

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

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of:

International Metals Mining Corp. (formerly Gold State Resources Inc.)

Opinion

We have audited the consolidated financial statements of International Metals Mining Corp. (formerly Gold State Resources Inc.) and its subsidiaries (collectively "the Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$794,805 during the year ended March 31, 2023, and as of that date, had accumulated losses since inception of \$18,246,476. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditor's report.

Other Information

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

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

In connection with our audit 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.

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

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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 IFRS, 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 audit.

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

WDM

Chartered Professional Accountants

Vancouver, B.C.
July 27, 2023



INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2023 AND 2022
(Expressed in Canadian Dollars)

	Note	2023	2022
		\$	\$
ASSETS			
Current			
Cash		29,854	3,983
Accounts receivable		-	9,643
GST receivable		20,781	18,317
Prepaid expenses		14,395	23,202
		65,030	55,145
Non-current			
Reclamation deposit		22,475	22,474
		87,505	77,619
LIABILITIES			
Current			
Accounts payable and accrued liabilities		483,625	297,570
Loans payable	6	99,432	131,000
Due to related parties	9	346,030	241,690
Convertible debentures	7	278,332	-
		1,207,419	670,260
SHAREHOLDERS' DEFICIENCY			
Share capital	8	15,363,989	15,079,676
Contributed surplus	8	1,759,124	1,993,809
Equity portion of convertible debentures	7	3,449	-
Deficit		(18,246,476)	(17,666,126)
		(1,119,914)	(592,641)
		87,505	77,619

Nature of Operations and Going Concern – Note 1
Exploration and Evaluation Assets – Note 4
Subsequent Events – Note 11

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.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022
(Expressed in Canadian Dollars)

	Note	2023	2022
		\$	\$
EXPENSES			
Consulting		-	38,896
Exploration and acquisition expenditures	4,5	431,133	3,642,892
Investor relations		1,502	213,529
Management fees	9	166,490	156,504
Office and administration		6,144	19,481
Professional fees	9	70,892	110,724
Regulatory fees		56,979	40,736
		<u>(733,140)</u>	<u>(4,222,762)</u>
Other Items			
Foreign exchange gain (loss)		(20,719)	4,877
Gain on settlement of debt	6	22,000	1,397
Gain on write-off of accounts payable		-	34,278
Bad-debt expense		(8,949)	-
Interest expense	7	(53,997)	-
		<u>(61,665)</u>	<u>40,552</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		<u>(794,805)</u>	<u>(4,182,210)</u>
Basic and diluted loss per share		<u>(0.08)</u>	<u>(0.56)</u>
Weighted average number of shares outstanding		<u>9,370,733</u>	<u>7,393,988</u>

INTERNATIONAL METALS MINING CORP.

(FORMERLY GOLD STATE RESOURCES INC.)

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

(Expressed in Canadian Dollars)

	Common shares	Share Capital	Subscriptions Advance	Contributed Surplus	Equity portion of convertible debenture	Deficit	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, March 31, 2021 (Restated – Note 15)	4,692,464	11,704,590	75,000	1,891,217	-	(13,483,916)	186,891
Shares issued for exploration and evaluation assets	3,700,000	3,260,000	-	-	-	-	3,260,000
Exercise of warrants	160,000	137,000	(75,000)	34,000	-	-	96,000
Exercise of options	19,992	13,995	-	-	-	-	13,995
Share issue costs	-	(35,909)	-	-	-	-	(35,909)
Warrants price amendment	-	-	-	68,592	-	-	68,592
Net loss and comprehensive loss	-	-	-	-	-	(4,182,210)	(4,182,210)
Balance, March 31, 2022	8,572,456	15,079,676	-	1,993,809	-	(17,666,126)	(592,641)
Shares issued for debt settlement	220,000	88,000	-	-	-	-	88,000
Shares issued for exploration and evaluation assets	927,500	162,313	-	-	-	-	162,313
Convertible debentures	-	-	-	13,770	3,449	-	17,219
Cancellation of Options	-	-	-	(214,455)	-	214,455	-
Reclassification of equity	-	34,000	-	(34,000)	-	-	-
Net loss and comprehensive loss	-	-	-	-	-	(794,805)	(794,805)
Balance, March 31, 2023	9,719,956	15,363,989	-	1,759,124	3,449	(18,246,476)	(1,119,914)

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022
(Expressed in Canadian Dollars)

	2023	2022
	\$	\$
Operating activities		
Net loss for the year	(794,805)	(4,182,210)
Items not involving cash		
Gain on settlement of debt	(22,000)	(1,397)
Gain on write-off of accounts payable	-	(34,278)
Loss (Gain) on foreign exchange	20,719	(4,877)
Interest	53,997	-
Bad-debt expense	8,949	-
Shares issued for exploration and evaluation assets	162,313	3,260,000
Net change in non-cash working capital items		
GST receivable	(1,770)	6,244
Prepaid expenses	8,808	195,281
Accounts payable and accrued liabilities	135,320	70,301
Loan payable	-	131,000
Due to related parties	104,340	434,488
Cash used in operating activities	(324,129)	(125,448)
Financing activities		
Share issue costs	-	(35,909)
Loan proceeds	75,000	-
Proceeds from warrants exercised	-	33,500
Proceeds from issuance of convertible debentures	275,000	-
Cash provided by (used in) financing activities	350,000	(2,409)
Change in cash	25,871	(127,857)
Cash, beginning of the year	3,983	131,840
Cash, end of the year	29,854	3,983

Supplemental cash flow information (Note 10)

INTERNATIONAL METALS MINING CORP.
(FORMERLY GOLD STATE RESOURCES INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 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 \$794,805 for the year ended March 31, 2023 (2022 - \$4,182,210), and as of that date, had an accumulated deficit of \$18,246,476 (2022 - \$17,666,126). At March 31, 2023, the Company had a total of \$65,030 (2022 - \$55,145) in current assets and a working capital deficit of \$1,142,389 (2022 – \$615,115) 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

The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements were approved by the board of directors on July 27, 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 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 consolidated financial statements include the results or financial information of the Company and its wholly-owned subsidiaries listed in the following table:

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

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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 Loriga S.A. de C.V.(inactive)	100%	Mexico	Canadian Dollar
Empresa Quarco S.A.C	99%	Peru	Canadian Dollar

(b) Functional Currency

These 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.

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.

INTERNATIONAL METALS MINING CORP.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(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.

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.

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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.

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.

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(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 Debentures

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.

(l) 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:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 year ended March 31, 2022.

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.

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

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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 to 1296BC shareholders.

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

(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.

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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	2,000,000
Assets acquired and liabilities assumed	
Cash and prepaid expense	6,772
Accounts payable	(190,261)
Net liabilities assumed	(183,489)
Excess of consideration over net assets acquired	2,183,489

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	US\$3,000,000
	US\$5,501,000

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.

(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

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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.

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

Cumulative exploration and evaluation expenditures incurred for the years ended March 31, 2023 and 2022 are as follows:

	Canada, BC	USA, Nevada	USA, Nevada	Peru	
	Aspen Gold Property	Black Rock Canyon Property	Longface Property	Panteria Property	Total
	\$	\$	\$	\$	\$
Balance, March 31, 2021	2,100,000	2,728,204	-	-	4,828,204
Acquisition costs	-	1,248,000	2,183,489	10,000	3,441,489
Exploration and evaluation	54,940	128,012	18,451	-	201,403
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

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.

6. LOANS PAYABLE

At March 31, 2023, the Company had the following loans:

	\$
Balance, March 31, 2021	-
Additional loans received	146,000
Settlement of debt	(15,000)
Balance, March 31, 2022	131,000
Additional loans received	75,000
Interest charges	3,432
Settlement of debt	(110,000)
Balance, March 31, 2023	99,432

During the year ended March 31, 2022, the Company issued shares to settle loans payable totaling \$15,000 (Note 8(b)(v)).

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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)(i)).

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 debenture.

	\$
Balance, March 31, 2022	-
Convertible debenture issued	275,000
Equity portion	(3,449)
Accretion and interest	6,781
	<hr/>
Balance, March 31, 2023	278,332

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

Year ended March 31, 2023

- (i) 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.
- (ii) 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.

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Year ended March 31, 2022

- (iii) In June 2021, the Company issued 1,200,000 common shares fair valued at \$1,260,000 to acquire all the issued and outstanding shares of 1296067 B.C. Ltd. (Note 4(c)).
- (iv) In August 2021, the Company issued 2,500,000 common shares fair valued at \$2,000,000 to acquire all the issued and outstanding shares of 1309871 B.C. Ltd. (Note 4(d)).
- (v) In November 2021, the Company issued 74,992 common shares pursuant to the exercise of 19,992 stock options and 55,000 warrants to settle accounts payable of \$107,484 and loans payable of \$15,000. In connection with the settlement of debt, the Company recorded a gain of \$69,989.
- (vi) The Company issued 105,000 common shares for warrants exercised for total proceeds of \$132,500 of which \$75,000 was received in fiscal year 2021.

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.

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

	Number of options	Weighted average exercise price
		\$
Balance, March 31, 2021	455,000	2.20
Exercised	(19,992)	2.20
Balance, March 31, 2022	435,008	2.20
Cancelled	(75,000)	3.00
Balance, March 31, 2023	360,008	2.03

The following stock options were outstanding as at March 31, 2023:

Expiry date	Outstanding	Exercisable	Weighted average exercise price	Weighted average remaining life (in years)
			\$	
February 26, 2026	100,000	100,000	2.10	2.91
March 18, 2026	260,008	260,008	2.00	2.97
	360,008	360,008	2.03	2.95

Subsequent to March 31, 2023, a total of 125,000 stock options unexercised with weighted average exercise price of \$2.03 were cancelled.

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d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		\$
Balance, March 31, 2021	2,393,134	1.50
Exercised	(160,000)	1.50
Balance, March 31, 2022	2,233,134	0.50
Issued	183,315	0.50
Balance, March 31, 2023	2,416,449	0.50

The following share purchase warrants were outstanding as at March 31, 2023:

Expiry date	Weighted average remaining life (in years)	Outstanding	Weighted average exercise price
			\$
September 21, 2023	0.48	2,233,134	0.50
July 7, 2023	0.26	183,315	0.50
	0.46	2,416,449	0.50

Subsequent to March 31, 2023, a total of 183,315 warrants with an exercise price of \$0.50 expired unexercised.

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.

Related Party Transactions

The Company's related party transactions for the years ended March 31, 2023 and 2022 were as follows:

	2023	2022
	\$	\$
Management fees	141,000	130,000
Professional fees	25,500	32,500
	166,500	162,500

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During the year ended March 31, 2023, the Company:

- i) Paid or accrued management fees of \$132,000 (2022 - \$130,000) in respect of services provided by the CEO of the Company.
- ii) Paid or accrued management fees of \$9,000 (2022 - \$Nil) and accounting fees of \$3,000 (2022 - \$Nil) in respect of services provided by the CFO of the Company.
- iii) Paid or accrued accounting fees of \$10,000 (2022 - \$Nil) in respect of accounting services provided by the former interim CFO of the Company.
- iv) Paid or accrued accounting fees of \$12,500 (2022 - \$32,500) in respect of accounting services provided by the former CFO of the Company.

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

Non-cash transactions for the years ended March 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
	\$	\$
Shares issued for exploration and evaluation assets	162,313	-
Shares issued for settlement of debt	88,000	68,592

11. FINANCIAL INSTRUMENTS

a) Categories of Financial Instruments

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, loans payable, amounts 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, accounts receivable, 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 March 31, 2023, all of the Company's financial liabilities had contractual maturities of less than 90 days.

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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.

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 year ended March 31, 2023. The Company is not subject to externally imposed capital requirements.

13. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	2023	2022
	\$	\$
Net loss for the year	(794,805)	(4,182,126)
Canadian federal and provincial income tax rates	27%	27%
Expected income tax recovery at statutory rate	(225,000)	(1,130,000)
Increase (decrease) due to:		
Permanent differences	-	923,000
Change in unrecognized deductible temporary differences	202,000	440,000
Share issuance costs	(45,000)	(36,000)
True up and other	68,000	(197,000)
Income tax recovery as recorded	-	-

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The components of unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset has been recognized consist of the following amounts:

	2023	2022
	\$	\$
Non-capital losses	957,000	914,000
Exploration and evaluation assets	711,000	500,000
Share issuance costs	23,000	23,000
Capital losses and other	4,000	4,000
	<hr/>	<hr/>
Unrecognized temporary differences and non-capital losses	1,695,000	1,441,000
	<hr/>	<hr/>

In assessing the ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

As at March 31, 2023, the Company has approximately \$3,548,000 in Canadian non-capital losses which expire between 2034 and 2043.

14. 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	-	-
Canada	-	54,940
United States	-	3,577,952
Peru	431,133	10,000
	<hr/>	<hr/>
	431,133	3,642,892
	<hr/>	<hr/>

15. CHANGE IN ACCOUNTING POLICY

During the year ended March 31, 2022, the Company changed its accounting policy with respect to exploration and evaluation assets and expenditures. In prior years the Company's policy was to capitalize by property all costs directly related to the acquisition, exploration and evaluation of mineral properties classified as exploration and evaluation assets. The Company elected to change this accounting policy to charge to operations all exploration expenditures as incurred, on a retrospective basis, effective with the presentation of the consolidated financial statements for the year ended March 31, 2022.

16. SUBSEQUENT EVENTS

On April 28, 2023, the Company settled an aggregate of \$480,558 of debt to certain arm's length and non-arm's length creditors by issuing a total of 6,407,440 common shares of the Company.

On May 4, 2023, the Company acquired all the issued and outstanding shares of Lithium Plus Mining Corp. ("Lithium Plus"), an arm's length private company. As consideration, the Company issued 12,000,000 common shares to Lithium Plus shareholders. 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.

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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 million 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.