



**FINANCIAL STATEMENTS OF
CHIBOUGAMAU INDEPENDENT MINES INC.
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)**

To the Shareholders of Chibougamau Independent Mines Inc.:

Opinion

We have audited the financial statements of Chibougamau Independent Mines Inc. (the "Corporation"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity and 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 Corporation as at December 31, 2020 and December 31, 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 Corporation 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Corporation has accumulated a deficit since its inception and, during the year ended December 31, 2020, incurred a net loss and comprehensive loss and incurred negative cash flows from operations. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Corporation'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 Management's Discussion and Analysis.

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

In connection with our 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 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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

The engagement partner on the audit resulting in this independent auditor's report is Jo-Ann Lempert.

Montréal, Québec

April 26, 2021

MNP SENCRL, s.r.l.¹

¹ FCPA auditor, FCA, public accountancy permit no. A122514

CHIBOUGAMAU INDEPENDENT MINES INC.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Year ended December 31,	
	2020	2019
Expenses		
Administration (note 11)	\$ 18,561	\$ 16,965
Exploration and evaluation expenditures (note 12)	321,271	803,772
Management services (note 15)	73,205	71,750
Professional fees and outside services (note 11)	31,807	27,170
Share-based compensation (note 14)	-	116,505
Transfer agent and filing fees	22,350	21,063
	467,194	1,057,225
Loss from operations	(467,194)	(1,057,225)
Other income (expense)		
Increase (decrease) in fair value of investments	53,962	(46,768)
Interest income	2,197	8,343
Other income	1,804	-
	57,963	(38,425)
Loss before taxes	(409,231)	(1,095,650)
Income taxes		
Income tax recovery (note 10)	(157,883)	(190,184)
Loss and comprehensive loss for the year	\$ (251,348)	\$ (905,466)
Basic and diluted loss per share (note 13)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding		
- basic and diluted	46,834,815	44,759,552

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

CHIBOUGAMAU INDEPENDENT MINES INC.

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year ended December 31,	
	2020	2019
Operating activities:		
Loss and comprehensive loss for the year	\$ (251,348)	\$ (905,466)
Adjustments for:		
(Increase) decrease in fair value of investments	(53,962)	46,768
Income tax recovery (note 10)	(157,883)	(190,184)
Share-based compensation (note 14)	-	116,505
Government grant revenue (note 9)	(1,804)	-
Interest expense accrued (note 9)	1,611	-
	(463,386)	(932,377)
Change in non-cash working capital items (note 16)	22,214	12,208
Net cash and cash equivalents used in operating activities	(441,172)	(920,169)
Financing activities:		
Related party payable - Globex Mining Enterprises Inc. (note 15)	16,857	(1,443)
Issuance of common shares (note 14)	1,040,146	1,065,735
Share issuance costs	(16,449)	(14,506)
Proceeds from loan payable (note 9)	60,000	-
Net cash and cash equivalents provided by financing activities	1,100,554	1,049,786
Investing activities:		
Long-term deposit	(30,279)	-
Net cash and cash equivalents used in investing activities	(30,279)	-
Net change in cash and cash equivalents	629,103	129,617
Cash and cash equivalents, beginning of year	540,035	410,418
Cash and cash equivalents, end of year	\$ 1,169,138	\$ 540,035

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

CHIBOUGAMAU INDEPENDENT MINES INC.

Statements of Financial Position (Expressed in Canadian Dollars)

	As at December 31, 2020	As December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents (note 5)	\$ 1,169,138	\$ 540,035
Investments (note 6)	93,535	39,573
Taxes receivable	4,275	9,056
Prepaid and deposits	18,471	15,738
Total current assets	1,285,419	604,402
Non-current assets		
Long-term deposit	30,279	-
Total assets	\$ 1,315,698	\$ 604,402
LIABILITIES AND EQUITY		
Current liabilities		
Payables and accruals (note 7)	\$ 47,634	\$ 27,468
Related party payable - Globex Mining Enterprises Inc. (note 15(a))	16,857	-
Flow-through liability (note 8)	150,928	192,323
Total current liabilities	215,419	219,791
Non-current liabilities		
Loan payable (note 9)	51,104	-
Deferred government grant (note 9)	8,703	-
Total liabilities	275,226	219,791
Shareholders' equity		
Common shares (note 14(a))	10,983,617	10,076,408
Contributed surplus - equity settled reserve	777,049	777,049
Deficit	(10,720,194)	(10,468,846)
Total equity	1,040,472	384,611
Total liabilities and equity	\$ 1,315,698	\$ 604,402

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

General business description (note 1)

Approved on behalf of the Board:

"Jack Stoch", Director _____

"David LeClaire", Director _____

CHIBOUGAMAU INDEPENDENT MINES INC.**Statements of Changes in Shareholders' Equity****(Expressed in Canadian Dollars)**

Equity attributable to shareholders

	Common shares	Contributed surplus - equity settled reserve	Deficit	Total
Balance, December 31, 2018	\$ 9,333,058	\$ 660,544	\$ (9,563,380)	\$ 430,222
Fair value of flow-through shares issued under private placement	757,856	-	-	757,856
Share issuance costs	(14,506)	-	-	(14,506)
Share-based compensation	-	116,505	-	116,505
Loss and comprehensive loss	-	-	(905,466)	(905,466)
Balance, December 31, 2019	10,076,408	777,049	(10,468,846)	384,611
Shares issued under private placement	50,000	-	-	50,000
Fair value of flow-through shares issued under private placement	873,658	-	-	873,658
Shares issued as finder's fees	28,000	-	-	28,000
Shares issuance costs	(44,449)	-	-	(44,449)
Loss and comprehensive loss	-	-	(251,348)	(251,348)
Balance, December 31, 2020	\$ 10,983,617	\$ 777,049	\$(10,720,194)	\$ 1,040,472

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

CHIBOUGAMAU INDEPENDENT MINES INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

1. General Business Description

Chibougamau Independent Mines Inc. (the "Corporation", "CIM") was incorporated under the Canada Business Corporations Act on December 13, 2010, as a wholly-owned subsidiary of Globex Mining Enterprises Inc. ("Globex") with the intention of acquiring and developing properties located in the Chibougamau Mining District of Québec. It is focused on reviving production in the Chibougamau gold-copper mining camp.

On September 10, 2012, Globex and CIM entered into an Arrangement which resulted in the reorganization of the Corporation's capital and the receipt of cash and cash equivalents, certain investments held by Globex as well as the transfer of ten properties from Globex to CIM. Under a Plan of Arrangement, effective December 29, 2012, ten properties were transferred from Globex to CIM subject to a 3% Gross Metal Royalty ("GMR") in favour of Globex. On October 3, 2016, Globex announced that the 3% GMR on a number of claims related to the Mont Sorcier project had been reduced to 1%, but extended to claims acquired by CIM in 2016 and therefore applicable to the entire historical mineral deposit.

The Corporation's head office and principal business offices are located at 86, 14th Street, Rouyn-Noranda, Québec, J9X 2J1.

The CIM shares trade on the TSX Venture Exchange ("TSXV") under the symbol CBG, on the Stuttgart and Frankfurt exchanges under the symbol CLL1, as well as on the OTC Markets (USA) under the symbol CMAUF.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies and others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Corporation's operations, financial results and condition in future periods are also subject to significant uncertainty, including potential restrictions on exploration and development sites access and supply chains disruptions that could delay the exploration and development plans of the properties of the Corporation.

2. Basis of Presentation

Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

Basis of presentation and going concern

These financial statements were prepared on a going concern basis, under the historical cost basis, except for certain assets that are measured at fair value through profit and loss ("FVTPL") as indicated in note 3. All financial information is presented in Canadian dollars.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

CHIBOUGAMAU INDEPENDENT MINES INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

2. Basis of Presentation (Continued)

Basis of presentation and going concern (continued)

Since its incorporation, the Corporation has accumulated a deficit of \$10,720,194 (December 31, 2019 - \$10,468,846) and during the year ended December 31, 2020, incurred a net loss and comprehensive loss of \$251,348 (year ended December 31, 2019 - \$905,466) and cash used in operations of \$441,172 (year ended December 31, 2019 - \$920,169). The Corporation's ability to continue as a going concern depends on its ability to realize its assets and to obtain additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The above factors indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern.

CIM is in the exploration stage and is subject to the risks and challenges particular to companies at this stage. There is no assurance that CIM's projects will be successful. As a result, there is uncertainty regarding CIM's ability to continue to operate as a going concern. The Corporation's continuing operations are dependent on the ability to secure adequate financing, the discovery of economically-recoverable mineral reserves, securing and maintaining title or beneficial interests in the mining properties and on future profitable production or proceeds from the disposition of mineral property interests.

These financial statements have been prepared on a going-concern basis which contemplates that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. This assumption is based on the current net assets of the Corporation and management's current operating plans.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

Approval of financial statements

The Corporation's Board of Directors approved these financial statements on April 26, 2021.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the presentation of these financial statements are set out below.

a) Functional and presentation currency

The Corporation's presentation and the functional currency is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

c) Refundable tax credits and mining duties

The Corporation is entitled to a refundable tax credit of 28% on qualified exploration expenditures incurred in the province of Quebec. The Corporation is also entitled to a refund of mining duties of the lesser of 16% on 50% of qualified mining exploration expenses or operating losses during the period, net of the refundable tax credit.

The credit or refunds are recorded based on management's best estimates once the necessary information is available and management believes that the amounts are collectible.

CHIBOUGAMAU INDEPENDENT MINES INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (Continued)

d) Financial instruments

Under IFRS 9, Financial Instruments ("IFRS 9"), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and FVTPL.

Below is a summary showing the classification and measurement bases of our financial instruments.

Financial instruments	Classification
Cash and cash equivalents	FVTPL
Investments	FVTPL
Long-term deposit	FVTPL
Payables and accruals	Amortized cost
Related party payable	Amortized cost
Loan payable	Amortized cost

Financial assets:

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Corporation determines the classification of its financial assets at initial recognition.

(a) Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Corporation's cash and cash equivalents, investments and long-term deposit are classified as financial assets measured at FVTPL.

(b) Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Corporation's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". There are currently no financial assets measured at amortized cost.

Financial liabilities:

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Corporation determines the classification of its financial liabilities at initial recognition.

(a) Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. The Corporation's payables and accruals, related party payable and loan payable do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

CHIBOUGAMAU INDEPENDENT MINES INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (Continued)

d) Financial instruments (continued)

Financial liabilities (continued):

(b) Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five categories detailed above. There are currently no financial liabilities measured at FVTPL.

Transaction costs:

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement:

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition:

The Corporation derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model:

IFRS 9 introduced a single expected credit loss ("ECL") impairment model, which is based on changes in credit quality since initial application. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past event, current conditions and forecasts of future economic conditions. The expected credit loss impairment model has no impact on the Corporation's financial statements.

The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Corporation determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

CHIBOUGAMAU INDEPENDENT MINES INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (Continued)

e) Mineral properties and exploration expenses

The Corporation expenses all acquisition costs of mineral properties and exploration expenses as incurred.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

f) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or arising from the use by others of the Corporation's assets yielding option income, royalties, interest and dividends. The Corporation recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Corporation and when the specific criteria have been met for each of the Corporation's activities as described below.

(i) Sales of mineral properties

The proceeds from the sale of mineral properties are recorded as option income.

(ii) Option income

Option income is recognized on an accrual basis in accordance with the substance of the relevant agreements. Shares received under option agreements are valued at fair value which is determined at quoted market prices if the shares are quoted in an active market. If the market for the shares is not active, fair value is established by using a valuation technique.

(iii) Interest and dividend income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably).

CHIBOUGAMAU INDEPENDENT MINES INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (Continued)

h) Current and deferred taxes

Taxes, comprising both income and resource taxes accounted for as income taxes, are recognized in the statement of loss and comprehensive loss, except where they relate to items recognized in other comprehensive loss or directly in equity, in which case the related taxes are recognized in other comprehensive income or equity. Taxes on income are recorded using the tax rate that would be applicable to expected annual income.

The current income tax charge is based on taxable income for the period. Taxable income differs from net loss as reported in the statement of loss and comprehensive loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible.

Deferred tax is recognized, using the asset and liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, CIM reassesses unrecognized deferred tax assets. The Corporation recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profits will enable the deferred tax asset to be recovered. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is adjusted to the extent that it is no longer probable that sufficient taxable income will be available to ensure that all or part of the asset will be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and CIM intends to settle its current tax assets and liabilities on a net basis.

i) Share-based compensation

The Corporation uses the fair value method to record stock options. The fair value of all share purchase options is expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. The Corporation uses the Black-Scholes option pricing model to calculate the fair value of share purchase options at the date of the grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, do not necessarily provide a reliable single measure of the fair value of CIM's share purchase options.

CHIBOUGAMAU INDEPENDENT MINES INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (Continued)

j) Flow-through shares

The Corporation raises funds through the issuance of “flow-through” shares which entitle investors to prescribed resource tax benefits and credits once CIM has renounced these benefits to the investors in accordance with applicable tax legislation. The Corporation considers the issuance of flow-through shares in substance: (a) an issue of an ordinary share; and (b) the sale of tax deductions. The sale of tax deductions has been measured based on the residual fair value method.

At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as a flow-through liability. When CIM fulfills its obligation, the flow-through liability is reduced, the sale of tax deductions is recognized in the statement of loss and comprehensive loss as a reduction of the deferred tax expense, and a deferred tax liability is recognized in accordance with IAS 12, Income Taxes, for the taxable temporary differences between the carrying value of eligible expenditures expensed for accounting purposes.

k) Loss per share

Basic loss per share is computed by dividing the net loss attributable 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 and warrants (if dilutive).

The number of additional shares is calculated by assuming that outstanding dilutive stock options were exercised and the proceeds from such exercise were used to acquire common stock at the average market price during the reporting periods.

l) Share capital

The Corporation’s common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

m) Warrants

The Corporation engages in equity financing transactions necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve the issuance of common shares or units. A unit may consist of a certain number of common shares and a certain number of share purchase warrants. Depending upon the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement.

When warrants are issued as part of units, the Corporation uses the residual value method where it first allocates the proceeds received on the units issued to the attached warrants based on their fair value using the Black-Scholes option pricing model and the residual is allocated to the share capital. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

When warrants expire, the ascribed value is transferred to the Contributed surplus of the Corporation.

CHIBOUGAMAU INDEPENDENT MINES INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (Continued)

n) New and revised IFRS issued

IFRS 3, Business Combinations (IFRS 3")

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Corporation's financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1") and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 1 and IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Corporation's financial statements.

4. Significant Accounting Assumptions, Judgments and Estimates

The preparation of financial statements under the principles of IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such judgments and estimates is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarized below. Areas of judgment and estimates that have the most significant effect on the amounts recognized in the financial statements are:

Judgments

a) Going concern

The assessment of the Corporation's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenses, meet its liabilities for the upcoming year, and to fund planned projects, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Given the judgment involved, actual results may lead to a materially different outcome.

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4. Significant Accounting Assumptions, Judgments and Estimates (Continued)

Judgments (continued)

b) Collectability of option agreements

Collectability of consideration to be received on option agreements entered into third parties on the Corporation's properties, involves judgment regarding the probability that the optionees will be able to meet their spending commitments and pay the consideration specified in the agreement.

Since there is significant uncertainty as to whether the optionee will be able to make all the required payments in the contract, the Corporation only recognizes revenue as the option payments are due. The optionee can avoid payments prior to them becoming due, but not after.

c) Deferred income tax balances

The Corporation uses the asset and liability method in accounting for deferred income taxes. Under this method, deferred income taxes are recognized for the future income tax. In preparing these estimates, management is required to interpret, substantially enacted legislation as well as economic and business conditions along with management's tax and corporate plans which may impact taxable income in future periods. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

d) Refundable tax credits and mining duties

The estimates are based on an interpretation of legislation substantially enacted and management's application of their interpretation of the treatment of various items which could impact the valuation.

Estimates

a) Option income

Under Option arrangements, CIM is entitled to cash payments and/or shares in the optionee company, and as a result at each period end, the Corporation must determine the amounts receivable under the agreement as well as consider the collectability of the amounts.

b) Fair value of equity investments

CIM determines the fair value of the shares on receipt based on published price quotations in an active market. However, in some cases, when received, the shares may not be traded in an active market and as a result CIM must use a valuation technique to determine the fair market value. In some cases, as a result of the strategic nature or volume of trading in the market, the quoted price may also not be representative of the price that these shares could be sold to a willing arm's length party. These valuation issues could also impact the fair value measurement of financial assets at each period end.

c) Share-based compensation and warrants

The estimate of share-based compensation and warrants require the selection of an appropriate valuation model and consideration of the inputs necessary for the model chosen.

The Corporation has made estimates of the volatility of its own shares, the probable life of options and warrants granted, interest rates, and the time of exercise of those options and warrants. The Corporation uses the Black-Scholes option pricing model to calculate the fair value of the share-based compensation and warrants.

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(Expressed in Canadian Dollars)

5. Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Bank balances	\$ 1,094,555	\$ 11,377
Short-term deposit	74,583	528,658
	\$ 1,169,138	\$ 540,035

As of December 31, 2020, the Corporation was committed to incurring approximately \$119,000 and \$990,000, respectively, in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2021 and December 31, 2022 arising from the flow-through offerings.

6. Investments

December 31, 2020

	Number of shares	Cost	Unrealized loss	Fair value
Vanadium One Energy Corp. ("Vanadium")	719,500	\$ 125,912	\$ (32,377)	\$ 93,535

December 31, 2019

	Number of shares	Cost	Unrealized loss	Fair value
Vanadium	719,500	\$ 125,912	\$ (86,339)	\$ 39,573

7. Payables and Accruals

	December 31, 2020	December 31, 2019
Payables and accruals	\$ 47,634	\$ 27,468

Included in payables and accruals is \$6,186 payable to the Chief Financial Officer ("CFO") and Corporate Secretary (December 31, 2019 - \$5,500). See note 15 for further details.

CHIBOUGAMAU INDEPENDENT MINES INC.

Notes to the Financial Statements

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8. Flow-Through Liability

	December 31, 2020	December 31, 2019
Balance, beginning of period	\$ 192,323	\$ 74,628
Additions during the period (i)	116,488	307,879
Reduction related to qualified exploration expenditures	(157,883)	(190,184)
Balance, end of period	\$ 150,928	\$ 192,323

(i) The flow-through liability represents the excess of the proceeds received from flow-through shares over the fair value of the shares issued. Further details are provided in note 14(a)(i)(ii).

This liability is not settled through cash payments. Instead, this balance is amortized against qualifying flow-through expenditures which are required to be incurred before December 31, 2021 and December 31, 2022 (note 19).

9. Loan Payable

On June 1, 2020 and December 15, 2020, the Corporation received a \$40,000 loan and a \$20,000 loan from a recognized Canadian financial institution from the Canada Emergency Business Account ("CEBA Loan"). The CEBA Loan bears 0% interest until December 31, 2022. If the balance is not paid by December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest paid monthly, effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025. No principal payments required until December 31, 2022. Principal repayments can be voluntarily made at any time without fees or penalties. \$20,000 loan forgiveness is available, provided the outstanding balance is \$60,000 at December 31, 2020, and \$40,000 is paid back between April 1, 2021 and December 31, 2022. The loan was recognized at fair value based on an estimated market interest rate of 8% and expected repayment of \$60,000 on December 31, 2022. The Corporation made no interest payments during the year ended December 31, 2020. The difference between the loan amount of \$60,000 and the fair value of the loan of \$49,493 has been recognized as a deferred government grant to be recognized over the term of the loan. As at December 31, 2020, grant revenue in the amount of \$1,804 (year ended December 31, 2019 – \$nil) has been recorded in other income which represents the benefit of receiving an interest free-grant. During the year ended December 31, 2020, accretion in the amount of \$1,611 (year ended December 31, 2019 - \$nil) has been recorded in administration expenses in the statement of loss and comprehensive loss.

CHIBOUGAMAU INDEPENDENT MINES INC.

Notes to the Financial Statements

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(Expressed in Canadian Dollars)

10. Income Taxes

Income tax recovery

	December 31,	
	2020	2019
Recovery of income and mining duties as a result of the sale of tax benefits (flow-through shares)	\$ (157,883)	\$ (190,184)
Recovery of income taxes	\$ (157,883)	\$ (190,184)

Tax expense reconciliation

The recovery of income and mining taxes attributable to the loss before taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.5% (2019 - 26.6%) as a result of the following:

	December 31,	
	2020	2019
Loss before taxes	\$ (409,231)	\$ (1,095,650)
Combined tax rate	26.5%	26.6%
Recovery of income and mining tax provision calculated at combined rate	(108,446)	(291,443)
Deferred tax expense related to flow-through shares	144,827	169,923
Non-deductible expenses and other	(21,518)	32,703
Change in tax estimates	(45,017)	(62,592)
Tax benefits not recognized	30,154	151,409
Income and mining tax provision	-	-
Flow-through liability (sale of tax benefits (flow-through shares))	(157,883)	(190,184)
Income and mining tax provision related to continuing operations	\$ (157,883)	\$ (190,184)

At December 31, 2020, the Corporation had non-capital loss carry forwards available to reduce future years' income tax purposes. The non-capital losses will expire as follows:

	Federal	Provincial
2031	\$ 547	\$ 547
2032	175,459	175,459
2033	653,814	653,814
2034	255,113	393,676
2035	208,211	208,211
2036	208,788	78,347
2037	138,144	138,144
2038	154,678	154,678
2039	167,105	167,105
2040	157,352	157,352
	\$ 2,119,211	\$ 2,127,333

CHIBOUGAMAU INDEPENDENT MINES INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(Expressed in Canadian Dollars)

10. Income Taxes (Continued)

Deferred tax balances

	December 31, 2019	Recognized in income or loss	December 31, 2020
Deferred tax assets			
Non-capital losses	\$ 517,594	\$ 44,931	\$ 562,525
Capital losses	26,309	-	26,309
Share issuance costs	9,709	2,451	12,160
Resource related deductions	126,318	43,391	169,709
Financial asset at FVTPL	11,440	(7,150)	4,290
Loan payable	-	5,249	5,249
	691,370	88,872	780,242
Deferred tax assets not recognized	(691,370)	(88,872)	(780,242)
Deferred tax assets	\$ -	\$ -	\$ -

	December 31, 2018	Recognized in income or loss	December 31, 2019
Deferred tax assets			
Non-capital losses	\$ 476,544	\$ 41,050	\$ 517,594
Capital losses	26,309	-	26,309
Share issuance costs	12,834	(3,125)	9,709
Resource related deductions	77,747	48,571	126,318
Financial asset at FVTPL	5,243	6,197	11,440
	598,677	92,693	691,370
Deferred tax assets not recognized	(598,677)	(92,693)	(691,370)
Deferred tax assets	\$ -	\$ -	\$ -

11. Expenses by Nature

	Year ended December 31,	
	2020	2019
Administration		
Advertising and promotion	\$ 1,000	\$ 387
Insurance	10,084	9,270
Office supplies and maintenance	1,607	358
Other	2,821	4,477
Shareholder information	3,049	2,473
	\$ 18,561	\$ 16,965
Professional fees and outside services		
Audit and accounting fees	\$ 21,953	\$ 18,069
Legal fees	5,939	6,937
Other professional fees	3,915	2,164
	\$ 31,807	\$ 27,170

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12. Exploration and Evaluation Expenditures

Exploration and evaluation expenses by project	Year ended December 31,	
	2020	2019
Bateman Bay	\$ 339,636	\$ 638,468
Berrigan South and Berrigan Mine	2,094	20,719
Copper Cliff Extension	6,625	42,555
Grandroy	9,784	92,903
Jaculet	2,180	6,017
Kokko Creek	-	4,578
Lac Antoinette	400	58
Lac Chibougamau	2,888	1,163
Lac David Sud	4,308	-
Lac Simon	39	576
Mont Sorcier (Sulphur Converting Property and Magnetite Bay)	289	314
Quebec Chibougamau Goldfields	-	2,541
General exploration	10,295	15,896
Quebec refundable tax credit	(57,267)	(22,016)
Exploration and evaluation expenditures	\$ 321,271	\$ 803,772

Exploration expenses by expenditure type	Year ended December 31,	
	2020	2019
Consulting fees	\$ 3,253	\$ 17,616
Core shack, storage and equipment rental	11,691	18,308
Drilling	139,454	461,836
Geophysics	57,904	23,692
Laboratory analysis and sampling	2,467	17,986
Labour	129,031	230,163
Line cutting	4,000	5,595
Mineral claims acquisition	-	650
Mining property tax and permits	1,918	3,758
Reports, maps and supplies	3,511	10,311
Transport and road access	25,309	35,873
Quebec refundable tax credit	(57,267)	(22,016)
	\$ 321,271	\$ 803,772

During the year ended December 31, 2019, Vanadium has earned a 100% interest in the Corporation's Mont Sorcier Iron/Titanium/Vanadium property by meeting the one million dollar exploration expenditure requirement and paying CIM the cash and shares per the contract (paid in previous year). There was no cash or share received during the year ended December 31, 2020. CIM retains a GMR on the Mont Sorcier property.

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13. Loss Per Common Share

Basic loss per common share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per common share is calculated by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding during the period, plus the effects of dilutive common share equivalents such as stock options.

Diluted net loss per share is calculated using the treasury method, where the exercise of options is assumed to be at the beginning of the period and the proceeds from the exercise of options and the amount of compensation expense measured, but not yet recognized in income are assumed to be used to purchase common shares of the Corporation at the average market price during the period. Diluted loss did not include the effect of options for the year ended December 31, 2020, as they are anti-dilutive.

Basic and diluted loss per common share

The following table sets forth the computation of basic and diluted loss per share:

	Year ended December 31,	
	2020	2019
Numerator		
Loss for the period	\$ (251,348)	\$ (905,466)
Denominator		
Weighted average number of common shares - basic and diluted (i)	46,834,815	44,759,552
Loss per share - basic and diluted	\$ (0.01)	\$ (0.02)

(i) At December 31, 2020 and 2019, no stock options were included in the diluted loss per share as they were anti-dilutive.

14. Share Capital

Authorized:

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

Common shares: Voting

Preferred: Issuable in series, non-voting, conditions to be determined by the Board of Directors.

CHIBOUGAMAU INDEPENDENT MINES INC.

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14. Share Capital (Continued)

a) Changes in capital stock

	December 31, 2020		December 31, 2019	
Fully paid common shares	Number of shares	Capital stock	Number of shares	Capital stock
Balance, beginning of period	46,695,042	\$ 10,076,408	41,958,442	\$ 9,333,058
Private placements - Flow-through shares (i)(ii)	5,824,386	873,658	4,736,600	757,856
Private placements - common shares (ii)	357,142	50,000	-	-
Shares issued as finder's fees (ii)	200,000	28,000	-	-
Share issuance costs	-	(44,449)	-	(14,506)
Balance, end of period	53,076,570	\$ 10,983,617	46,695,042	\$ 10,076,408

(i) On May 29, 2019, the Corporation issued 4,736,600 Flow-through common shares ("FT") at a price of \$0.225 per FT share for gross proceeds of \$1,065,735. The fair market value of the FT shares was \$757,856 (\$0.16 per share) based on the TSXV closing price of the Corporation's common shares on May 29, 2019. The \$307,879 difference between the gross proceeds and the fair value of the shares at issuance has been reflected in flow-through liability.

(ii) On December 23, 2020, the Corporation issued 5,824,386 FT common shares at a price of \$0.17 per FT share for gross proceeds of \$990,146. The fair market value of the FT shares was \$873,658 (\$0.15 per share) based on the TSXV closing price of the Corporation's common shares on December 23, 2020. The \$116,488 difference between the gross proceeds and the fair value of the shares at issuance has been reflected in flow-through liability.

In addition, the Corporation issued 357,142 common shares at a price of \$0.14 per common share for gross proceeds of \$50,000.

The Corporation also issued 200,000 common shares in payment of finder's fees which were valued at \$28,000.

b) Stock options

On September 7, 2012, the CIM directors approved the adoption of the 2012 stock option plan (the "Plan") for directors, officers, employees and consultants who share primary responsibility for the management, growth and protection of the business of the Corporation.

The key terms of the plan are as follows:

(i) The original maximum number of shares that could be issued pursuant to the plan was a fixed number of 1,603,235 after reflecting the impact of the share consolidation in June 2016. On October 11, 2016, the TSXV approved an amendment which increased the number of shares issuable to 3,722,850 which resulted in 2,120,750 options available for future grant.

(ii) The maximum number of shares that can be reserved for issuance during any 12-month period is limited to a certain percentage, as follows, of issued and outstanding shares:

- a) 5% for any one optionee,
- b) 2% for any one consultant,
- c) 2% for persons conducting investor-relations.

CHIBOUGAMAU INDEPENDENT MINES INC.

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14. Share Capital (Continued)

b) Stock options (continued)

(iii) The option exercise price shall be fixed by the Board of Directors at the time of granting the options and shall not be less than the market price of the shares, less the maximum discount permitted under the policies of the TSXV. The options are not transferable and the term cannot exceed ten years.

At December 31, 2020, 1,675,000 (December 31, 2019 – 1,675,000) stock options were outstanding and exercisable with a weighted average exercise price of \$0.13 per share and a weighted average remaining contractual life of 1.73 years.

In addition to the 1,675,000 (December 31, 2019 – 1,675,500) options outstanding, 2,047,850 (December 31, 2019 – 2,047,850) options were available to be granted at December 31, 2020.

The following is a summary of the share purchase option transactions under the stock option plan for the relevant periods:

	December 31, 2020		December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	1,675,000	\$ 0.13	1,212,500	\$ 0.09
Expired	-	-	(212,500)	0.12
Granted to employees (i)	-	-	675,000	0.18
Balance, end of period	1,675,000	\$ 0.13	1,675,000	\$ 0.13
Options exercisable	1,675,000	\$ 0.13	1,675,000	\$ 0.13

(i) On June 20, 2019, 675,000 stock options with a fair value per share of \$0.1726 were granted at an exercise price of \$0.18 per share. CIM's shares closed at \$0.18 per share on the day before. The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 181.29%; risk-free interest rate of 1.33%; and an expected average life of 5 years. During the year ended December 31, 2020, an expense of \$nil (year ended December 31, 2019 - \$116,505) related to stock-based compensation was recorded and presented separately in the statements of loss and comprehensive loss.

The following table summarizes information regarding the stock options outstanding and exercisable as at December 31, 2020:

Range of prices	Number of options outstanding	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price
\$0.05 - \$0.08	700,000	700,000	0.49	\$ 0.07
\$0.09 - \$0.15	300,000	300,000	0.73	0.14
\$0.17 - \$0.22	675,000	675,000	3.47	0.18
	1,675,000	1,675,000	1.73	\$ 0.13

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15. Related Party Information

a) Related party payables

	December 31, 2020	December 31, 2019
Globex	\$ 16,857	\$ -

The Corporation is considered a related party with Globex as management consisting of the President and Director, who hold the same positions with both entities. In addition, the President and Chief Executive Officer ("CEO") holds a large number of common shares of both organizations through Jack Stoch Geoconsultant Services Limited, a company controlled by the President and CEO, and therefore can significantly influence the operations of both entities. The amount payable bears no interest, is without specific terms of repayment and is unsecured.

b) Management services

On December 29, 2012, CIM entered into a Management Services Agreement with Globex under which the Corporation would receive management services including administrative, compliance, corporate secretarial, risk management support and advisory services.

	Year ended December 31,	
	2020	2019
Globex Management Services (i)	\$ 8,128	\$ 7,054
Management compensation (ii)(c)	65,077	64,696
Fair value of share-based compensation	-	86,300
	\$ 73,205	\$ 158,050

(i) Globex management services for the respective periods represents Globex's estimate of the specific costs related to performing these services in accordance with the Management Services Agreement.

(ii) Management compensation represents salaries and other benefits of the President and CEO as well as external services provided by the CFO and the Corporate Secretary. As at December 31, 2020, the balance due to CFO and Corporate Secretary is \$6,186 (December 31, 2019 - \$5,500) which is included in payables and accruals due under normal credit terms.

No other related party transactions had been incurred during the year ended December 31, 2020 and 2019.

c) Management compensation

The total compensation for the respective periods paid to directors and key management personnel having authority and responsibility for planning, directing and controlling the activities of the Corporation (management personnel includes President and CEO, Vice-President Operations as well as CFO, Treasurer and Corporate Secretary) are as follows:

	Year ended December 31,	
	2020	2019
Management compensation		
Management services (i)	\$ 65,077	\$ 64,696

(i) Includes the salaries and other benefits of the President and CEO as well as external services provided by the CFO and Corporate Secretary.

All related party transactions disclosed above were at the agreed amounts that approximate fair value.

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15. Related Party Information (Continued)

d) Private placement

Two directors of the Corporation participated directly or indirectly in the private placement, including a subscription by one of the director for 357,142 common shares at \$0.14 per share for proceeds to CIM of approximately \$50,000.

16. Supplementary Cash Flows Information

Changes in non-cash working capital items

	December 31, 2020	December 31, 2019
Taxes receivable	\$ 4,781	\$ 11,585
Prepaid and deposits	(2,733)	(575)
Payables and accruals	20,166	1,198
	\$ 22,214	\$ 12,208

17. Financial Instruments

Capital risk management

The Corporation manages its common shares, contributed surplus, equity settled reserve and deficit as capital. Its principal source of cash is from the issuance of common shares. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern while it pursues its objective of evaluating, enhancing the value and acquiring additional properties or business assets. The Corporation manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, CIM may attempt to issue new shares. The Corporation's overall strategy remains unchanged from 2019.

The Corporation's investment policy is to invest its short-term excess cash in low risk, highly-liquid short-term interest-bearing investments with maturities, selected to match the expected timing of expenditures related to continuing operations.

In order to facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets that are updated as necessary. The annual and updated budgets are approved by the Board of Directors. For capital management purposes, the Corporation has developed two objectives which are as follows:

- Retain cash and cash equivalents as well as accounts receivable which are equal to or greater than the committed exploration expenditures,
- Retain equity investments and debt instruments with a combined fair market value which are greater than twelve months of projected operating and administrative expenditures.

Based on the current cash position and exploration strategy, the Corporation will likely need additional capital resources to complete or carry out its exploration and development plans for the next twelve months.

The Corporation is not subject to any externally imposed capital requirements.

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17. Financial Instruments (Continued)

Capital risk management (continued)

The fair value of the Corporation's cash and cash equivalents, payables and accruals and related party payable approximate their carrying value due to the short-term nature. The equity investments have been adjusted to reflect their fair market value at the period end based on market quotes. The fair value of the Corporation's loan payable approximates its carrying value since the carrying value is determined based upon discounted future cash flows, using a discount rate adjusted for the Corporation's own credit risk, that reflects current market conditions for instruments with similar terms and risks.

The Corporation's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, equity market risk and fair value measurements recognized in the statement of financial position.

(a) Credit risk

The Corporation had cash and cash equivalents which totaled \$1,169,138 as at December 31, 2020, (December 31, 2019 - \$540,035). These funds are subject to a combination of the \$100,000 maximum guarantee per individual institution as provided by the Canadian Deposit Insurance Corporation, a federal Crown Corporation. The Corporation does not believe that it is subject to any significant concentration of credit risk. Cash and cash equivalents are in place with major Canadian financial institutions.

The maximum exposure to credit risk was:

	December 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 1,169,138	\$ 540,035
Investments	93,535	39,573
Long-term deposit	30,279	-
	\$ 1,292,952	\$ 579,608

(b) Liquidity risk

Liquidity risk represents the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through its capital structure and by continuously monitoring actual and projected cash flows. The Corporation finances its exploration activities through flow-through shares, operating cash flows and the utilization of its liquidity reserves.

The Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

Contractual maturities of financial liabilities are as follows; payables and accruals, less than ninety days, related party liabilities, from future free cash flow, and loan payable, expected repayment on December 31, 2022.

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17. Financial Instruments (Continued)

(c) Equity market risk

Equity market risk is defined as the potential impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market.

The Corporation closely monitors the general trends in the stock markets and individual equity movements, and determines the appropriate course of action to be taken.

The Corporation currently holds equity investments with a fair market value of \$93,535 (December 31, 2019 - \$39,573) and as result, a 10% increase or decrease would impact income and loss by \$9,354 (December 31, 2019 - \$3,957).

(d) Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

December 31, 2020	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets				
Investments	\$ 93,535	\$ -	\$ -	\$ 93,535

December 31, 2019	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets				
Investments	\$ 39,573	\$ -	\$ -	\$ 39,573

There were no transfers between level 1, level 2 and level 3 during the year.

18. Risk Management

The Corporation is engaged primarily in mineral exploration and manages related industry risk issues directly. The Corporation may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

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19. Commitments and Contingencies

At period-end, the Corporation has a commitment to incur qualified exploration expenditures to meet its flow-through obligations as described in notes 8 and 14 and has no other outstanding commitments outside the normal course of the business. Pursuant to the terms of flow-through share agreement, the Corporation is in the process of complying with its flow-through contractual obligations to subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As of December 31, 2020, the Corporation was committed to incurring approximately \$119,000 and \$990,000, respectively, in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2021 and December 31, 2022 arising from the flow-through offerings.

The commitment to complete these expenditures by the dates noted above is based on a proposed change by the Government of Canada, which would extend the deadline to complete the necessary spending requirements from the issuance of flow-through shares raised in 2019 and 2020 by one year respectively.

The Corporation's operations are subject to governmental laws and regulations regarding environmental protection. The environmental consequences are difficult to identify and it is also a challenge to anticipate the impacts of deadlines.

At the year-end, management believes to the best of its knowledge that CIM is in conformity with all applicable laws and regulations. Restoration costs, if any, will be accrued in the financial statements and reflected in the statement of loss and comprehensive loss, if and when they can be reasonably estimated.