

IEMR RESOURCES INC.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended October 31, 2020 and 2019

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of IEMR Resources Inc.

Opinion

We have audited the consolidated financial statements of IEMR Resources Inc. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at October 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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 audits.

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 auditors' report is Paul Joseph Leedham.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
February 19, 2021

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	October 31, 2020 \$	October 31, 2019 \$
ASSETS			
Current			
Cash		988,507	1,127,695
Prepaid expenses		4,519	4,425
Sales tax recoverable		4,118	3,767
Total Current Assets		997,144	1,135,887
Non-current Assets			
Exploration and evaluation assets	6	2,257,539	2,207,247
Total Assets		3,254,683	3,343,134
LIABILITIES			
Current			
Accounts payable and accrued liabilities		27,573	21,566
Total Liabilities		27,573	21,566
EQUITY			
Share capital	8	7,169,568	7,169,568
Reserves		827,603	827,603
Deficit		(4,770,061)	(4,675,603)
Total Equity		3,227,110	3,321,568
Total Liabilities and Equity		3,254,683	3,343,134

Nature and continuance of operations 1

These consolidated financial statements are approved on behalf of the Board of Directors on February 19, 2021:

Signed "Charles Yuen"

Director

Signed "Zheng Fu"

Director

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

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year Ended October 31, 2020	Year Ended October 31, 2019
		\$	\$
EXPENSES			
Accounting and audit fees		32,400	29,000
Office and miscellaneous expenses		1,779	3,231
Professional fees		47,041	31,495
Rent		2,895	2,129
Transfer agent and filing fees		12,723	15,389
Loss before other items		(96,838)	(81,244)
OTHER ITEMS			
Interest income		2,380	3,552
		2,380	3,552
NET LOSS AND COMPREHENSIVE LOSS		(94,458)	(77,692)
BASIC AND DILUTED LOSS PER SHARE		(0.00)	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED		94,807,141	94,807,141

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

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares	Amount	Reserves	Deficit	Total
		\$	\$	\$	\$
Balance, October 31, 2018	94,807,141	7,169,568	827,603	(4,597,911)	3,399,260
Comprehensive loss	-	-	-	(77,692)	(77,692)
Balance, October 31, 2019	94,807,141	7,169,568	827,603	(4,675,603)	3,321,568
Comprehensive loss	-	-	-	(94,458)	(94,458)
Balance, October 31, 2020	94,807,141	7,169,568	827,603	(4,770,061)	3,227,110

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

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended October 31, 2020	Year Ended October 31, 2019
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the year	(94,458)	(77,692)
Changes in non-cash working capital items		
Sales tax recoverable	(351)	886
Prepaid expenses	(94)	960
Accounts payable and accrued liabilities	6,007	30
	(88,896)	(75,816)
CASH FLOWS USED IN INVESTING ACTIVITY		
Acquisition and exploration of mineral property	(50,292)	(47,912)
CHANGE IN CASH	(139,188)	(123,728)
Cash, beginning of year	1,127,695	1,251,423
Cash, end of year	988,507	1,127,695
Cash paid for interest	-	-
Cash paid for tax	-	-

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

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Notes to the Consolidated Financial Statements
For the Years Ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

IEMR Resources Inc. (the “Company”) was incorporated in the Province of British Columbia under the name of 0813208 B.C. Ltd. on January 8, 2008. On March 13, 2008, the Company changed its name to Trans National Minerals Inc. The Company’s common shares were listed and commenced trading on the TSX Venture Exchange (the “Exchange”) as a capital pool corporation (“CPC”) on February 12, 2009. On June 25, 2010, the Company entered into an option agreement (the “Option”) to acquire a 100% interest in the Pine Tree copper-molybdenum property located in the Pilot Mountains in Mina, Nevada. As a result of the acquisition of the Option and concurrent equity financings, the Company ceased to be a CPC, and its common shares resumed trading on the Exchange as a 'Tier 2 Mining Issuer' effective on July 2, 2010. On September 7, 2010, the Company changed its name to IEMR Resources Inc. Effective on September 10, 2010, the common shares of IEMR Resources Inc. were traded on the TSX Venture Exchange and the common shares of Trans National Minerals Inc. were delisted.

On February 6, 2014, the Company incorporated Pine Tree Resources Inc., a wholly-owned subsidiary of the Company in Nevada, USA.

The head office and principal address of the Company is 1300-1500 West Georgia Street, Vancouver, B.C. V6G 2Z6.

These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Management of the Company is of the opinion that it will be in position to raise funds in the form of equity or debt financing; however, there is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

As at October 31, 2020, the Company has not generated any revenues and has incurred accumulated losses of \$4,770,061 (2019 - \$4,675,603).

These consolidated financial statements have been prepared by management on the basis of International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. The recoverability of capitalized costs on the Company’s mineral property is uncertain and dependent upon projects achieving commercial production or sale. The ability of the Company to carry out its business objectives is dependent on the Company’s ability to receive continued financial support from related parties, to obtain public equity financing, or to generate profitable operations in the future. These factors may cast significant doubt about the Company’s ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. The expected impacts on global commerce are expected to be far reaching. Material uncertainties may come into existence that could influence management’s going concern assumption. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company. The Company continues to closely evaluate the impact of COVID-19 on its operations.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were approved by the board of directors for issue on February 19, 2021.

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Notes to the Consolidated Financial Statements
For the Years Ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Cont'd...)

b) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Pine Tree Resources Inc. which was incorporated in the United States of America.

The Company consolidates the subsidiary on the basis that it controls the subsidiary through its ability to govern its financial and operating policies.

c) Basis of Measurement

These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Furthermore, these consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary.

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of 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.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below:

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the consolidated statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, 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 reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operations could limit the ability of the Company to obtain tax deductions in future years.

Share-based payment

The Company uses the Black-Scholes option pricing model to calculate the fair value of share purchase options at the date of grant. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Changes in these assumptions can materially affect the fair value estimate.

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Notes to the Consolidated Financial Statements
For the Years Ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

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

Impairment of Exploration and Evaluation Expenditures

In accordance with the Company's accounting policy, the Company's exploration and evaluation asset is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, silver prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Management has assessed for impairment indicators on the Company's exploration and evaluation assets and has concluded that no impairment indicators existed as at October 31, 2020 (see Note 6).

Significant judgments used in the preparation of these consolidated financial statements include, but are not limited to:

Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the years ended October 31, 2020 and 2019. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded that there is significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern is appropriate.

Foreign Currency Transaction and Translation

The presentation currency and the functional currency of the Company and its subsidiary is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the relevant transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Translation gains and losses are included in income or expense of the period in which they occur. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Cash Equivalents

Cash equivalents comprise short term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash. There were no cash equivalents as at October 31, 2020 and 2019.

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Notes to the Consolidated Financial Statements
For the Years Ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a license to explore an area has been secured, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets and crediting all revenues received against the cost of the related interests. Such costs, include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources.

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. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. An impairment review is undertaken when indicators of impairment arise but normally when one of the following conditions applies:

- the right to explore in the specific area has expired or will expire in the near future;
- substantive expenditure on further exploration and evaluation activities in the specific areas are neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Decommissioning and Rehabilitation Liabilities

The Company recognizes the fair value of a decommissioning and restoration liability the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the consolidated statement of comprehensive loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company did not have any significant decommissioning and restoration obligations at October 31, 2020 and 2019.

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Notes to the Consolidated Financial Statements
For the Years Ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Financial Instruments

Financial Assets

On initial recognition financial assets are classified as measured at:

- i. Amortized cost;
- ii. Fair value through profit and loss (“FVTPL”); and
- iii. Fair value through other comprehensive income (“FVOCI”).

Financial assets 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.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the consolidated statement of comprehensive loss in the period in which it arises.

The Company's cash is classified at FVTPL.

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Notes to the Consolidated Financial Statements
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(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Financial Instruments (cont'd...)

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Share-Based Compensation

The Company grants stock options to directors, officers, and employees. Each tranche in an award is considered a separate award with its own vesting period. The Company applies the fair-value method of accounting for share-based payments and the fair value is calculated using the Black-Scholes option pricing model.

Share-based compensation for employees and others providing similar services is determined based on the grant date fair value. Share-based compensation for non-employees is determined based on the fair value of the goods/services received or option granted measured at the date on which the Company obtains such goods/services.

Compensation expense is recognized over each tranche's vesting period based on the number of awards expected to vest. If stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

Earnings (Loss) per Share

Earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options are used to repurchase common shares at the prevailing market rate.

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Notes to the Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive income (loss) except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Adoption of New Accounting Standards, Interpretations and Amendments

The Company adopted the following new standards effective November 1, 2019:

IFRS 16 – Leases

IFRS 16 replaces IAS 17, “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard was effective for periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15, “Revenue from Contracts with Customers”.

There was no impact on the Company’s consolidated financial statements from the adoption of IFRS 16.

IEMR RESOURCES INC.
(An Exploration Stage Corporation)
Notes to the Consolidated Financial Statements
For the Years Ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

4. CAPITAL MANAGEMENT

The Company manages its capital structure, which is represented by share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related party loans or private placements of its common shares as needed.

Management reviews its capital management approach on an on-going basis. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the years ended October 31, 2020 and 2019.

5. FINANCIAL INSTRUMENTS

As at October 31, 2020 and 2019, the Company's financial instruments consist of cash and accounts payable.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As at October 31, 2020 and 2019, cash was assessed to be a Level 1 instrument.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash held by high credit quality banking institutions in Canada. The Company has no significant concentration of credit risk arising from operations as the Company has no business operations.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2020, the Company had cash of \$988,507 (2019 – \$1,127,695) to settle the total current liabilities of \$27,573 (2019 – \$21,566).

IEMR RESOURCES INC.
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5. FINANCIAL INSTRUMENTS (Cont'd...)

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in short-term deposits with its banking institutions.

6. EXPLORATION AND EVALUATION ASSETS

The Company has a 100% interest in certain unpatented mineral claims known as the Pine Tree copper-molybdenum property (the "Pine Tree Property") located in the Pilot Mountains in Mina, Nevada, USA.

The Pine Tree Property is subject to a 2% net smelter return royalty (the "NSR Royalty") in favor of Western Geosciences, Inc. and James H. Meyers. The Company is responsible for making advance royalty payments of US\$25,000 per year to the holders of the NSR Royalty. As of October 31, 2020, the Company has paid US\$200,000 (2019 – US\$175,000) of the NSR Royalty. Upon the payment of US\$2,000,000 in royalty payments, the NSR Royalty will be reduced from 2% to 0.5%.

Expenditures related to the properties can be summarized as follows:

	Pine Tree Property
Mineral acquisition	\$
Balance at October 31, 2018	1,532,431
Acquisition payments	-
Ending Balance, October 31, 2019 and 2020	1,532,431
Deferred exploration expenditure	\$
Balance at October 31, 2018	626,904
Exploration expenditures	47,912
Ending Balance, October 31, 2019	674,816
Exploration expenditures	50,292
Ending Balance, October 31, 2020	725,108
Total ending balance, October 31, 2019	2,207,247
Total ending balance, October 31, 2020	2,257,539

Impairment

During the years ended October 31, 2020 and 2019, there was no impairment on the exploration and evaluation assets.

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6. EXPLORATION AND EVALUATION ASSETS (Cont'd...)

Impairment (Cont'd...)

When impairment is identified, the asset is required to be written down to its recoverable amount, which is the greater of: (a) the asset's fair value less costs to sell, and (b) its value in use. There is no active market for the asset and there was no independent feasibility study or a binding agreement for sale at the time of the impairment assessment in the year. The value in use or discounted future cash flows expected from the Pine Tree Property cannot be reliably determined at this juncture. In the absence of such information, management estimated the fair value of the Company's interest in the Pine Tree Property using the best information available at the time of the assessment to reflect the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal. The information included internal and external evidence including the Company's market capitalization, based on its share price. The assessment of fair value less costs to sell and the recoverable amount of the Company's interest in Pine Tree Property requires estimation of uncertain future events. Management has made its best estimate of the recoverable amount of the asset; however, there are inherent uncertainties and it is reasonably possible that the outcome of such uncertainties may differ from the estimates made and such changes may be material to the recoverable amount of the Pine Tree Property.

7. RELATED PARTY TRANSACTIONS

Key management includes the Company's directors and senior management. The Company did not incur any key management compensation during the years ended October 31, 2020 and 2019.

8. SHARE CAPITAL AND STOCK OPTIONS

(a) Share Capital

Authorized: Unlimited number of common shares without par value.
As of October 31, 2020 and 2019, the Company held in treasury 4,000,000 common shares.

(b) Stock Options

The Company adopted a rolling stock option plan (the "Plan") to grant options to directors, senior officers, employees, independent contractors and consultants of the Company. The Plan reserves for issuance up to 10% of the issued and outstanding share capital of the Company from time to time, and provides that it is solely within the discretion of the Board to determine who should receive options and in what amounts. Options granted under the Plan are for a term not to exceed 10 years from the date of their grant.

The Company did not grant any stock options during the years ended October 31, 2020 and 2019. The continuity of stock options for the years ended October 31, 2020 and 2019 is as follows:

	Number outstanding	Weighted average exercise price
Balance, October 31, 2018, 2019 and 2020	5,740,000	0.05

The stock options outstanding at October 31, 2020 are all exercisable and have a weighted average remaining contractual life of 7.54 years.

(c) Warrants

The Company did not issue any warrants during the years ended October 31, 2020 and 2019 and does not have any warrants outstanding as at October 31, 2020 and 2019.

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9. INCOME TAXES

The following table reconciles the expected income taxes recovery at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of comprehensive loss for the years ended October 31, 2020 and 2019:

	Years ended	
	October 31, 2020	October 31, 2019
	\$	\$
Loss before taxes	94,458	77,692
Statutory tax rate	27.0%	27.0%
Expected income tax recovery	25,494	20,968
Change in deferred tax asset not recognized	(25,494)	(20,968)
Total income tax recovery	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets at October 31, 2020 and 2019 are comprised of the following:

	October 31, 2020	October 31, 2019
Deferred tax assets:	\$	\$
Non-capital loss carry forwards	514,408	488,914
Exploration and evaluation assets	576,598	576,598
	1,091,006	1,065,512
Deferred tax asset not recognized	(1,091,006)	(1,065,512)
Net deferred tax asset	-	-

The Company has non capital loss carryforwards of approximately \$1,905,215 (2019 – \$1,810,793) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2030	\$	185,956
2031		469,990
2032		314,276
2033		249,059
2034		193,041
2035		80,606
2036		146,468
2038		93,736
2039		77,661
2040		94,422
Total	\$	1,905,215