



INOMIN MINES INC.

AUDITED FINANCIAL STATEMENTS
For the years ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

Financial Statements of
INOMIN MINES INC.
(An Exploration Stage Company)
YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Inomin Mines Inc.:

Opinion

We have audited the financial statements of Inomin Mines Inc. (the “Company”), which comprise the statements of financial position as at March 31, 2020 and 2019, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits 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 financial statements, which describes events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.

July 27, 2020

INOMIN MINES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2020 and 2019
(Expressed in Canadian Dollars)

	2020	2019
ASSETS		
Current		
Cash	\$ 18,831	\$ 106,476
Receivables	2,182	3,636
Prepaid deposit	2,104	2,104
Temporary investment (Notes 5 and 12(a))	42,500	47,500
	65,617	159,716
Exploration and evaluation assets (Note 6)	184,576	235,338
	\$ 250,193	\$ 395,054
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 24,083	\$ 21,430
SHAREHOLDERS' EQUITY		
Share capital (Note 7(b))	1,134,329	1,134,329
Reserve (Note 7(e))	137,184	116,159
Deficit	(1,045,403)	(876,864)
	226,110	373,624
	\$ 250,193	\$ 395,054

Nature of operations and going concern (Note 1)

Significant events (Note 12)

Subsequent event (Note 13)

Approved and authorized by the Board on July 27, 2020

On behalf of the Board:

"Evilio Gomez-Garcia" Director

"George Pietrobon" Director

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

INOMIN MINES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

	2020	2019
EXPENSES		
Asset evaluation	\$ 8,853	\$ 7,050
Filing fees	11,191	13,982
Interest and bank charges	279	(255)
Investor communications	8,925	3,376
Listing fees	6,450	5,906
Management fees (Note 8)	72,000	72,000
Office costs	10,183	7,879
Professional fees	26,273	42,713
Share-based compensation (Notes 7(c) and 8)	21,025	30,711
	165,179	183,362
Gain (Loss) on temporary investment	(3,360)	12,500
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	\$ (168,539)	\$ (170,862)
LOSS PER COMMON SHARE		
Basic and diluted	\$ (0.010)	\$ (0.010)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic and diluted	16,584,264	16,567,623

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

INOMIN MINES INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Shares to be issued	Reserve	Deficit	Total
Balance at March 31, 2018	16,040,139	\$ 1,066,034	\$ 27,000	\$ 85,448	\$ (706,002)	\$ 472,480
Payment for property acquisition (Note 7(b)(ii))	200,000	27,000	(27,000)	-	-	-
Shares issued on debt settlement (Note 7(b)(i))	344,125	41,295	-	-	-	41,295
Share-based compensation	-	-	-	30,711	-	30,711
Loss and comprehensive loss for the year	-	-	-	-	(170,862)	(170,862)
Balance at March 31, 2019	16,584,264	1,134,329	-	116,159	(876,864)	373,624
Share-based compensation	-	-	-	21,025	-	21,025
Loss and comprehensive loss for the year	-	-	-	-	(168,539)	(168,539)
Balance at March 31, 2020	16,584,264	\$ 1,134,329	\$ -	\$ 137,184	\$ (1,045,403)	\$ 226,110

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

INOMIN MINES INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (168,539)	\$ (170,862)
Items not involving cash:		
(Gain) Loss on temporary investment	3,360	(12,500)
Share-based compensation	21,025	30,711
Changes in non-cash working capital items:		
Decrease in receivables	1,454	1,679
Increase in prepaid deposit	-	(2,104)
Increase (decrease) in accounts payable and accrued liabilities	2,653	(20,457)
Net cash used in operating activities	(140,047)	(173,533)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of temporary investment	44,140	-
Exploration recovery	8,262	34,536
Property acquisition	-	(10,000)
Net cash provided by investing activities	52,402	24,536
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued upon exercise of warrants	-	-
Net cash provided by financing activities	-	-
CHANGE IN CASH FOR THE YEAR	(87,645)	(148,997)
CASH AT THE BEGINNING OF THE YEAR	106,476	255,473
CASH AT THE END OF THE YEAR	\$ 18,831	\$ 106,476

Supplemental cash flow information (Note 9)

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

INOMIN MINES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Inomin Mines Inc. ("Inomin" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 23, 2012 and is an exploration stage public company whose shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "MINE". The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein.

These financial statements are prepared on a going basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at March 31, 2020, the Company has a deficit of \$1,045,403 (March 31, 2019 - \$876,864). The Company is in the process of exploring and developing its mineral properties and has not yet determined whether those properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to fund property commitments and to complete the exploration and development of the properties and upon achieving future profitable production or proceeds from the disposition thereof.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's activities. The extent of the impact of this outbreak and related containment measures on the Company's activities cannot be reliably estimated at the date of approval of these financial statements.

There is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Company has financed its operations primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future or on terms that are favourable to the Company. Accordingly these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

The Company's principal place of business is Suite 1130 – 400 Burrard Street, Vancouver, British Columbia, V6C 3A6, Canada.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

INOMIN MINES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (cont'd)

Basis of Measurement (cont'd)

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Critical estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ significantly from these estimates.

Critical judgements

Significant judgements made by management affecting the financial statements include:

Going concern

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

Exploration and evaluation assets

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

Key sources of estimation uncertainty

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates made by management affecting the financial statements include:

Share-based payments and share issue costs

Estimating fair value for granted stock options and warrants requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the option or warrant, volatility, dividend yield, risk-free discount rate and rate of forfeitures and making assumptions about them.

INOMIN MINES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

The Company considers all highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents.

Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
- ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

The classification and measurement bases of the Company's financial instruments are as follows:

Financial Instrument	Classification
Cash	FVTPL
Temporary investment	FVTPL
Accounts payable and accrued liabilities	Amortized cost

INOMIN MINES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) amortized cost;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk;

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs for all classifications of financial instruments, other than those at FVTPL, that are directly attributable to the acquisition or issuance of a financial asset or financial liability are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

See also Note 5 – Financial Instruments and Risks.

INOMIN MINES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date and which are expected to be applicable in the period(s) in which realization or settlement of the carrying amount of assets and liabilities is expected to occur.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Common shares are classified as equity. Common shares issued for consideration other than cash, are measured at fair value at the date the transaction is approved.

Share issue costs

Costs directly identifiable with the raising of capital are charged against the related share capital, net of any tax effects. Costs related to shares not yet issued are recorded as deferred financing costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs are charged against the related share capital or charged to operations if the shares are not issued.

The Company may issue compensatory warrants to brokers and agents, from time to time. The fair value of the warrants is determined using the Black-Scholes option pricing model, and is recognized as share issuance costs, in the equity reserve account, with a corresponding amount charged against share capital.

INOMIN MINES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Valuation of equity units issued in private placements

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 allocates the private placement proceeds first to the fair value of the shares issued, and the residual value, if any, is assigned to the warrants.

The fair value of the common shares issued in a private placement is measured using the closing quoted bid price on the issuance date. Any fair value attributed to warrants is recorded as a warrant reserve.

Share-based compensation

The Company grants stock options to buy common shares of the Company to Directors, Officers and technical consultants. The Company may also issue compensatory warrants to agents. The Company recognizes share-based compensation expense based on the estimated fair value of the options at grant date. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period of the options granted as share-based compensation expense, with a corresponding amount recognized in reserve within equity. The fair value includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserve is subsequently reduced if the options are exercised and the amount initially recorded is then reclassified/transferred to share capital.

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

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is not adjusted for potential common shares outstanding when the effect is anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, exercise significant influence over the other party in making financial and operating decisions, or is a member of the key management personnel. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

INOMIN MINES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exploration and evaluation assets

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

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

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

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The rehabilitation costs are depreciated on the same basis as the exploration and evaluation assets. Changes in the present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding adjustment to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

The Company had no material environmental rehabilitation obligations for the years presented.

INOMIN MINES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

4. RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 16, Leases (“IFRS 16”) was issued by the IASB in January 2016, and replaced IAS 17 Leases. IFRS 16 specifies the methodology to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases except for short-term leases and leases with low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. IFRS 16 became effective for annual periods beginning on January 1, 2019. The adoption of IFRS 16 had no impact on the financial statements of the Company.

5. FINANCIAL INSTRUMENTS AND RISKS

Classification of financial instruments

The Company’s financial instruments consist of cash, temporary investment and accounts payable and accrued liabilities. The Company designated its cash, and temporary investment as FVTPL. The accounts payable and accrued liabilities are designated as amortized cost.

The carrying values of accounts payable and accrued liabilities as at March 31, 2020 approximate their fair value due to their short term nature.

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly;

Level 3 – Inputs that are not observable for the asset or liability.

As at March 31, 2020, the fair value of the temporary investment was based on level 1 of the fair value hierarchy. The 500,000 shares of Maritime Resources Corp. were valued at the fair value of \$42,500. Subsequent to March 31, 2020, shares were disposed to net the Company \$41,602. The Company’s cash is carried at fair value based on level 1 of the fair value hierarchy.

INOMIN MINES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019
(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS AND RISKS (cont'd)

Risk management

The Company has exposure to the following risks from its financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying value of cash shown on the statement of financial position which is held with high credit quality financial institutions, management considers the risk to be minimal.

Market risk:

Market risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of currency risk, interest rate risk and other price risk. The Company is exposed to market risk with respect to fluctuations in the fair value of its temporary investment in marketable securities. The Company's exposure to market risk is limited to the carrying value of the temporary investment.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do so at excessive cost. As at March 31, 2020, the Company had cash of \$18,831 (2019 - \$106,476) and a temporary investment of \$42,500 (2019 - \$47,500), to settle liabilities of \$24,083 (2019 - \$21,430) which are subject to normal trade terms.

6. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for uncertainty arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing.

(i) Acquisition of King's Point Property

On August 12, 2016, Inomin signed a definitive agreement to acquire 100% of the King's Point property in the Green Bay area of Newfoundland (the "Property") for a one-time payment of 2,750,000 escrowed common shares of Inomin at \$0.07 per share and a 2.5% net smelter royalty ("NSR") in favour of the vendor, of which 1.5% of the NSR is purchasable by Inomin for \$1 million.

The acquisition of the King's Point property received final TSX-V acceptance and closed effective January 20, 2017. On January 31, 2017 the Company also entered into an Operator Agreement with the vendor to operate exploration and mining programs under the Company's direction and at its discretion on the King's Point Property for a period of 2 years. Pursuant to the Operator Agreement, the Company would have paid a management fee to the operator equal to 10% of all exploration expenditures defined under the terms of the agreement except for contracts in excess of \$100,000, for which a management fee of 5% would have had to be paid.

On May 16, 2018, the Company entered into an agreement to option its 100% owned King's Point property to Maritime Resources Corp. (see Significant Events note 12(a)).

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6. EXPLORATION AND EVALUATION ASSETS (cont'd)

(i) Acquisition of King's Point Property (cont'd)

Balance, March 31, 2017	\$	220,562
Exploration Costs		28,312
Balance, March 31, 2018		248,874
Exploration costs – April 1, 2018 to May 16, 2018		16,214
		265,088
Less: (a) Maritime Resources Corp – option proceeds (see Note 12(a))		
(i) Cash payment	\$	25,000
(ii) 500,000 shares at a quoted market price of \$0.07 per share		35,000
(iii) Reimbursement of exploration expenditures incurred		15,000
		75,000
(b) Government of Newfoundland Labrador		
(iv) Recovery of staking costs		1,750
		(76,750)
Balance, March 31, 2019		188,338
Less: (c) Maritime Resources Corp – option proceeds (see Note 12(a))		
(v) 1st anniversary – cash payment	\$	50,000
(vi) 1st anniversary – 500,000 shares at a quoted market price of \$0.085 per share		42,500
		(92,500)
Balance, March 31, 2020	\$	95,838

(ii) Acquisition of Fleetwood Property

On March 28, 2018, the Company entered into an agreement to acquire 100% interest in the Fleetwood zinc-copper-silver-gold property located in the New Westminster mining division of south-western British Columbia for the aggregate consideration of \$37,000 (the "Fleetwood Agreement") comprising:

- \$10,000 cash:
 - o \$1,000 paid on March 30, 2018; and
 - o \$9,000 paid on April 11, 2018.
- 200,000 of the Company's common shares, issued during fiscal 2019.
- The TSX-V approved the transaction on April 9, 2018.

On December 21, 2018, the Company formed a strategic alliance with Turnagain Resources Inc. ("Turnagain") to co-market the adjacent Fleetwood and Seneca properties (see Significant Events note 12(b)). On December 21, 2019, the Company renewed its strategic alliance.

Balance, March 31, 2017	\$	-
Acquisition costs		37,000
Balance, March 31, 2018, March 31, 2019, and March 31, 2020	\$	37,000

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6. EXPLORATION AND EVALUATION ASSETS (cont'd)

(iii) Acquisition of La Gitana Property

On May 23, 2019, the Company entered into a non-binding letter agreement to acquire a 100% interest in the La Gitana gold-silver property located in Oaxaca State, Mexico for consideration of (See Significant Events note 12(c)):

- \$300,000 comprising:
 - o \$10,000 paid on February 28, 2019; and
 - o \$290,000 to be paid over term of agreement.
- 2,000,000 of the Company's common shares to be issued over term of agreement.
- Subject to completion of due diligence and obtaining receipt of TSX-V approval.

Balance, March 31, 2018	\$	-
Deposit for acquisition costs (see Significant Events note 12(c))		10,000
Balance, March 31, 2019, and March 31, 2020	\$	10,000

(iv) Acquisition of Beaver and Lynx Properties

During fiscal 2020, the Company acquired the Beaver and Lynx nickel-cobalt properties located in the Cariboo region of south-central British Columbia (See Significant Events note 12(d)).

Balance, March 31, 2019	\$	-
Cost of staking and acquisitions	\$ 38,891	
Analysis and evaluation	2,847	41,738
Balance, March 31, 2020	\$	41,738
Total Exploration and Evaluation Assets as at March 31, 2019	\$	235,338
Total Exploration and Evaluation Assets as at March 31, 2020	\$	184,576

7. SHARE CAPITAL

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

- (b) Issued and Outstanding

During the year ended of March 31, 2020:

Other than granting of stock options as described in (c(ii) and c(iii)) and warrant extension described in (d), no significant events occurred to impact share capital.

During the year ended March 31, 2019

(i) Debt Settlement Agreement

The Company entered into a Debt Settlement Agreement with its legal counsel, to settle \$41,295 of payables owed for legal services by issuing 344,125 common shares at a price of \$0.12 per share.

(ii) Fleetwood Agreement Approval

The Company obtained TSX-V approval for the Fleetwood Agreement described in note 6(ii) and issued 200,000 common shares valued at \$27,000 and paid an additional \$9,000 cash.

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7. SHARE CAPITAL (cont'd)

(b) Issued and Outstanding (cont'd)

(iii) *Escrow Shares*

There are no shares held in escrow as at March 31, 2020 (2019 – 1,515,000). Escrow shares were released as follows:

- 10% with completion of the Company's Qualifying Transaction on January 20, 2017 (completed); and
- 15% on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the closing date of the Company's Qualifying Transaction.

(c) Stock Options

The Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements, grant to Directors, Officers, and technical consultants of the Company, non-transferable options to purchase common shares exercisable for a period of up to 5 years from the date of grant, provided that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares.

- (i) On June 28, 2018, the Company granted 400,000 stock options to Directors and Officers of the Company. Each option entitles the holder to acquire one common share at an exercise price of \$0.10 per common share for a period of 5 years, expiring on June 28, 2023. Total compensation was valued at \$30,711 using the Black-Scholes option pricing model. The following assumptions were used: share price - \$0.08 exercise price - \$0.10, expected life – 5 years, annual historical volatility – 185.69%, dividend rate – 0%, risk free rate – 2.01%.
- (ii) On June 21, 2019, the Company granted 400,000 stock options to a Director and a consultant of the Company. Each option entitles the holder to acquire one common share at an exercise price of \$0.05 per common share for a period of 5 years, expiring on June 21, 2024. Total compensation was valued at \$12,831 using the Black-Scholes option pricing model. The following assumptions were used: share price - \$0.04, exercise price - \$0.05, expected life – 5 years, annual historical volatility – 160.65%, dividend rate – 0%, risk free rate – 1.37%.
- (iii) On October 9, 2019, the Company granted 300,000 stock options to a Director of the Company. Each option entitles the holder to acquire one common share at an exercise price of \$0.05 per common share for a period of 5 years, expiring on October 9, 2024. Total compensation was valued at \$8,194 using the Black-Scholes option pricing model. The following assumptions were used: share price - \$0.03, exercise price - \$0.05, expected life – 5 years, annual historical volatility – 160.89%, dividend rate – 0%, risk free rate – 1.32%.

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7. SHARE CAPITAL (cont'd)

(c) Stock Options (cont'd)

The following table summarizes the continuity of stock options:

	Number of options	Weighted average exercise price
Outstanding and exercisable, March 31, 2018	1,004,000	\$ 0.10
Granted	400,000	0.10
Cancelled and expired	(464,000)	(0.10)
Outstanding and exercisable, March 31, 2019	940,000	0.10
Granted	700,000	0.05
Outstanding and exercisable, March 31, 2020	1,640,000	\$ 0.08

As at March 31, 2020, the following stock options were outstanding and exercisable:

Expiry date	Number of options	Exercise price	Remaining contractual life (years)
April 18, 2022	540,000	\$ 0.10	2.05
June 28, 2023	400,000	\$ 0.10	3.24
June 21, 2024	400,000	\$ 0.05	4.23
October 9, 2024	300,000	\$ 0.05	4.52
	1,640,000		

(d) Warrants

The following table summarizes the continuity of the Company's warrants, which were to expire on January 30, 2020; and were subsequently extended to January 30, 2022:

	Number of warrants	Weighted average exercise price
Outstanding and exercisable, March 31, 2018	7,437,339	\$ 0.10
Expired	(33,880)	(0.10)
Outstanding and exercisable, March 31, 2019 and March 31, 2020	7,403,459	\$ 0.10

As at March 31, 2020, the following warrants were outstanding and exercisable:

Expiry date	Number of warrants	Exercise price	Remaining contractual life (years)
January 30, 2022	7,403,459	\$ 0.10	1.84

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7. SHARE CAPITAL (cont'd)

e) Reserve

The reserve of \$137,184 (2019 - \$116,159) comprises the grant date fair value of options issued to Directors of \$68,904 in prior years, the grant date fair value of options issued to agents of \$13,505, the grant date fair value of warrants issued as finders' fees of \$3,039 and the grant date fair value of options issued to Directors of \$30,711 on June 28, 2018, the grant date for value of options issued to Director and consultant of \$12,831 on June 21, 2019 and the grant date fair value of options issued to Director of \$8,194 on October 9, 2019.

8. RELATED PARTY TRANSACTIONS

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Corporate Officers.

Total key management personnel compensation for the years ended March 31, 2020 and 2019 was as follows:

		2020		2019
Share-based compensation (a)	\$	17,817	\$	30,711
Management fees (b)		72,000		72,000
Total	\$	89,817	\$	102,711

- a) Share-based compensation represents the fair value of options granted to key management personnel.
- b) The Company provides compensation to its Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Corporate Secretary, or companies controlled by each of them, in the amount of monthly fees of \$3,000 for the CEO, \$2,000 for the CFO and \$1,000 for the Corporate Secretary, which commenced April 1, 2017.

The balance due to the Company's Directors and Officers included in accounts payable and accrued liabilities was \$6,987 as at March 31, 2020 (2019 – \$6,250). These amounts are unsecured, non-interest bearing and payable on demand.

9. SUPPLEMENTAL CASH FLOW INFORMATION

There was no cash paid for interest or income taxes for the years ended March 31, 2020 and 2019.

During the year ended March 31, 2019, the Company settled \$41,295 of payables owed for legal services by issuing 344,125 common shares (see note 7(b)(i)).

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10. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above internally determined capital guidelines and calculated risk management levels.

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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets. The way in which the Company manages capital has not changed for the year ended March 31, 2020.

The Company is not subject to any externally-imposed capital requirements.

11. INCOME TAXES

The reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2020	2019
Loss and comprehensive loss for the year	\$	(168,539)	\$ (170,862)
Statutory income tax rate		27%	27%
Expected income tax (recovery)	\$	(45,505)	\$ (46,133)
Permanent differences		(13,495)	8,133
Change in unrecognized deductible temporary differences		59,000	38,000
Total income tax expense (recovery)	\$	-	\$ -

The significant components of the Company's unrecognized deferred tax assets and liabilities are as follows:

		2020	2019
Deferred tax assets (liabilities)			
Share issue costs	\$	-	\$ 1,000
Non-capital losses available for future periods		273,000	229,000
Exploration and evaluation assets		(36,000)	(52,000)
		237,000	178,000
Unrecognized deferred tax assets		(237,000)	(178,000)
Net deferred tax assets	\$	-	\$ -

The Company has available for deduction against future taxable income non-capital losses of approximately \$1,010,500 which will expire between 2033 and 2040.

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11. INCOME TAXES (cont'd)

Non capital losses expire as follows:

\$	14,900	2033
	55,600	2034
	269,800	2035
	58,400	2036
	146,400	2037
	163,000	2038
	153,400	2039
	<u>149,000</u>	2040
\$	<u>1,010,500</u>	

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. SIGNIFICANT EVENTS

(a) Option Agreement

On May 16, 2018, the Company entered into an agreement to option its 100% owned King's Point Property in Newfoundland to Maritime Resources Corp. ("Maritime").

Under the terms of the Option Agreement, Maritime can earn a 100% interest in King's Point over three years by spending \$600,000 in exploration, making cash payments of \$300,000 to the Company, and issuing 2,000,000 Maritime common shares to the Company, in accordance with the following schedule.

Date for Completion	Payment	Common Shares to be Issued	Expenditures (cumulative)
On signing Option Agreement	\$ 25,000 (received)	-	-
Three (3) business days following approval by the Exchange ("Approval Date")	-	500,000 (received)	-
1st anniversary of Approval Date	\$ 50,000 (received)	500,000 (received)	\$ 75,000 (expended)
2nd anniversary of Approval Date	\$ 100,000	500,000	\$ 150,000
3rd anniversary of Approval Date	\$ 125,000	500,000	\$ 375,000
Total	\$ 300,000	2,000,000	\$ 600,000

The Project has a 1% NSR which can be purchased from the Company for \$500,000, and an underlying NSR of 2.5% of which 1.5% can be purchased for \$1,000,000.

The Option Agreement was approved by the shareholders of the Company on September 6, 2018 and subsequently by the TSX-V on November 6, 2018.

As at March 31, 2019, the 500,000 Maritime shares were valued at the fair value of \$47,500. These shares were disposed of during fiscal 2020 for proceeds of \$44,140.

As at March 31, 2020, the 500,000 Maritime shares were valued at the fair value of \$42,500. These shares were subsequently disposed of for proceeds of \$41,602.

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12. SIGNIFICANT EVENTS (cont'd)

(b) *Strategic Alliance*

On December 21, 2018, the Company formed a strategic alliance with Turnagain Resources Inc. ("Turnagain") to co-market the companies' adjacent Fleetwood and Seneca properties as a combined project named Fleetwood-Seneca.

Any consideration received from a third-party deal, such as an investment or the sale of the Fleetwood-Seneca project, is to be divided equally between the Company and Turnagain. On December 21, 2019, the Company renewed its strategic alliance.

(c) *Acquisition of La Gitana Property*

On May 23, 2019, the Company entered into a non-binding agreement to purchase 100% interest in the La Gitana Property in Oaxaca State, Mexico from Gunpoint Exploration Ltd. ("Gunpoint") in consideration for:

- (i) Cash payment of \$300,000; and
- (ii) 2,000,000 common shares in the capital of Company.

in accordance with the following schedule:

Date for Completion	Payment	Common Shares to be Issued
On signing Option Agreement (paid)	\$ 10,000	-
Closing Date (to be established)	\$ 25,000	150,000
1st anniversary of Closing Date	\$ 50,000	250,000
2nd anniversary of Closing Date	\$ 65,000	450,000
3rd anniversary of Closing Date	\$ 75,000	500,000
4th anniversary of Closing Date	\$ 75,000	650,000
Total	\$ 300,000	2,000,000

The Project presently has a 3% NSR which may be renegotiated by Gunpoint on behalf of Company.

The agreement is subject to completion of due diligence and obtaining receipt of TSX-V approval, which was extended.

(d) *Acquisition of Beaver and Lynx Properties*

Through staking and acquisitions of approximately 20,000 hectares, the Company owns a 100% interest with no royalties in the Beaver and Lynx nickel-cobalt properties located in the Cariboo region of south-central British Columbia.

- (e) During the year, the Company decided to incorporate a subsidiary in Mexico, Minera Rio Dorado S.A. de C.V. (the "Mexican subsidiary"), to establish a presence and pursue business opportunities. A Mexican entity is required to enact any property agreements in Mexico. The Mexican subsidiary was legally created through the Company's legal counsel, and the shares are in the process of being transferred into the name of the Company. At March 31, 2020, the Mexican subsidiary shares were not yet owned by the Company and was therefore not a controlled and consolidated subsidiary for financial reporting purposes. The shares were transferred to the Company on July 2, 2020.

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13. SUBSEQUENT EVENT

Subsequent to year-end, the Company entered into an agreement to acquire Canada Metals Ltd. ("Canada Metals"), a private Australian company backed by Melbourne-based investment management firm Peak Asset Management Pty Ltd. ("Peak"). Canada Metals is expected to be a shell company at the time of acquisition, having a minimum of Australian \$40,000 in cash, no liabilities and no current business operations.

To acquire Canada Metals, the Company will issue 2 million common shares and 2 million share purchase warrants to shareholders of Canada Metals. The warrants will be exercisable at \$0.08 per share for two years.

The transaction is expected to close by August 30, 2020 and is subject to acceptance by the TSX Venture Exchange.