



Geomega Resources Inc.

Unaudited Condensed Interim Consolidated Financial Statements

Nine Months Ended February 28, 2021

*The attached financial statements have been prepared by management of
Geomega Resources Inc. and were not reviewed by auditors*

Geomega Resources Inc.
Consolidated Statements of Financial Position
(Unaudited, in Canadian dollars)

	Note	As at February 28, 2021 \$	As at May 31, 2020 \$
Assets			
Current assets			
Cash and cash equivalents	4	3,494,234	485,780
Accounts receivable		15,820	37,183
Sales taxes receivable		54,033	9,961
Tax credits and government grant receivable		93,100	100,061
Prepaid expenses and others		92,712	94,724
Stocks		7,188	7,188
Current assets		3,757,087	817,897
Non-current assets			
Investment in an associate	5	1,382,170	1,508,159
Property and equipment	6	21,383	29,132
Rights-of-Use Asset	7	712,611	772,832
Non-current assets		2,116,164	2,310,123
Total assets		5,873,251	3,128,020
Liabilities			
Current liabilities			
Trade and other payables		254,659	299,413
Current part of the obligation under finance lease	8	60,826	58,014
Current liabilities		315,485	357,427
Non-current liabilities			
Obligation under finance lease	8	692,051	737,775
Long-term debt	9	70,390	53,724
Non-current liabilities		762,441	791,499
Total liabilities		1,077,926	1,148,926
Equity			
Share capital	10	35,140,100	31,132,420
Warrants	11	225,486	570,300
Broker warrants	12	44,795	5,742
Stock options	13	600,144	501,688
Contributed surplus		4,424,649	4,385,820
Deficit		(35,639,849)	(34,616,876)
Total equity		4,795,325	1,979,094
Total liabilities and equity		5,873,251	3,128,020

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

Geomega Resources Inc.
Consolidated Statements of Earnings and Comprehensive Earnings
(Unaudited, in Canadian dollars)

		Three months ended		Nine months ended	
	Note	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
		\$	\$	\$	\$
Operating expenses					
Salaries, employee benefits, settlement and share-based compensation		44,732	55,612	139,036	164,077
Directors fees		-	11,250	-	33,750
Exploration and evaluation expenses, net of tax credits	14	92,354	128,924	172,431	360,218
Professional fees		31,583	25,167	148,062	83,022
Travel, conferences and investor relations		69,696	59,543	185,078	189,191
Administration		10,977	5,349	36,025	22,267
Filing fees		24,216	23,438	44,886	39,317
Rent		33,812	12,898	89,224	44,219
Depreciation of right-of-use asset		20,075	14,283	60,221	14,283
Insurance, taxes and permits		4,142	12,757	11,184	22,018
Other gains		(26,380)	-	(26,380)	-
Operating loss		(305,207)	(349,221)	(859,767)	(972,362)
Other income (expenses)					
Interest expenses		77	2,552	569	8,402
Loss on foreign exchange		(10,337)	4,743	(46,065)	3,679
Finance costs		(15,883)	(10,268)	(24,832)	(17,193)
Gain on disposal of property and equipment		-	-	50,000	111,523
Share of loss of associate	5	(88,849)	(279,852)	(108,979)	(441,314)
Net gain (loss) on dilution of investment in an associate	5	21,057	64,369	(17,010)	129,454
Net gain on sale of investment in an associate	5	-	-	-	29,800
Gain on buyback of share-exchange rights		-	84,750	-	84,750
Loss on shares issued in settlement of a debt	10	(16,889)	-	(16,889)	-
		(110,824)	(133,706)	(163,206)	(90,899)
Net and comprehensive loss		(416,031)	(482,927)	(1,022,973)	(1,063,261)
Net loss attributable to:					
Geomega Resources Inc. shareholders		(416,031)	(478,976)	(1,022,973)	(1,051,832)
Non-controlling interests		-	(3,951)	-	(11,429)
Basic and diluted earnings per share		(0.003)	(0.005)	(0.009)	(0.011)
Weighted average number of basic shares outstanding		121,792,971	102,089,068	111,755,955	99,796,209

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

Geomega Resources Inc.
Consolidated Statements of Changes in Equity
(Unaudited, in Canadian dollars)

	Note	Numbers of shares outstanding	Share Capital	Warrants	Broker warrants	Stock-options	Contributed Surplus	Deficit	Total equity
			\$	\$	\$	\$	\$	\$	\$
Balance at May 31, 2020		104,559,928	31,132,420	570,300	5,742	501,688	4,385,820	(34,616,876)	1,979,094
Net and comprehensive loss		-	-	-	-	-	-	(1,022,973)	(1,022,973)
Units issued as part of private placements	10	14,709,093	2,344,769	-	39,053	-	-	-	2,383,822
Shares issued in settlement of debt	10	140,754	64,010	-	-	-	-	-	64,010
Exercised stock options		1,766,250	295,855	-	-	(114,174)	-	-	181,681
Exercised warrants		5,571,761	1,303,046	(305,985)	-	-	-	-	997,061
Expired warrants		-	-	(38,829)	-	-	38,829	-	-
Shared-based compensation		-	-	-	-	212,630	-	-	212,630
Balance at February 28, 2021		120,206,799	35,140,100	225,486	44,795	600,144	4,424,649	(35,639,849)	4,795,325

	Note	Numbers of shares outstanding	Capital-Actions	Equity component of convertible debentures	Warrants	Broker warrants	Stock-options	Contributed Surplus	Deficit	Equity attributable to Geomega Resources Inc.	Non-controlling interest	Total equity
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at May 31, 2019		90,750,134	29,241,753	3,300	267,024	-	343,326	4,279,526	(32,769,526)	1,365,403	(35,503)	1,329,900
Net and comprehensive loss		-	-	-	-	-	-	-	(1,051,832)	(1,051,832)	(11,429)	(1,063,261)
Units issued as part of private placements		8,800,215	1,069,677	-	162,353	-	-	-	-	1,232,030	-	1,232,030
Buyback of non-controlling interest in shares		2,516,664	415,250	-	-	-	-	-	(46,932)	368,318	46,932	415,250
Exercised stock options		441,250	71,430	-	-	-	(29,569)	-	-	41,861	-	41,861
Expired stock options		-	-	-	-	-	(79,970)	79,970	-	-	-	-
Exercised warrants		60,000	10,738	-	(1,738)	-	-	-	-	9,000	-	9,000
Expired warrants		-	-	-	(26,324)	-	-	26,324	-	-	-	-
Exercised conversion rights on convertible debentures		916,665	113,300	(3,300)	-	-	-	-	-	110,000	-	110,000
Shared-based compensation		-	-	-	-	-	109,428	-	-	109,428	-	109,428
Stock issuance costs		-	(32,270)	-	(4,898)	5,742	-	-	-	(31,426)	-	(31,426)
Balance at February 29, 2020		103,484,928	30,889,878	-	396,417	5,742	343,215	4,385,820	(33,868,290)	2,152,782	-	2,152,782

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

Geomega Resources Inc.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian dollars)

		Nine months ended	
	Note	February 28 2021	February 29 2020
		\$	\$
Operating activities			
Net loss - continued operations		(1,022,973)	(1,063,261)
Adjustment for:			
Share-based compensation		212,630	109,428
Depreciation of property, plant and equipment		16,413	25,230
Depreciation of right-of-use asset		60,221	14,283
Finance costs for the accretion of debentures		40,788	3,339
Finance costs for the accretion of long-term debt		3,046	9,477
Gain on disposal of property, plant and equipment		(50,000)	(111,523)
Gain on buyback of share-exchange rights		-	(84,750)
Other operating gains		(26,380)	-
Loss on debt settlement in shares		16,889	-
Share of loss of an associate		108,979	441,314
Net loss (net gain) on dilution of investment in an associate		17,010	(129,454)
Net gain on sale of investment in an associate		-	(29,800)
Change in non-cash working capital items	15	72,368	(176,295)
Cash flows from operating activities		(554,055)	(992,012)
Investing activities			
Acquisitions of property, plant and equipment		(5,618)	(17,860)
Dispositions of property, plant and equipment		50,000	194,501
Disposition of an investment in an associate		-	144,000
Cash flows from investing activities		44,382	320,641
Financing activities			
Private placements, net of issuance costs		2,383,822	1,200,604
Exercised warrants		997,061	41,861
Exercised stock options		181,681	9,000
Increase in long-term debt		40,000	-
Reimbursement of lease obligation		(83,700)	(3,954)
Cash flows from financing activities		3,518,127	1,247,511
Net change in cash flow		3,008,454	576,140
Cash and cash equivalents- at the beginning		485,780	33,438
Cash and cash equivalents- at the end		3,494,234	609,578

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

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Geomega Resources Inc. (the "Corporation" or "Corporation") is incorporated under the Canada Business Corporations Act and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under symbol GMA. The address of the Corporation's registered office and principal place of business is 75, de Mortagne Boulevard, Boucherville, Quebec, Canada, J4B 6Y4. These unaudited condensed interim consolidated financial statements (the "Financial Statements") were approved by the Corporation's Board of Directors on April 22, 2021.

The Corporation has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for its mining properties costs is dependent upon the ability of the Corporation to obtain necessary financing to pursue the exploration and evaluation on its mining properties.

These Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. For the nine months ended February 28, 2021, the Corporation reported a net loss of \$1,022,973 and has accumulated a deficit of \$35,639,849 up to that date. As at February 28, 2021, the Corporation had a working capital of \$3,441,602.

Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity or debt financing. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation, especially in the context of the Covid-19 pandemic. The extent and duration of the impacts that the coronavirus could have on the Company's business, including suppliers, service providers, employees and global financial markets, are still uncertain at this time. The Company is monitoring developments in order to be able to take appropriate action if necessary. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in the Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB") applicable to the preparation of interim financial statements, including *International Accounting Standard* ("IAS") 34, *Interim Financial Reporting*. Accordingly, the Financial Statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

2.2 Basis of Presentation

The Financial Statements should be read in conjunction with the annual financial statements for the year ended May 31, 2020, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in the Financial Statements are consistent with those of the previous financial year ended May 31, 2020.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of Financial Statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the Financial Statements, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended May 31, 2020.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalent include a guaranteed investment certificate bearing the following conditions:

- Guaranteed investment certificate of \$ 100,000 at the rate of 0.90% expiring July 22, 2021. Interest and principal are cashable at any time.
- Investment of \$ 750,000 in a mutual fund at the rate of 0.25%. Interest and principal are cashable at any time.
- Investment of \$ 90,128 USD in a mutual fund at the rate of 0.20%. Interest and principal are cashable at any time.
- Inv Investment of \$ 1,300,179 in a high interest exchange-traded savings fund.

5. INVESTMENT IN AN ASSOCIATE CORPORATION

Kintavar Exploration Inc. ("Kintavar") is the Corporation's only associate and it is material to the group. Kintavar's share capital consists solely of ordinary shares, which are held directly by the Corporation. Kintavar is incorporated in Canada where are its exploration and evaluation activities on bearing properties, which are not strategic to the Corporation's own activities, are carried out. The proportion of ownership interest is the same as the proportion of voting rights held. The investment in Kintavar is accounted for under the equity method. Its fair value as at February 28, 2021 is \$2,444,286 (16,857,143 shares at \$0.145, closing price on the exchange). The Corporation categorized the fair value measurement as Level 1, as it is derived from quoted prices in active markets. Following the issuance of shares in Kintavar and the sale of a portion of the investment held, the Corporation's interest in Kintavar was diluted to 15.91% as at February 28, 2021.

Determination of significant influence

Management determines its ability to exercise significant influence over an investment in shares of other companies by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policy-making processes, material transactions between the Corporation and the associate, interchange of managerial personnel, provision of essential technical information and operating involvement. Considering these factors, Geomega is considered to have significant influence over Kintavar.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

5. INVESTMENT IN AN ASSOCIATE CORPORATION (CONT'D)

	Nine months ended February 28, 2021	Year ended May 31, 2020
	\$	\$
Balance at beginning of period	1,508,159	2,039,287
Share of net loss	(108,979)	(553,957)
Net gain (loss) from dilution of the interest	(17,010)	137,029
Proceeds from disposition of participation	-	(144,000)
Net gain on the sale of an interest	-	29,800
Balance at end of period	1,382,170	1,508,159

6. PROPERTY AND EQUIPMENT

	Office equipment	E&E Equipment	Total
	\$	\$	\$
Fiscal 2021			
Opening net book value	-	29,132	29,132
Additions	-	5,618	5,618
Disposal	-	(13,367)	(13,367)
Closing net book value	-	21,383	21,383
As at February 28, 2021			
Cost	14,984	232,224	247,208
Accumulated Depreciation	(14,984)	(210,841)	(225,825)
Closing net book value	-	21,383	21,383

	Office equipment	E&E Equipment			Total
		Vehicles	Equipment and camp	Warehouse	
	\$	\$	\$	\$	\$
Fiscal 2020					
Opening net book value	-	3,800	34,072	85,521	10,393
Additions	-	-	17,860	-	17,860
Depreciation	-	(1,900)	(22,800)	(1,443)	(26,143)
Disposal	-	(1,900)	-	(81,078)	(82,978)
Closing net book value	-	-	29,132	-	29,132
As at May 31, 2020					
Cost	14,984	-	670,178	-	685,162
Accumulated Depreciation	(14,984)	-	(641,046)	-	(656,030)
Closing net book value	-	-	29,132	-	29,132

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

7. RIGT-OF-USE ASSET

	Commercial rent
	\$
Fiscal 2021	
Opening net book value	772,832
Additions	-
Depreciation	(60,221)
Closing net book value	712,611
As at February 28, 2021	
Cost	802,942
Accumulated Depreciation	(90,331)
Closing net book value	712,611

	Commercial rent
	\$
Fiscal 2020	
Opening net book value	-
Additions	802,942
Depreciation	(30,110)
Closing net book value	772,832
As at May 31, 2020	
Cost	802,942
Accumulated Depreciation	(30,110)
Closing net book value	772,832

8 OBLIGATION UNDER FINANCE LEASE

	Nine months ended February 28, 2021	Year ended May 31 2020
	\$	\$
Balance, opening	795,789	-
New contract signed during the period	-	802,942
Rental obligation payments	(42,912)	(7,153)
Balance	752,877	795,789
Current portion	(60,826)	(58,014)
Non-current portion	692,051	737,775

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

9. LONG-TERM DEBT

	As at February 28, 2021	As at May 31, 2020
	\$	\$
Canada Emergency Business Account (“CEBA”) received in the context of the COVID-19 pandemic outbreak. The loan bears no interest and capital is payable in full on or before December 31, 2022.	70,390	53,724
Long-term debt, non-current	70,390	53,724

10. SHARE- CAPITAL

10.1 Private Placement

On November 6, 2020, the Corporation closed a private placement consisting of 14,559,093 units at a price of \$0.17 CAD and 150,000 units at a price of \$0.13 USD for total gross proceeds of \$2,500,656. Each unit is composed of one share and one warrant, each warrant entitling the holder to acquire one share at a price of \$0.22 per share until the date that is 24 months from their issue and thereafter at a price of \$0.25 until the date that is 36 months from their issue.

The entire gross proceeds of units as well as issuance costs of \$155,887 were allocated to equity, using the residual method, as the market price was higher than the issuance price of the units on the day of issuance.

A total of 526,544 broker options were granted at a price of \$0.22 and included in the issuance costs. The value of the broker options was estimated using the Black-Scholes model with no expected dividend yield, 77.04% expected volatility, 0.24% risk-free interest rate and 2 years expected life.

10.2 Shares Issued in Settlement of a Debt

On January 27, 2021, the Corporation entered into an agreement to issue shares in settlement of a debt of \$47,858 representing accrued interest on a convertible debenture financing closed on August 13, 2017 as well as other past consulting services. In consideration for the debt settlement, the Corporation issued a total of 140,754 common shares at a deemed price of \$0.34 per share. The convertible debentures bore interest at 10% per annum, compounded quarterly. The debentures had been converted into common shares at a price of \$0.12 in August 2019, excluding accrued and compound interest. A director and an executive of the Corporation were among the creditors and benefited from this debt settlement in shares. The shares were issued at a value of \$0.46, which is the value of the share on February 10, 2021, the date the transaction was approved by the TSX. Transaction costs of \$739 were incurred and a loss on shares issued in settlement of a debt of \$16,889 was recorded in the consolidated statement of earnings.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

11. WARRANTS

Changes in the Corporation's warrants are as follows:

	Nine Months Ended February 28, 2021		Year ended May 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Opening	9,368,886	0.16	6,378,778	0.16
Issued (note 10)	14,709,093	0.22	4,440,108	0.14
Exercised	(5,571,761)	0.18	(785,000)	0.14
Expired	(300,000)	0.14	(625,000)	0.12
Balance, end	18,206,218	0.21	9,368,886	0.17

The number of outstanding warrants as at February 28, 2021 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
533,000	0.20	July 2, 2021
590,625	0.20	July 10, 2021
481,250	0.15	May 2, 2022
856,250	0.15	May 14, 2022
721,000	0.15	May 18, 2022
14,529,093	0.22*	November 6, 2022*
18,206,218		

*Warrants issued on November 6, 2020 have an exercise price of \$0.22 for the first 24 months after which the price is \$0.25 for the following 12 months.

12. BROKER WARRANTS

Changes in the Corporation's warrants are as follows:

	Nine Months Ended February 28, 2021		Year ended May 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, opening	120,800	0.20	-	-
Issued (note 10)	526,544	0.22	120,800	0.20
Balance, end	647,344	0.22	120,800	0.20

The number of outstanding warrants as at February 28, 2021 are as follows:

Number of broker warrants	Exercise price	Expiry date
	\$	
16,000	0.20	July 2, 2021
104,800	0.20	July 10, 2021
526,544	0.22	November 6, 2022
647,344		

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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13. STOCK OPTIONS

Changes in the Corporation's stock options are as follows:

	Nine months ended February 28, 2021		Year ended May 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		\$		\$
Balance, beginning	9,248,750	0.12	6,565,000	0.10
Granted	2,525,000	0.26	4,475,000	0.16
Expired	-	-	(577,500)	0.20
Exercised	(1,766,250)	0.03	(791,250)	0.09
Forfeited	(206,250)	0.17	(422,500)	0.13
Balance, end	9,801,250	0.16	9,248,750	0.12
Balance, end exercisable	6,076,250	0.12	5,723,750	0.11

The number of options outstanding as at February 28, 2021 are as follows:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry date
		\$	
1,220,000	1,220,000	0.095	November 29, 2021
693,750	693,750	0.09	October 19, 2022
400,000	400,000	0.085	August 28, 2023
400,000	400,000	0.08	September 14, 2023
775,000	775,000	0.085	November 20, 2023
400,000	300,000	0.09	March 13, 2024
250,000	187,500	0.175	July 29, 2024
1,362,500	637,500	0.155	October 23, 2024
200,000	100,000	0.155	November 28, 2024
75,000	-	0.185	January 19, 2025
1,450,000	1,018,750	0.165	April 16, 2025
450,000	112,500	0.165	April 21, 2025
250,000	62,500	0.155	June 3, 2025
100,000	25,000	0.155	June 8, 2025
500,000	125,000	0.175	August 13, 2025
75,000	18,750	0.205	August 31, 2025
250,000	-	0.18	October 21, 2025
1,350,000	-	0.34	January 27, 2026
9,801,250	6,076,250		

On October 21, 2020, the shareholders of the Company renewed the stock option plan which stipulates that the maximum number of ordinary shares in the capital of the Company that could be reserved for allotment under the plan is limited to 10% of the outstanding shares.

On June 3, 2020, the Corporation granted to a new director 250,000 stock options, priced at \$0.155, valid for 5 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.3854%, expected volatility of 83.12%, no dividend per share and expected duration of 3.75 years options.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

13. STOCK OPTIONS (CONT'D)

On June 8, 2020, the Corporation granted two employees 100,000 stock options, priced at \$0.155, valid for 5 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.4065%, expected volatility of 82.87%, no dividend per share and expected duration of 3.75 years options.

On August 13, 2020, the Corporation granted to consultants 500,000 stock options, priced at \$0.175, valid for 5 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.3500%, expected volatility of 81.00%, no dividend per share and expected duration of 3.75 years options.

On August 31, 2020, the Corporation granted to a new employee 75,000 stock options, priced at \$0.205, valid for 5 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.3854%, expected volatility of 79.85%, no dividend per share and expected duration of 3.75 years options.

On October 21, 2020, the Corporation granted to a new director 250,000 stock options, priced at \$0.18, valid for 5 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.3010%, expected volatility of 79.89%, no dividend per share and expected duration of 3.75 years options.

On January 27, 2021, the Company granted 1,025,000 stock options to employees and directors, at a price of \$ 0.34, valid for 5 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.3203%, expected volatility of 79.42%, no dividend per share and expected duration of 3.75 years options.

On January 27, 2021, the Company granted 325,000 stock options to consultants, priced at \$ 0.34, valid for 2 years. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 0.1537%, expected volatility of 81.24%, no dividend per share and term planned 2-year options. From the granting, options are earned in increments of 25% every 3 months.

Except for the options granted on January 27, 2021, all options granted bear the same conditions. From the date of the grant, the options are earned in increments of 25% every 6 months, are valid for 5 years and have been granted at a value equal to or greater than that of the market at the close before the grant.

The expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

14. EXPLORATION AND EVALUATION EXPENSES

Montviel	Three months ended		Nine months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
Acquisition and maintenance	67	-	485	813
Exploration				
Salaries and benefits	-	2,070	-	15,143
Share-based compensation	3,715	5,030	12,898	8,141
Geology	-	-	-	611
Geophysics	60,310	-	60,310	-
Transport and lodging	654	687	(2,576)	69,569
Depreciation of property and equipment	-	-	-	3,343
Taxes, permits and insurances	-	(2,081)	360	2,279
Billing - rental	-	-	-	(22,741)
Total exploration	64,679	5,706	70,992	76,345
Evaluation				
Salaries and benefits - Metallurgy and processing	108,545	100,473	359,483	259,757
Separation process	21,863	18,538	52,683	53,627
Depreciation of property and equipment	4,508	7,830	13,368	21,887
Engineering	-	122,934	-	217,394
Total Evaluation	134,916	249,775	425,534	552,665
Gross E&E expenses	199,662	255,481	497,012	629,823
Government grants	(81,011)	(125,546)	(215,027)	(231,018)
Tax Credits	(26,297)	(1,011)	(109,553)	(38,587)
Net E&E expenses - Montviel	92,354	128,924	172,431	360,218

15. ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED CASH FLOW STATEMENT

Change in non-cash working capital items

	Nine months ended	
	February 28, 2021	February 29, 2020
	\$	\$
Accounts receivable	21,363	(37,847)
Sales taxes receivable	38,928	(27,145)
Tax credits receivable	6,961	(72,404)
Prepaid and other expenses	2,012	(83,376)
Stocks	-	(7,188)
Creditors and accrued expenses	3,104	51,665
	72,368	(176,295)