

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Expressed in Canadian Dollars)

NOTICE TO READER

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

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”), consistent with International Financial Reporting Standards (“IFRS”) appropriate in the circumstances.

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

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	September 30, 2023	March 31, 2023
		\$	\$
ASSETS			
Current			
Cash		2,012	29,854
GST receivable		32,089	20,781
Prepaid expenses		14,932	14,395
		<u>49,033</u>	<u>65,030</u>
Non-current			
Reclamation deposit		22,475	22,475
		<u>71,508</u>	<u>87,505</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities		641,943	483,625
Loans payable	6	92,439	99,432
Due to related parties	9	287,466	346,030
Convertible debentures	7	3,332	278,332
		<u>1,025,180</u>	<u>1,207,419</u>
SHAREHOLDERS' DEFICIENCY			
Share capital	8	19,784,733	15,363,989
Contributed surplus	8	2,292,502	1,759,124
Equity portion of convertible debentures	7	3,449	3,449
Deficit		<u>(23,034,356)</u>	<u>(18,246,476)</u>
		<u>(953,672)</u>	<u>(1,119,914)</u>
		<u>71,508</u>	<u>87,505</u>

Nature of Operations and Going Concern – Note 1

Approved on behalf of the Board:

"Brian Thurston"
President, Chief Executive Officer and Director

"Michael Hopkinson"
Director

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

	Note	For the three months ended		For the six months ended	
		September 30, 2023	2022	September 30, 2023	2022
		\$	\$	\$	\$
EXPENSES					
Consulting		10,403	-	12,091	-
Exploration and acquisition expenditures	4,5	64,809	286,551	3,856,459	424,072
Investor relations		5,741	2,148	6,416	2,148
Interest expense	6	3,625	6,705	4,250	6,705
Management fees	9	39,000	44,971	82,800	74,972
Office and administration		17,253	(86)	25,829	3,153
Professional fees	9	50,600	55,485	69,532	59,191
Regulatory fees		21,301	20,294	29,996	30,547
Rent		9,000	-	24,000	-
Share-based compensation	8,9	533,378	-	533,378	-
		(755,110)	(416,068)	(4,644,751)	(600,788)
Other Items					
Foreign exchange (loss) gain		(2,220)	(7,103)	17,057	(12,444)
(Loss) gain on settlement of debt	6,7,8	-	-	(160,186)	22,000
		(2,220)	(7,103)	(143,129)	9,556
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD					
		(757,330)	(423,171)	(4,787,880)	(591,232)
Basic and diluted loss per share					
		(0.03)	(0.05)	(0.22)	(0.07)
Weighted average number of shares outstanding					
		28,127,396	9,092,809	21,971,148	8,832,924

INTERNATIONAL METALS MINING CORP.

(FORMERLY GOLD STATE RESOURCES INC.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Expressed in Canadian Dollars)

	Common shares	Share Capital	Contributed Surplus	Equity portion of convertible debenture	Deficit	Total
		\$	\$	\$	\$	\$
Balance, March 31, 2022	8,572,453	15,079,676	1,993,809	-	(17,666,126)	(592,641)
Shares issued for debt settlement	220,000	110,000	(22,000)	-	-	88,000
Shares issued for exploration and evaluation asset acquisition	927,500	286,551	-	-	-	286,551
Warrants issued for convertible debenture	-	(305,200)	305,200	-	-	-
Net loss and comprehensive loss	-	-	-	-	(591,232)	(591,232)
Balance, September 30, 2022	9,719,953	15,171,027	2,277,009	-	(18,257,358)	(809,322)
Balance, March 31, 2023	9,719,956	15,363,989	1,759,124	3,449	(18,246,476)	(1,119,914)
Shares issued for debt settlement	6,407,440	640,744	-	-	-	640,744
Shares issued for exploration and evaluation asset acquisition	12,000,000	3,780,000	-	-	-	3,780,000
Share-based compensation	-	-	533,378	-	-	533,378
Net loss and comprehensive loss	-	-	-	-	(4,787,880)	(4,787,880)
Balance, September 30, 2023	28,127,396	19,784,733	2,292,502	3,449	(23,034,356)	(953,672)

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

	2023	2022
	\$	\$
Operating activities		
Net loss for the period	(4,787,880)	(591,232)
Items not involving cash		
Shares issued for debt	-	110,000
Interest	4,250	6,705
Loss (gain) on settlement of debt	160,186	(22,000)
Share-based compensation	533,378	-
Shares issued for property acquisition	3,780,000	286,551
Net change in non-cash working capital items		
Receivables	-	4,643
GST receivable	(11,308)	(907)
Prepaid expenses	(537)	8,019
Accounts payable and accrued liabilities	292,633	192,842
Loans payable	-	(85,000)
Due to related parties	(58,564)	(185,407)
Cash used in operating activities	(87,842)	(275,786)
Financing activities		
Loan proceeds	60,000	-
Proceeds from subscriptions received in advance	-	275,000
Cash provided by financing activities	60,000	275,000
Change in cash	(27,842)	(786)
Cash, beginning of the period	29,854	3,983
Cash, end of the period	2,012	3,197

Supplemental cash flow information (Note 10)

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

International Metals Mining Corp. (formerly Gold State Resources Inc.) (the “Company”) is engaged in the acquisition and exploration of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 404 – 999 Canada Place, Vancouver, BC, V6C 3E2. The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol IMM.

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company incurred a net loss of \$4,787,880 for the six months ended September 30, 2023 (2022 - \$591,232), and as of that date, had an accumulated deficit of \$23,034,356 (March 31, 2023 - \$18,246,476). At September 30, 2023, the Company had a total of \$49,033 (March 31, 2023 - \$65,030) in current assets and a working capital deficit of \$976,147 (March 31, 2023 – \$1,142,389) and no long term debt.

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These unaudited condensed interim consolidated financial statements are prepared by the Company in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended March 31, 2023.

These consolidated financial statements were approved by the board of directors on November 29, 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. The results of each subsidiary will continue to be included in the condensed interim consolidated financial statements of the Company until the date that the Company’s control over the subsidiary ceases. All significant intercompany transactions and balances have been eliminated.

The condensed interim consolidated financial statements include the results or financial information of the Company and its wholly-owned subsidiaries listed in the following table:

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

Name	Ownership	Country of incorporation	Functional Currency
Big Rock Resources Inc	100%	Canada	Canadian Dollar
1266443 B.C. Ltd	100%	Canada	Canadian Dollar
1296067 B.C. Ltd	100%	Canada	Canadian Dollar
1309871 B.C. Ltd	100%	Canada	Canadian Dollar
Jumping Jack Exploration Inc	100%	Canada	Canadian Dollar
True Grit Nevada LLC (inactive)	100%	US	Canadian Dollar
True Grit Lithium Inc (inactive)	100%	US	Canadian Dollar
LRS Oil and Gas Ltd. (inactive)	100%	US	Canadian Dollar
Minera Lorica S.A. de C.V. (inactive)	100%	Mexico	Canadian Dollar
Lithium Plus Mining Corp.	100%	Canada	Canadian Dollar
Empresa Quarco S.A.C	99%	Peru	Canadian Dollar

(b) Functional Currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company. Each subsidiary determines its own functional currency and items included in the financial statements of each subsidiary are measured using that functional currency.

i) Transactions and Balances in Foreign Currencies

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rate at the date when fair value was determined.

ii) Foreign Operations

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rate prevailing at the reporting date and their revenues and expenses are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings and recognized as part of the gain or loss on disposal.

(c) Exploration and Evaluation Assets

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain ore reserves that are economically recoverable.

All expenditures related to acquisition, exploration, and development of exploration and evaluation assets are expensed and charged to earnings in the period in which they are incurred, unless these mineral properties are placed into commercial production at which time they are capitalized.

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, option payments are recognized when paid or received. Recoveries that are received are recorded in the consolidated statements of loss and comprehensive loss.

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and, as such, title may be affected.

(d) Share Capital

Financial instruments issued by the Company are classified as equity to the extent that they do not meet the definition of a financial liability or asset. The Company's common shares, share purchase warrants and share options are classified as equity instruments.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the grant date. The balance, if any, was allocated to the attached warrants.

Units issued to finders or for the acquisition of exploration and evaluation assets, where no value is otherwise ascribed for the services or acquisition, are valued based on their components. The fair value of the common shares issued are determined by the closing quoted bid price on the issuance date, and the fair value of the warrants are valued on the date of grant using the Black-Scholes option pricing model.

Incremental costs, directly attributable to the issue of new shares, warrants or options, are recorded in equity as a deduction, net of tax, from proceeds.

(e) Reserves

Share-based payment reserve is used to recognize the fair value of stock options and warrants prior to their exercise, expiry, or cancellation. Fair value of stock options and agent's warrants is determined on the date of grant using the Black-Scholes option pricing model.

All equity-settled share-based payments are reflected in share-based payment reserve until exercised. Upon exercise, shares are issued from treasury and the amount reflected in equity reserve is credited to share capital, adjusted for any consideration paid. If the options expire/cancelled unexercised, the value attributed to the options is transferred to deficit.

(f) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the Company's profit or loss over the vesting period. The number of equity instruments expected to vest at each reporting date is taken into account so that the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Company's profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modifications, is charged to the Company's profit or loss over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent that the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(g) Loss per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options, warrants and similar instruments that would be anti-dilutive.

(h) Non-monetary Transactions

Shares issued for non-monetary consideration to non-employees are recorded at the fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance. Shares to be issued, which are contingent upon future events or actions, are recorded by the Company when it is reasonably determinable that the shares will be issued.

(i) Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(j) Financial Instruments

Classification

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement - Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Measurement - Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the Consolidated Statements of Comprehensive Income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the Consolidated Statements of Comprehensive Income in the period in which they arise.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the Consolidated Statements of Comprehensive Income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(k) Convertible Debenture

Convertible debentures are separated into their liability and equity components on the consolidated statement of financial position. The liability component is initially recognized at fair value, calculated as the net present value of the liability, using estimated interest rates based upon non-convertible debt issued by comparable issuers, and accounted for at amortized cost using the effective interest rate method.

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

(I) Critical and Significant Accounting Estimates and Judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect amounts reported in the consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and subject to measurement uncertainty. The effect on the consolidated financial statements of changes in such estimates in future reporting periods could be significant. Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the consolidated financial statements include:

Determination of, and provision for, reclamation and remediation obligations

The Company assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. 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.

Deferred taxes

The Company recognizes a deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. In addition, changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model at the date of grant and are expensed to net loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Going Concern

The preparation of these consolidated financial statements requires management to make judgments regarding the ability of the Company to continue as a going concern, as discussed in Note 1.

(M) Current year presentation

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year. These reclassifications have no effect on the net loss for the six months ended September 30, 2023.

4. EXPLORATION AND EVALUATION ASSET ACQUISITIONS

(a) Big Rock Resources Inc. – Aspen Gold Property (British Columbia, Canada)

During the year ended March 31, 2021, the Company acquired all the issued and outstanding shares of **Big Rock Resources Inc.** ("Big Rock"), a private company incorporated in the province of British Columbia, Canada, from arm's length parties. As consideration, the Company paid \$200,000 in cash and issued 600,000 common shares fair valued at \$1,800,000 to Big Rock shareholders.

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

Big Rock is the beneficial owner of five mineral claims that make up the Aspen Gold Property, located in northern British Columbia, Canada.

(b) 1266443 BC Ltd. – Black Rock Canyon Property (Nevada, USA)

During the year ended March 31, 2021, the Company acquired all the issued and outstanding shares of **1266443 BC Ltd.** (“1266BC”), a private company incorporated in the province of British Columbia, Canada, from arm’s length parties. As consideration, the Company paid \$100,000 in cash and issued 600,000 common shares fair valued at \$1,710,000 to 1266BC shareholders.

1266BC is the beneficial owner of mineral lode claims that make up the Black Rock Canyon Property, located in Nevada, USA.

In accordance with IFRS 3 Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition does not meet the definition of a business combination as the primary assets are only the Mineral Claims. Consequently, the transaction has been recorded as an acquisition of an asset. The results of operations from 1266BC are included in the consolidated financial statements since the date of acquisition.

(c) 1296067 BC Ltd – Black Rock Canyon Property (Nevada, USA)

During the year ended March 31, 2022, the Company acquired a 100% interest in the Black Rock Canyon Property by acquiring all of the issued and outstanding shares of **1296067 BC Ltd** (“1296BC”). As consideration, the Company issued 1,200,000 common shares fair valued at \$1,260,000.

The original agreement was entered into in the year ended March 31, 2021 at which time the Company issued 400,000 common shares fair valued at \$400,000 to the Vendors. This original agreement was renegotiated in 2022 whereby the Company issued the 1,200,000 common shares in fiscal 2022 as noted above.

1296BC is the owner of certain mineral claims and interests in leases known as the Black Rock Canyon property.

In accordance with IFRS 3 Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition does not meet the definition of a business combination as the primary assets are only the Mineral Claims. Consequently, the transaction has been recorded as an acquisition of an asset. The results of operations from 1296BC are included in the consolidated financial statements since the date of acquisition.

The following table summarizes the consideration paid and the allocation to the assets and liabilities acquired as at the date of acquisition:

	\$
Total consideration paid	
1,200,000 common shares	1,260,000
Assets acquired	
Due from shareholder	12,000
Excess of consideration over net assets acquired	1,248,000

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

(d) 1309871 BC Ltd – Longface Property (Nevada, USA)

During the year ended March 31, 2022, the Company acquired all the issued and outstanding shares of **1309871 BC Ltd** (“1309BC”), a private company incorporated in the province of British Columbia, Canada, from arm’s length parties. As consideration, the Company issued 2,500,000 common shares fair valued at \$2,000,000 to 1309BC shareholders.

1309BC, through its subsidiary Jumping Jack Exploration Inc., is party to an option agreement for the acquisition of up to a 65% interest in certain mineral claims known as the Jumping Jack property (“Jumping Jack”), also known as the Longface Property, located in the Moors Creek mining district of Nye County, Nevada, USA.

In accordance with IFRS 3 Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition does not meet the definition of a business combination as the primary assets are only the Mineral Claims. Consequently, the transaction has been recorded as an acquisition of an asset. The results of operations from 1309BC are included in the consolidated financial statements since the date of acquisition.

The following table summarizes the consideration paid and the allocation to the assets and liabilities acquired as at the date of acquisition:

	\$
Total consideration paid	
2,500,000 common shares	<u>2,000,000</u>
Assets acquired and liabilities assumed	
Cash and prepaid expense	6,772
Accounts payable	<u>(190,261)</u>
Net liabilities assumed	<u>(183,489)</u>
Excess of consideration over net assets acquired	<u>2,183,489</u>

Under the terms of the option agreement, the Company may earn an initial 65% interest in the property by incurring exploration expenditures at the property as follows:

	Exploration Expenditures
By March 4, 2022	US\$750,000
By March 4, 2023	US\$1,751,000
By March 4, 2024	<u>US\$3,000,000</u>
	<u>US\$5,501,000</u>

An additional 1,000,000 common shares of the Company will be issued to 1309BC shareholders for every 1,000,000 ounces of proven gold resources on the Jumping Jack property. The option agreement also calls for a 2% NSR tied to Jumping Jack pursuant to which 1% may be purchased at a cost of US\$1,000,000.

In May 2023, the Company decided not to further pursue the Jumping Jack property.

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

(e) Panteria Property

On June 7, 2022, the Company closed the acquisition of the mineral claims comprising the Panteria copper-gold porphyry project from Peruvian Metals Corp. (“Peruvian Metals”).

Pursuant to the terms of the acquisition, the Company agreed to pay Peruvian Metals US\$200,000, (US\$100,000 payable on closing (paid) and US\$100,000 payable six months thereafter (unpaid)) and to issue 927,500 common shares of the Company (463,750 shares issuable on closing (issued) and 463,750 to be issued six months thereafter (issued)). The acquisition of the mineral claims is an arm's-length transaction, and no finder's fees were paid.

In addition, pursuant to the terms of the acquisition, additional milestone payments include \$750,000 or Shares with equivalent value to be paid on or before the completion date of 10,000 metres of drilling on the project, and an additional \$750,000 or Shares with equivalent value, payable on or before the completion date of 20,000 metres of drilling on the project. At the sole election of the Company, these milestone payments may be made in either cash or by issuance of common shares at a deemed value of the greater of i) the Company's volume-weighted average share price for the 15 trading days prior to the date of issue, and ii) \$0.05 per share, provided that such issuance would not result in Peruvian Metals holding 10% or more of the number of issued and outstanding shares of the Company following such issuance.

In addition, the Company has granted Peruvian Metals 1.0% net smelter return royalty on the Projects on the terms and conditions of a transferable net smelter royalty agreement to be agreed upon between the parties. The Company has a right of first refusal in the event that Peruvian Metals receives a third-party offer to purchase the Royalty, on the same terms and conditions as such third-party offer.

(f) Lithium Plus Mining Corp. - Minas Gerais Property (Brazil)

On May 3, 2023, the Company acquired all the issued and outstanding shares of Lithium Plus Mining Corp. (“Lithium Plus”), a private company incorporated in the province of British Columbia, Canada, from arm's length parties. As consideration, the Company issued 12,000,000 common shares fair valued at \$3,780,000 to Lithium Plus shareholders.

Lithium Plus is the party to an option agreement for the acquisition of a 65% right, title and interest in and to certain mining claims in the state of Minas Gerais, Brazil.

In accordance with IFRS 3 Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes. This acquisition does not meet the definition of a business combination as the primary assets are only the Mineral Claims. Consequently, the transaction has been recorded as an acquisition of an asset. The results of operations from Lithium Plus are included in the consolidated financial statements since the date of acquisition.

The following table summarizes the consideration paid and the allocation to the assets and liabilities acquired as at the date of acquisition:

	\$
Total consideration paid	
12,000,000 common shares	3,780,000
Assets acquired and liabilities assumed	-
Excess of consideration over net assets acquired	3,780,000

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

Under the terms of the option agreement, the Company may earn a 65% interest in the property by making cash payments and incurring exploration expenditures at the property as follows:

	Cash Payments	Exploration Expenditures
	\$	\$
By April 23, 2023	100,000	-
By April 23, 2024	500,000	500,000
By April 23, 2025	-	1,000,000
	<u>600,000</u>	<u>1,500,000</u>

On July 12, 2023, the Company entered into a mining claims purchase agreement with Tristar Energy Corp. ("Tristar") to acquire a 60% right, title and interest in Tristar's Minas Gerais mining permits located in the state of Minas Gerais, Brazil. Under the terms of the purchase agreement, the Company will earn an undivided 60% right and interest in the property upon issuing 20,000,000 common shares of the Company to Tristar and paying the sum of \$550,000 as follows:

- \$150,000 in cash within 90 days from the execution of the purchase agreement; and
- \$400,000 in cash within 12 months from the execution of the purchase agreement.

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

Cumulative exploration and evaluation expenditures incurred for the six months ended September 30, 2023 and year ended March 31, 2023 are as follows:

	British Columbia	Nevada Black Rock Canyon Property	Nevada Longface Property	Peru Panteria Property	Brazil Minas Gerais Property	Total
	\$	\$	\$	\$	\$	\$
Balance, March 31, 2022	2,154,940	4,104,216	2,201,940	10,000	-	8,471,096
Acquisition costs	-	-	-	426,165	-	426,165
Exploration and evaluation	-	-	-	4,968	-	4,968
Balance, March 31, 2023	2,154,940	4,104,216	2,201,940	441,133	-	8,902,229
Acquisition costs	-	-	-	-	3,780,000	3,780,000
Exploration and evaluation	-	-	-	65,839	10,620	76,459
Balance, September 30, 2023	<u>2,154,940</u>	<u>4,104,216</u>	<u>2,201,940</u>	<u>506,972</u>	<u>3,790,620</u>	<u>12,758,688</u>

Effective fiscal year 2022, the Company determined that due to uncertainty on future recoverability of its mineral exploration and evaluation assets, acquisition and exploration costs are expensed as incurred.

Prior to 2022, the Company's accounting policy was to capitalize all costs directly related to the acquisition, exploration and evaluation of mineral properties and classified as exploration and evaluation assets.

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

6. LOANS PAYABLE

At September 30, 2023, the Company had the following loans:

	\$
Balance, March 31, 2022	131,000
Additional loans received	75,000
Interest charges	3,432
Settlement of debt	<u>(110,000)</u>
Balance, March 31, 2023	99,432
Additional loans received	60,000
Interest charges	4,250
Settlement of debt	<u>(71,243)</u>
Balance, September 30, 2023	<u>92,439</u>

During the six months ended September 30, 2023, the Company issued shares to settle loans payable totaling \$71,243 and recorded a loss on settlement of debt totaling \$27,061 (Note 8(b)(i)).

During the year ended March 31, 2023, the Company issued shares to settle loans payable totaling \$110,000 and recorded a gain on settlement of debt totaling \$22,000 (Note 8(b)(iii)).

Loans payable are unsecured, bear interest at 10% per annum, and have no formal terms of repayment.

7. CONVERTIBLE DEBENTURES

In July 2022, the Company closed a private placement of unsecured convertible debenture units for aggregate cash proceeds of \$275,000. Pursuant to the private placement, 275 convertible debenture units were issued at a price of \$1,000 per unit, each unit consisting of \$1,000 in principal of unsecured convertible debentures and 667 common share purchase warrants of the Company.

Each convertible debenture matures 90 days from July 2022, bears interest at 10 per cent, and is convertible into 2,000 common shares of the Company at \$0.50 per share. Each warrant is exercisable at \$0.50 per common share and expires by July 2023.

The fair value of the warrants was \$13,770 recorded in contributed surplus using the Black-Scholes option pricing model with a share price at issue date of \$0.02; exercise price of \$0.05; expected life of one year; expected volatility of 158%; risk free interest rate of 3.31%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

On inception, the Company allocated the total proceeds between liabilities and equity. The equity component was valued at \$3,449 using the residual method based on a discount rate of 15%.

During the year ended March 31, 2023, the Company recorded interest expense of \$20,551 (2022 - \$Nil) related to the convertible debentures.

During the six months ended September 30, 2023, the Company issued shares to settle convertible debentures totaling \$275,000 and recorded a loss on settlement of debt totaling \$91,667 (Note 8(b)(i)).

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

	\$
Balance, March 31, 2022	-
Convertible debenture issued	275,000
Equity portion	(3,449)
Accretion and interest	6,781
	<u>6,781</u>
Balance, March 31, 2023	278,332
Shares issued to settle convertible debentures	(275,000)
	<u>3,332</u>
Balance, September 30, 2023	<u>3,332</u>

8. SHARE CAPITAL

On October 31, 2022, the Company consolidated its share capital on a ten to one basis. These consolidated financial statements retroactively reflect the share consolidation.

a) Authorized

Unlimited common shares without par value

b) Share issuance details

Six months ended September 30, 2023

- (i) In June 2023, the Company issued 6,407,440 common shares fair valued at \$640,744 to settle debt of \$480,558 included in accounts payable and accrued liabilities, loans payable and convertible debentures. The Company recorded a loss on settlement of debt of \$160,186.
- (ii) During the six months ended September 30, 2023, the Company issued an aggregate of 12,000,000 common shares of the Company on the acquisition of Lithium Plus. Lithium Plus is a party to an option agreement for the acquisition of a 65% right, title and interest in and to certain mining claims in the state of Minas Gerais, Brazil. The total value of the issued shares was recorded at \$3,780,000.

Year ended March 31, 2023

- (iii) In June 2022, the Company issued 220,000 common shares fair valued at \$88,000 to settle debt of \$110,000. The Company recorded a gain on settlement of debt of \$22,000.
- (iv) During the year ended March 31, 2023, the Company issued an aggregate of 927,500 common shares of the Company on the acquisition of the mineral claims comprising the Panteria copper-gold porphyry project from Peruvian Metals. The total value of the issued shares was recorded at \$162,313.

c) Stock options

The Company has a Long-Term Incentive Plan whereby the Company may grant certain awards to directors, officers, employees and consultants, including stock options, to a maximum of a rolling 10% of the issued and outstanding share capital of the Company. The exercise price, term and vesting period of each award are determined by the Board within regulatory guidelines.

On September 6, 2023, the Company granted 2,400,000 stock options to certain officers, directors, employees and consultants of the Company with an exercise price of \$0.25 per share expiring in 5 years. All stock options vest immediately. The fair value of these options was calculated to be \$0.22 per option.

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

During the six months ended September 30, 2023, the Company recognized share-based compensation related to stock options in the amount of \$533,378.

The Black-Scholes option pricing model requires the input of highly subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value.

The weighted average fair value of stock options granted are estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions made during the six months ended September 30, 2023 and 2022:

	Six months ended September 30, 2023	Six months ended September 30, 2022
Risk-Free Annual Interest	3.84%	-
Expected Volatility	187.97%	-
Expected Life of Option	5 years	-
Expected Annual Dividend	0%	-

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		\$
Balance, March 31, 2022	435,008	2.20
Cancelled	(75,000)	3.00
Balance, March 31, 2023	360,008	2.03
Granted	2,400,000	0.25
Cancelled	(20,000)	2.00
Balance, September 30, 2023	2,740,008	0.47

The following stock options were outstanding as at September 30, 2023:

Expiry date	Outstanding	Exercisable	Weighted average exercise price	Weighted average remaining life (in years)
			\$	
February 26, 2026	100,000	100,000	2.10	2.38
March 18, 2026	240,008	240,008	2.00	2.47
September 6, 2028	2,400,000	2,400,000	0.25	4.94
	2,740,008	2,740,008	0.47	4.63

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		\$
Balance, March 31, 2022	2,233,134	0.50
Issued	183,315	0.50
Balance, March 31, 2023	2,416,449	0.50
Expired	(2,416,449)	0.50
Balance, September 30, 2023	-	-

9. RELATED PARTY TRANSACTIONS

Key management personnel are the Directors and Executive Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The amounts paid by the Company for services provided by related parties have been determined by negotiation among the parties and are reviewed and approved by the Company's Board. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

The Company conducts certain of its administration and exploration activities through an arrangement with an administration and exploration services contractor ("AESC") in which a director is a shareholder. Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

a) Related Party Transactions

The Company's related party transactions for the six months ended September 30, 2023 and 2022 were as follows:

	2023	2022
	\$	\$
Management fees	82,800	60,000
Professional fees	6,000	17,500
Share-based compensation	466,706	-
	<u>555,506</u>	<u>77,500</u>

During the six months ended September 30, 2023, the Company:

- i) Paid or accrued management fees of \$64,800 (2022 - \$60,000) in respect of services provided by the CEO of the Company.
- ii) Paid or accrued management fees of \$18,000 (2022 - \$Nil) and accounting fees of \$6,000 (2022 - \$5,000) in respect of services provided by the CFO of the Company.
- iii) Paid or accrued accounting fees of \$Nil (2022 - \$12,500) in respect of accounting services provided by the former interim CFO of the Company.
- iv) Recorded share-based compensation of \$466,706 (2022 - \$Nil) related to stock options granted to officers and directors of the Company (Note 8).

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

b) Related Party Balances

Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

10. SUPPLEMENTAL CASH FLOW INFORMATION

The non-cash transactions for the six months ended September 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
	\$	\$
Shares issued for exploration and evaluation assets	3,780,000	286,551
Shares issued for settlement of debt	640,744	88,000
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	76,459	57,100

11. FINANCIAL INSTRUMENTS

a) Categories of Financial Instruments

The Company's financial instruments include cash and cash equivalents, accounts payable and accrued liabilities, loans payable, due to related parties and convertible debentures. The Company has classified its financial instruments as amortized cost.

b) Fair Value

The carrying values of accounts payable and accrued liabilities, loans payable, convertible debentures and due to related parties approximate their fair values due to the short period to maturity.

c) Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, currency risk, interest rate risk, credit risk, and other price risk.

The Company's exposure to these risks and its methods for managing the risks are summarized as follows:

i) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities and through management of its capital structure.

As at September 30, 2023, all of the Company's financial liabilities had contractual maturities of less than 90 days.

ii) Currency Risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company does not manage currency risks through hedging or other currency management tools and considers the risks related to foreign currency are not significant at this time. The Company is not exposed to material currency risk.

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in Canadian Dollars)

iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Based on current cash balances and expected future interest rates, the Company is not exposed to material interest rate risk.

iv) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk mainly in respect to managing its cash. The Company mitigates such credit risk by risk management policies that require significant cash deposits or any short-term investments be invested with Canadian chartered banks rated BBB or better. All investments must be less than one year in duration.

12. CAPITAL MANAGEMENT

The Company's objectives in managing its capital are to maintain the ability to continue as a going concern in order to support the acquisition, exploration and development of its exploration and evaluation assets.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, and sell assets to reduce debt.

As the Company is in the exploration stage, its operations have been substantially funded by the issuance of equity instruments. The Company will continue to rely on equity issuances for future funding depending upon market and economic conditions at the time.

There have been no changes in the Company's approach to capital management during the six months ended September 30, 2023. The Company is not subject to externally imposed capital requirements.

13. SEGMENTED INFORMATION

The Company has one operating segment – the acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on location:

	2023	2022
Exploration and acquisition expenditures by geographic segment	\$	\$
Peru	65,839	419,103
Brazil	3,790,620	-
	3,856,459	419,103