



Geomega Resources Inc.

Unaudited Condensed Interim Consolidated Financial Statements

Nine months ended February 28, 2022

*The attached financial statements have been prepared by management
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, 2022 \$	As at May 31, 2021 \$
Assets			
Current assets			
Cash and cash equivalents	4	3,394,902	3,389,195
Accounts receivable		32,527	74,595
Tax credits and government grant receivable		109,931	98,722
Prepaid expenses and others		40,872	115,689
Inventories		11,587	11,587
Current assets		3,589,819	3,689,788
Non-current assets			
Investment in an associate	5	1,406,690	1,342,522
Property and equipment	6	126,442	27,590
Right-of-use asset	7	632,318	692,538
Non-current assets		2,165,450	2,062,650
Total assets		5,755,269	5,752,438
Liabilities			
Current liabilities			
Trade and other payables		184,689	220,018
Deferred grant		60,000	-
Current portion of the lease liability	8	65,223	61,896
Total Current liabilities		309,912	281,914
Non-current liabilities			
Lease liability	8	626,828	677,891
Long-term debt	9	75,479	71,629
Non-current liabilities		702,307	749,520
Total liabilities		1,012,219	1,031,434
Equity			
Share capital		36,359,087	35,437,309
Warrants	11	133,665	197,268
Broker warrants	12	36,157	43,979
Stock options	13	932,875	688,438
Contributed surplus		4,424,649	4,424,649
Deficit		(37,143,383)	(36,070,639)
Total equity		4,743,050	4,721,004
Total liabilities and equity		5,755,269	5,752,438

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

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

	Note	Three months ended February 28		Nine months ended February 28,	
		2022	2021	2022	2021
		\$	\$		
Research fees		-	-	60,000	-
Revenues		-	-	60,000	-
Operating expenses					
Salaries, employee benefits, settlement and share-based compensation		109,662	44,732	238,897	139,036
Exploration and evaluation expenses, net of tax credits	14	149,076	92,354	403,289	172,431
Professional fees		35,030	31,583	106,230	148,062
Travel, conference and investor relations		72,984	69,696	241,540	185,078
Administration		15,669	10,977	41,313	36,025
Filing fees		7,775	24,216	58,959	44,886
Rent		1,178	33,812	23,225	89,224
Depreciation of right-of-use asset		20,073	20,075	60,220	60,221
Insurance, taxes and permits		7,066	4,142	16,372	11,184
Other operating gains		-	(26,380)	-	(26,380)
Operating loss		(418,513)	(305,207)	(1,190,045)	(859,767)
Other income (expenses)					
Investment income		948	77	8,575	569
Gain (loss) of foreign exchange		703	(10,337)	24,397	(46,065)
Finance costs		(13,613)	(15,883)	(39,839)	(24,832)
Gain on disposal of property and equipment		-	-	-	50,000
Share of loss of associate	5	(112,090)	(88,849)	(196,837)	(108,979)
Net gain (loss) on dilution of investment in an associate	5	(23,826)	21,057	261,005	(17,010)
Loss on shares issued in settlement of a debt		-	(16,889)	-	(16,889)
		(147,878)	(110,824)	57,301	(163,206)
Net and comprehensive loss		(566,391)	(416,031)	(1,072,744)	(1,022,973)
Basic and diluted earnings per share		(0.004)	(0.003)	(0.008)	(0.009)
Weighted average number of basic and diluted shares outstanding		130,687,924	121,792,971	129,842,905	111,755,955

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	Number of shares outstanding	Share Capital	Warrants	Broker warrants	Stock-options	Contributed Surplus	Deficit	Total Equity
Balance at May 31, 2021		128,224,536	\$ 35,437,309	\$ 197,268	\$ 43,979	\$ 688,438	\$ 4,424,649	\$ (36,070,639)	\$ 4,721,004
Net and comprehensive loss		-	-	-	-	-	-	(1,072,744)	(1,072,744)
Units issued as part of private placements	10	1,408,055	357,674	-	-	-	-	-	357,674
Exercised stock options		1,150,000	188,600	-	-	(79,350)	-	-	109,250
Exercised warrants		1,441,625	330,862	(63,603)	-	-	-	-	267,259
Exercised broker warrants		176,888	44,642	-	(7,822)	-	-	-	36,820
Shared-based compensation		-	-	-	-	323,787	-	-	323,787
Balance at February 28, 2022		132,401,104	36,359,087	133,665	36,157	932,875	4,424,649	(37,143,383)	4,743,050

	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		14,709,093	2,344,769	-	39,053	-	-	-	2,383,822
Shares issued in settlement of debt		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

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 February 28,	
	Note	2022	2021
		\$	\$
Operating activities			
Net and comprehensive loss		(1,072,744)	(1,022,973)
Adjustment for:			
Share-based compensation		323,787	212,630
Depreciation of property and equipment		27,144	16,413
Depreciation of right-of-use asset		60,220	60,221
Finance costs for the accretion of long-term debt		3,850	3,046
Gains on disposals of property and equipment		-	(50,000)
Other operating gains		-	(26,380)
Loss on debt settlement in shares		-	16,889
Share of loss of an associate		196,837	108,979
Net (gain) loss on dilution of investment in an associate		(261,005)	17,010
Change in non-cash working capital items	14	70,347	72,368
Cash flows used in operating activities		(651,564)	(594,843)
Investing activities			
Acquisition of property and equipment		(125,996)	(5,618)
Disposal of property and equipment		-	50,000
Cash flows from investing activities		(125,996)	44,382
Financing activities			
Private placement, net of issuing fees		357,674	2,383,822
Encaissement d'une subvention perçue d'avance		60,000	-
Exercise of warrants		267,259	997,061
Exercise of stock options		109,250	181,681
Exercise of broker stock options		36,820	-
Increase in long-term debt		-	40,000
Repayments of lease liability		(47,736)	(42,912)
Cash flows from financing activities		783,267	3,559,652
Net change in cash flow		5,707	3,008,454
Cash and cash equivalents - at the beginning		3,389,195	485,780
Cash and cash equivalents- at the end		3,394,902	3,494,234

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 “Company”) is incorporated under the Canada Business Corporations Act and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. Through its private and wholly owned subsidiary Innord, the Corporation is developing innovative technologies for extraction and separation of rare earth elements and other critical and strategic metals from its mining properties and other mining and industrial waste, in an environmentally sustainable way. 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 26, 2022.

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, 2022, the Corporation reported a net loss of \$1,072,744 and has accumulated a deficit of \$37,143,383 up to that date. As at February 28, 2022, the Corporation had a working capital of \$3,379,907.

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.

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, 2021, 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, 2021, except for the following conventions:

Revenue recognition

Revenues correspond to research fees invoiced by Innord for collaborative research work with third parties in the valuation of mining and industrial residues as the critical and strategic metals sectors.

Fees received are recognized in the statement of comprehensive loss as the work is performed and there is no longer any obligation for the Corporation in consideration for the amounts received.

Revenues are measured at the fair value of the consideration received.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred Grant

The deferred grant corresponds to an advance received on a grant that will enable the Corporation to advance work relating to hydrometallurgy on its Montviel rare earth property.

The amounts received must be allocated to reduce the expenses incurred in the statement of net and comprehensive loss or to reduce property, plant and equipment in the statement of financial position according to the reimbursement percentages granted in the grant agreement and as the research project progresses and expenditures are encouraged under the project.

The deferred grant is allocated at the fair value of the consideration received.

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, 2021.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the two following investments:

- Investment of \$2,314,023 in a high-interest savings exchange-traded fund.
- Investment of \$340,539 USD (\$434,348 CAD) in a high-interest savings exchange-traded fund.

5. INVESTMENT IN AN ASSOCIATE

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 is the class are held directly by the Corporation. Kintavar is incorporated in Canada where are its exploration and evaluation activities are being carried out on bearing properties, and 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, 2022 is \$2,865,714 (16,857,143 shares at \$0.17, being the closing price on the Exchange on February 28, 2022). The Corporation categorized the fair value measurement as level 1, as it is derived from quoted prices in active markets. The Corporation's interest in Kintavar represents 13,69% as at February 28, 2022 (15,91% as at May 31, 2021).

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

5. INVESTMENT IN AN ASSOCIATE (CONT'D)

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.

	Nine months ended February 28, 2022	Year ended May 31, 2021
	\$	\$
Balance at beginning of period	1,342,522	1,508,159
Share of net and comprehensive loss	(196,837)	(154,651)
Net gain (loss) on dilution of investment in an associate	261,005	(10,986)
Balance at end of period	1,406,690	1,342,522

6. PROPERTY AND EQUIPMENT

	Office equipment	E&E Equipment	Total
	\$	\$	\$
Fiscal 2022			
Opening net book value	-	27,590	27,590
Additions	-	125,996	125,996
Depreciation	-	(27,144)	(27,144)
Closing net book value	-	126,442	126,442
As at February 28, 2022			
Cost	14,984	369,761	384,745
Accumulated Depreciation	(14,984)	(243,319)	(258,303)
Closing net book value	-	126,442	126,442

	Office equipment	E&E Equipment	Total
	\$	\$	\$
Fiscal 2021			
Opening net book value	-	29,132	29,132
Additions	-	17,159	17,159
Depreciation	-	(18,701)	(18,701)
Closing net book value	-	27,590	27,590
As at May 31, 2021			
Cost	14,984	243,765	258,749
Accumulated depreciation	(14,984)	(216,175)	(231,159)
Closing net book value	-	27,590	27,590

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

7. RIGHT-OF-USE ASSET

	Industrial building
	\$
Fiscal 2022	
Opening net book value	692,538
Depreciation	(60,220)
Closing net book value	632,318
As at February 28, 2022	
Cost	802,942
Accumulated Depreciation	(170,624)
Closing net book value	632,318

	Industrial building
	\$
Fiscal 2021	
Opening net book value	772,832
Additions	-
Depreciation	(80,294)
Closing net book value	692,538
As at May 31, 2021	
Cost	802,942
Accumulated Depreciation	(110,404)
Closing net book value	692,538

8. LEASE LIABILITY

	Nine months ended February 28, 2022	Year ended May 31, 2021
	\$	\$
Balance, opening	739,787	795,789
Repayments of lease liability	(47,736)	(56,002)
Balance	692,051	739,787
Balance, current	(65,223)	(61,896)
Balance, non-current	626,828	677,891

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

9. LONG-TERM DEBT

	As at February 28, 2022	As at May 31, 2021
	\$	\$
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, 2023.	75,479	71,629
Long-term debt, non-current	75,479	71,629

10. SHARE- CAPITAL

10.1 Private Placement

On February 7, 2022, the Corporation closed a private placement consisting of 1,408,055 units at a price of \$0.27 CAD for total gross proceeds of \$380,175. Each unit is composed of one share and half a warrant, each warrant entitling the holder to acquire one share at a price of \$0.40 per share until the date that is 24 months from their issue.

The entire gross proceeds of units as well as issuance costs of \$22,501 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.

11. WARRANTS

Changes in the Corporation’s warrants are as follows:

	Nine months ended February 28, 2022		Year ended May 31, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Opening	17,250,468	\$ 0.21	9,368,886	\$ 0.17
Issued	704,028	0.40	14,709,093	0.22
Exercised	(1,441,625)	0.19	(6,527,511)	0.18
Expired	-	-	(300,000)	0.15
Balance, end	16,512,871	0.22	17,250,468	0.21

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

11. WARRANTS (CONT'D)

The number of outstanding warrants as at February 28, 2022 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
481,250	0.15	May 2, 2022
712,500	0.15	May 14, 2022
516,000	0.15	May 18, 2022
14,099,093	0.22*	November 6, 2022*
704,028	0.40	February 7, 2024
16,512,871		

*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 broker warrants are as follows:

	Nine months ended February 28, 2022		Year ended May 31, 2021	
	Number of broker stock options	Weighted average exercise price	Number of broker stock options	Weighted average exercise price
		\$		\$
Balance, opening	631,344	0.22	120,800	0.20
Issued	-	-	526,544	0.22
Exercised	(176,888)	0.21	(16,000)	0.20
Balance, end	454,456	0.22	631,344	0.22

The number of outstanding brokers warrants as at February 28, 2022 are as follows:

Number of broker stock options	Exercise price	Expiry date
	\$	
454,456	0.22	November 6, 2022
454,456		

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

13. STOCK OPTIONS

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

	Neuf months ended February 28, 2022		Year ended May 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		\$		\$
Balance, beginning	9,296,250	0.17	9,248,750	0.12
Granted	2,145,000	0.305	2,525,000	0.26
Exercised	(1,150,000)	0.095	(2,271,250)	0.10
Forfeited	-	-	(206,250)	0.17
Balance, end	10,291,250	0.20	9,296,250	0.17
Balance, end exercisable	7,033,750	0.17	5,723,750	0.11

The number of options outstanding as at February 28, 2022 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
658,750	658,750	0.09	October 19, 2022
325,000	325,000	0.34	January 27, 2023
400,000	400,000	0.08	September 14, 2023
400,000	100,000	0.305	October 27, 2023
775,000	775,000	0.085	November 20, 2023
250,000	250,000	0.175	July 29, 2024
1,362,500	1,362,000	0.155	October 23, 2024
200,000	200,000	0.155	November 28, 2024
75,000	75,000	0.185	January 19, 2025
1,450,000	1,306,250	0.165	April 16, 2025
450,000	337,500	0.165	April 21, 2025
250,000	187,500	0.155	June 3, 2025
100,000	75,000	0.155	June 8, 2025
500,000	375,000	0.175	August 13, 2025
75,000	56,250	0.205	August 31, 2025
250,000	125,000	0.18	October 21, 2025
1,050,000	525,000	0.34	January 27, 2026
1,720,000	-	0.305	October 27, 2026
10,291,250	7,033,750		

On October 27, 2021, the shareholders of the Corporation 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 October 27, 2021, the Corporation granted 1,720,000 stock options to employees and directors, at a price of \$ 0.305. The fair value of the options granted was estimated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 1.3118%, expected volatility of 84.50%, 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 October 27, 2021, the Corporation granted 400,000 stock options to consultants, priced at \$ 0.305, 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 1.0382%, expected volatility of 87.46%, 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 to consultants on October 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.

14. EXPLORATION AND EVALUATION EXPENSES

Montviel Property	Three months ended February 28		Nine months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Acquisition and maintenance	-	67	1,470	485
Exploration				
Salaries and benefits	-	-	372	-
Share-based compensation	5,574	3,715	14,007	12,898
Geology and supplies	654	-	1,972	-
Geophysics	-	60,310	-	60,310
Transport and lodging	-	654	(124)	(2,576)
Taxes, permits and insurances	-	-	148	360
Total exploration	6,228	64,679	16,365	70,992
Evaluation				
Salaries and benefits	131,085	108,545	399,821	334,794
Share-based compensation	45,703	11,469	99,249	36,158
Separation process	26,196	21,863	74,158	41,214
Depreciation of property and equipment	12,478	4,508	27,144	13,368
Engineering	3,071	-	54,702	-
Total Evaluation	217,533	134,916	655,074	425,534
Gross E&E expenses	223,761	199,662	672,909	497,012
Government grants	(81,037)	(81,011)	(210,418)	(215,027)
Net tax credits	6,352	(26,297)	(59,202)	(109,553)
Net E&E expenses - Montviel	149,076	92,354	403,289	172,431

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

14. ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Change in non-cash working capital items

	Nine months ended February 28	
	2022	2021
	\$	\$
Accounts receivable	(2 244)	21 363
Sales taxes receivable	(5 255)	38 928
Tax credits and government grants receivable	38 358	6 961
Prepaid expenses and other	74 817	2 012
Trade and other payables	(35 329)	3 104
	(651 564)	72 368