Company has agreed to guarantee the payment obligations of Marifil SA. The Promissory notes were valued using a discounted cash flow approach using a discount rate of 14.92% as at the date of the share purchase agreement. On the transaction date of November 3, 2021, the promissory notes were recorded at their fair value of \$1,410,824. During the period from November 3, 2021 to December 31, 2021 the Company recorded accretion expense of \$31,532. At December 31, 2021, the promissory notes were valued at \$1,442,356.

12. SHARE CAPITAL

a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

b) Shares issued

For the year ended December 31, 2021:

On March 18, 2021, the Company closed a private placement of 40,000,000 units at \$0.05 per unit for gross proceeds of \$2,000,000. Each unit consist of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.055 per share for 36 months from the date of issuance. No value has been allocated to the attached warrants. In conjunction with the private placement, the Company incurred \$16,335 in share issuance costs.

On March 18, 2021, the Company issued 1,000,000 shares for the exercise of warrants for gross proceeds of \$70,000.

On November 3, 2021, the Company recognized an obligation to issue 1,000,000 shares to a company belonging to an officer of the Company, representing a performance milestone earned by the Contractor pursuant to the Contractor agreement.

On November 16, 2021, the Company issued 200,000 shares to settle \$10,000 of debt owing to a company belonging to an officer of the Company. The fair value of the shares issued was \$22,000 and therefore a loss on shares for debt settlement of \$12,000 was recognized.

On November 16, 2021, the Company issued 250,000 shares pursuant to a services agreement to a company belonging to an officer of the Company, representing the bonus earned by the Contractor pursuant to the services agreement.

On December 9, 2021, 200,000 shares were returned to treasury from a company belonging to an officer of the company in relation to shares issued previously for performance milestones that were not met.

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12. SHARE CAPITAL (continued)

b) Shares issued (continued)

For the year ended December 31, 2020:

No securities were issued during the year.

c) Warrants

A summary of the warrant activity for the years ended December 31, 2021 and 2020 is as follows:

	2021		2020	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Balance, beginning of year	16,372,538	\$0.23	42,305,538	\$0.30
Granted	40,000,000	0.06	-	-
Exercised	(1,000,000)	0.07	-	-
Expired	(14,342,538)	0.18	(25,933,000)	0.21
Balance, end of year	41,030,000	\$0.08	16,372,538	\$0.23

As at December 31, 2021 warrants outstanding were as follows:

Expiry date	Number	Exercise price	Weighted average remaining life
April 23, 2022	1,030,000	\$1.00	0.31
March 17, 2024	40,000,000	\$0.055	2.21
Outstanding as at December 31, 2021	41,030,000		2.16

As at December 31, 2021, the weighted average remaining contractual life of outstanding warrants was 2.16 years (December 31, 2020 – 0.30 years).

d) Stock options

The Company has an incentive stock option plan whereby share purchase options may be granted to directors, officers, employees and consultants of the Company and its subsidiaries. The total number of shares reserved under the plan may not exceed more than 10% of the outstanding shares at the time of granting the option. Options are granted with exercise prices at the market price or higher at the date of the grant, less any discounts permitted by regulatory authorities. Unless otherwise stated, options vest when granted.

On September 23, 2021, the Company granted 3,450,000 stock options to directors and officers with a total fair value of \$138,910. 25% of the options vest every 6 months from the grant date. The expense is recorded over the vesting period. The options had a grant date fair value of \$0.04 per option determine by using the Black-Scholes Options Pricing model with the following assumptions: no expected dividends; volatility of 149.1% based on historical volatility; risk-free interest rate of 0.61%; and expected life of 3.00 years.

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12. SHARE CAPITAL (continued)

d) Stock options (continued)

On September 23, 2021, the Company granted 5,000,000 stock options to consultants with a total fair value of \$201,319. 25% of the options vest every 3 months from the grant date. The expense is recorded over the vesting period. The options had a grant date fair value of \$0.04 per option determined by using the Black-Scholes Options Pricing model with the following assumptions: no expected dividends; volatility of 149.1% based on historical volatility; risk-free interest rate of 0.61%; and expected life of 3.00 years.

During the year ended December 31, 2021, total share-based compensation expense associated with the above option grants was \$149,181.

A summary of stock option activity for the years ended December 31, 2021 and 2020 is as follows:

	2021		2020	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Balance, beginning of period	550,000	\$0.11	2,285,000	\$0.23
Granted	8,450,000	0.05	-	-
Forfeited	(100,000)	0.11	(50,000)	0.11
Expired	-	-	(1,685,000)	0.15
Balance, end of period	8,900,000	\$0.05	550,000	\$0.11

As at December 31, 2021, options outstanding were as follows:

Expiry date	Options Outstanding			Options Exercisable		
	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average remaining contractual life	Weighted average exercise price
August 21, 2023	450,000	1.64	\$0.11	450,000	1.64	\$0.11
September 23, 2024	8,450,000	2.73	\$0.05	1,250,000	2.73	\$0.05
	8,900,000	2.68	\$0.05	1,700,000	2.44	\$0.07

As at December 31, 2021, the weighted average remaining contractual life of stock options outstanding was 2.68 years (December 31, 2020 – 2.64 years).

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12. SHARE CAPITAL (continued)

e) Per share amounts

	For the years ended December 31,	
	2021	2020
Weighted average number of shares – basic and diluted:		
Issued common shares as at January 1	60,075,432	60,075,432
Effect of common shares issued during the year	32,592,995	-
Effect of escrowed shares	-	(450,000)
Weighted average number of shares – basic and diluted	92,668,427	59,625,432
Net loss per share – basic and diluted	\$ (0.02)	\$ (0.01)

13. GENERAL AND ADMINISTRATION EXPENSES

	For the years ended December 31,	
	2021	2020
Consulting fees	\$ 286,310	\$ 228,000
Filing fees	36,328	508
Investor relations & shareholder information	62,000	42,000
Management fees	275,773	250,037
Marketing	795,000	-
Office and miscellaneous	70,145	54,710
Professional fees	146,659	63,012
Total	\$ 1,672,215	\$ 638,267

14. GAIN ON SALE OF SECURITIES

During the year ended December 31, 2021 the Company recognized a gain on the sale of securities of \$87,628 (December 31, 2020: \$nil).

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to support its business plan to be a royalty company, using the project generator model. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business. In the management of capital, the Company considers its capital to be the components of shareholders' equity and loans payable to related parties.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2021. There are no external restrictions on the management of capital.

16. FINANCIAL RISK MANAGEMENT

The Company is exposed, through its operations, to the following financial risks:

- a) Market risk
- b) Credit risk
- c) Liquidity risk

The Company is exposed to risks that arise from its financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General objectives, policies, and processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive quarterly reports from the Company's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign currency exchange, interest rates, and commodity and equity price risk.

(i) Foreign currency risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and Argentine peso as well as the Canadian dollar and the U.S. dollar will affect the Company's operations and financial results. The operating results and financial position of the Company are reported in Canadian dollars. The Company's operations are in Canada and Argentina.

Exposure to foreign currency risk increased overall during the period due to an increase in trade payables denominated in U.S. dollars, this is partially offset by a reduction in cash held in both foreign currencies.

As at December 31, 2021, if the Canadian dollar had weakened 5% against the U.S. dollar and 20% against the volatile Argentine peso, with all other variables held constant, comprehensive loss would have been \$23,692 lower. Conversely, if the Canadian dollar had strengthened 5% against the U.S. dollar so, with all other variables held constant, comprehensive loss would have been \$23,692 higher.

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16. FINANCIAL RISK MANAGEMENT (continued)

(ii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Company does not have any variable rate debt. The interest earned on cash and cash equivalents is insignificant and the Company does not rely on interest to fund its operations. As a result, the Company is not exposed to significant interest rate risk.

(iii) Commodity price risk:

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity price movements to determine the appropriate course of action to be taken by the Company.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and other receivables. The Company believes it has no significant credit risk related to its cash as the majority of its cash is held at a large Canadian bank. The Company's other receivables consist mainly of input tax credits receivable from the Government of Canada and the Government of Argentina and, as a result, the Company does not believe it is subject to significant credit risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at December 31, 2021, the Company had cash and cash equivalents of \$458,052 to settle current liabilities of \$2,871,010. The Company will require additional financings to meet its short-term financial obligations.

All the Company's financial liabilities as at December 31, 2021 were due on demand, with the exception of the CEBA loan payable (Note 8) and promissory note (Note 11). All the Company's financial liabilities as at December 31, 2021 were due on demand, with the exception of the CEBA loan payable.

17. BASIS OF FAIR VALUE

The Company's financial instruments consist of cash, other receivables, investments, trade payables and other liabilities, loans payable and loans payable to related parties. The fair value of the Company's other receivables, trade payables and other liabilities, loans payable and loans payable to related parties approximate the carrying value, which is the amount on the consolidated statements of financial position, due to their short-term maturities or ability of prompt liquidation. The Company's cash is measured at fair value under the fair market hierarchy, based on level one quoted prices in active markets for identical assets. The Company's investments are measured at fair value through profit or loss based on the quoted market prices of the shares as at December 31, 2021 and are therefore considered to be level one on the fair market hierarchy.

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17. BASIS OF FAIR VALUE (continued)

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18. INCOME TAXES

The differences between tax recovery for the 2021 and 2020 years ended, and the expected income tax recovery based on statutory rates arise as follows:

	2021	2020
Loss before income tax	\$ 1,937,032	\$ 664,951
Expected tax recovery based on statutory rate of 27% (2020 – 27%)	\$ 523,000	\$ 180,000
Effect of higher statutory tax rate for foreign subsidiaries	(2,000)	1,000
Permanent and other differences	(41,000)	(43,000)
Change in deferred tax assets	(480,000)	(138,000)
Total income tax recovery	\$ -	\$ -

The nature and tax effect on the temporary differences giving rise to potential deferred tax assets at December 31, 2021 and 2020 are as follows:

	2021	2020
Non-capital carry forwards	\$ 2,815,000	\$ 2,339,000
Share issue costs	10,000	6,000
Resource properties	252,000	252,000
Other deductible temporary differences	2,000	2,000
	3,079,000	2,599,000
Less: unrecognized deferred tax assets	(3,079,000)	(2,599,000)
Total	\$ -	\$ -

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18. INCOME TAXES (continued)

At December 31, 2021, the Company had accumulated Canadian non-capital losses of \$9,884,000 (2020 - \$8,193,000) and Argentine net operating losses of \$585,000 (2020 - \$507,000) for income tax purposes which may be deducted in the calculation of taxable income in future years. These losses expire as follows:

2022	\$	153,000
2023		157,000
2024		150,000
2025		523,000
2026		613,000
2027		194,000
2028		441,000
2029		342,000
2030		678,000
2031		793,000
2032		483,000
2033		299,000
2034		273,000
2036		356,000
2037		335,000
2038		1,265,000
2039		1,092,000
2040		631,000
2041		1,691,000
Total	\$	10,469,000

Canadian non-capital losses expire 20 years after the year of incurrence while Argentine net operating losses expire 5 years after incurrence. The potential benefit of these non-capital loss carry-forwards has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred assets to be recovered.

19. NON-CONTROLLING INTERESTS

Prior to the acquisition (Note 7) the Company's Argentine subsidiary Marifil S.A. owned 51% of MSR. The remaining 49% interest in MSR was owned by NovaGold. MSR was formed for the sole exclusive purpose of proportionately investing together in the San Roque Gold Property.

Given that the criteria of 'control' was met to whereby Marifil S.A. had control over MSR, the Company consolidated MSR and presented a non-controlling interest in the consolidated statements of financial position.

On November 3, 2021, the Company entered into a share purchase agreement with NovaGold and Marifil S.A. in which Marifil S.A. acquired the remaining 49% (5,051,537 shares) of MSR from NovaGold increasing its ownership from 51% to 100%. The change in ownership did not result in a change in control. This was treated as an equity transaction where the net identifiable assets remain unchanged and the difference between the fair value of the consideration paid and the change in NCI was recognised in equity.

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19. NON-CONTROLLING INTERESTS (continued)

The purchase price of \$2,000,000 was payable by Marifil S.A. as follows:

- By payment of \$250,000 on November 3, 2021;
- By delivery of promissory note for \$750,000 on November 1, 2022; and
- By delivery of promissory note for \$1,000,000 on November 1, 2023.

The Company recognised a decrease in the non-controlling interest of \$49,112 and recognised a decrease in contributed surplus of \$1,736,205 which represents the difference in the fair value of the consideration and the carrying value of the non-controlling interest on the date of the purchase.

Net loss allocated to non-controlling interest in the consolidated statement of comprehensive loss includes \$18,267 for the period January 1, 2021 to the acquisition date of November 3, 2021.

The following is summarized financial information of MSR prepared in accordance with IFRS:

	2021		2020	
NCI Percentage	\$	0%	\$	49%
Loss attributable to NCI	\$	18,267	\$	6,784
Current assets	\$	-	\$	25,992
Non-current assets		-		1,194,662
Current liabilities		-		(29,143)
Net assets	\$	-	\$	1,191,511
Net assets attributable to NCI	\$	-	\$	583,840

The change in the balance of the non-controlling interest in the consolidated statement of financial position was as follows:

		NCI
Balance as at December 31, 2019	\$	24,061
Share of Comprehensive Loss for the period		6,784
Balance as at December 31, 2020	\$	30,845
Share of Comprehensive Loss for the period		18,267
Acquisition of NCI on November 3, 2021		(49,112)
Balance as at December 31, 2021	\$	-