



Geomega Resources Inc.

Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended November 30, 2022

The accompanying financial statements have been prepared by the management of Geomega Resources Inc. and have not been reviewed by the auditors

Geomega Resources Inc.
Consolidated Statements of Financial Position
(unaudited, in Canadian Dollars)

	Note	As at November 30, 2022 \$	As at May 31, 2021 \$
Assets			
Current assets			
Cash and cash equivalents	4	4,019,582	5,084,902
Accounts receivable	6	542,746	110,763
Tax credits and government grants receivable	7	516,487	66,616
Work in progress		-	71,868
Prepaid expenses and others		51,497	81,185
Inventories		13,542	11,587
Current assets		5,143,884	5,426,921
Non-current assets			
Investment in an associate	5	758,572	1,372,048
Deposits on acquisition of property and equipment, net of government grants		337,682	-
Property and equipment	8	91,606	100,532
Right-of-use asset	9	572,096	612,243
Non-current assets		1,759,956	2,084,823
Total assets		6,903,840	7,511,744
Liabilities			
Current liabilities			
Trade and other payables		277,882	216,953
Deferred grants	10	172,636	103,044
Deferred revenue		247,735	-
Current portion of the lease obligations	11	68,728	66,371
Current liabilities		766,981	386,368
Non-current liabilities			
Lease obligations	11	574,835	609,799
Long-term debt	12	74,175	71,631
Non-current liabilities		649,010	681,430
Total liabilities		1,415,991	1,067,798
Equity			
Share capital		38,501,802	38,435,625
Broker warrants	14	-	27,477
Stock options	15	1,128,390	1,069,608
Contributed surplus		4,476,045	4,424,649
Deficit		(38,618,388)	(37,513,413)
Total equity		5,487,849	6,443,946
Total liabilities and equity		6,903,840	7,511,744

The accompanying notes are an integral part of these consolidated Financial Statements.

Geomega Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
(unaudited, in Canadian Dollars)

	Note	Three months ended November 30		Six months ended November 30	
		2022	2021	2022	2021
		\$	\$		
Research fees		114,343	-	196,688	60,000
Revenues		114,343	-	196,688	60,000
Operating expenses					
Salaries, employee benefits and share-based compensation		24,032	76,501	124,756	128,932
Exploration and evaluation expenses, net of tax credits	16	331,631	213,017	587,525	383,446
Professional fees		3,674	26,281	47,275	71,200
Travel, conference and investor relations		103,078	78,221	159,385	168,556
Administration		12,493	10,064	22,427	25,541
Filing fees		26,409	32,207	34,578	48,956
Rent		11,945	3,227	48,721	22,047
Depreciation of right-of-use asset		20,073	20,073	40,146	40,148
Insurance, taxes and permits		5,719	5,162	11,438	9,454
Government grants on operating expenses		(328,109)	(100,409)	(365,699)	(129,381)
Operating loss		(135,740)	(364,344)	(513,864)	(768,898)
Other income (expenses)					
Investment income		18,102	3,527	31,810	7,627
Gain of foreign exchange		4,679	808	16,333	21,467
Finance costs		(12,737)	(12,131)	(25,778)	(26,226)
Share of loss of associated business		(43,253)	(57,247)	(93,721)	(84,747)
Net gain on dilution of investment in an associate		162	284,831	162	284,831
Impairment of an investment in an associate		(125,481)	-	(519,917)	-
		(158,528)	219,788	(591,111)	202,952
Net and comprehensive loss		(294,269)	(144,556)	(1,104,975)	(505,946)
Basic and diluted earnings per share		(0,002)	(0,001)	(0,008)	(0,004)
Weighted average number of basic and diluted shares outstanding		141,612,378	129,943,035	141,495,204	129,427,323

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

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

	Note	Number of shares outstanding	Share Capital	Broker warrants	Stock- options	Contributed Surplus	Deficit	Total Equity
			\$	\$	\$	\$	\$	\$
Balance at May 31, 2022		141,369,521	38,435,625	27,477	1,069,608	4,424,649	(37,513,413)	6,443,946
Net and comprehensive loss		-	-	-	-	-	(1,104,975)	(1,104,975)
Exercised stock options		400,000	66,177	-	(25,301)	-	-	40,876
Expired options		-	-	-	(23,919)	23,919	-	-
Expired broker options		-	-	(27,477)	-	27,477	-	-
Shared-based compensation		-	-	-	108,002	-	-	108,002
Balance at November 30, 2022		141,769,521	38,501,802	-	1,128,390	4,476,045	(38,618,388)	5,487,849

	Note	Numbers 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		-	-	-	-	-	-	(505,946)	(505,946)
Exercised stock options		1,150,000	188,600	-	-	(79,350)	-	-	109,250
Exercised warrants		737,875	174,229	(26,637)	-	-	-	-	147,592
Exercised broker warrants		104,800	25,886	-	(4,925)	-	-	-	20,961
Shared-based compensation		-	-	-	-	177,277	-	-	177,277
Balance at November 30, 2021		130,217,211	35,826,024	170,631	39,054	786,365	4,424,649	(36,576,585)	4,670,138

The accompanying notes are an integral part of these consolidated Financial Statements.

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

		Six months ended November 30	
	Note	2022	2021
		\$	\$
Operating activities			
Net and comprehensive loss		(1,104,975)	(505,946)
Adjustments for:			
Share-based compensation		108,002	177,277
Depreciation of property and equipment		13,370	14,666
Depreciation of right-of-use asset		40,147	40,148
Finance costs for the accretion of long-term debt		2,544	2,544
Share of loss of an associate		93,721	84,747
Net loss on dilution of investment in an associate		(162)	(284,831)
Impairment of an investment in an associate	5	519,917	-
Changes in non-cash working capital items	17	(234,965)	(72,194)
Cash flows from operating activities		(562,401)	(543,589)
Investing activities			
Deposits on acquisition of property and equipment		(581,924)	-
Additions of property and equipment		(4,444)	(32,847)
Government grants received for the purchase of property and equipment	10	75,180	-
Cash flows from investing activities		(511,188)	(32,847)
Financing activities			
Exercise of warrants		-	147,592
Exercise of stock options		40,876	109,250
Exercise of broker warrants		-	20,961
Repayments of lease liability		(32,607)	(32,130)
Cash flows from financing activities		8,269	245,673
Net change in cash		(1,065,320)	(330,763)
Cash and cash equivalents – beginning		5,084,902	3,389,195
Cash and cash equivalents – ending		4,019,582	3,058,432

The accompanying notes are an integral part of these 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") 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 consolidated Financial Statements (the "Financial Statements") were approved by the Corporation's Board of Directors on January 27, 2023.

The Financial Statements have been prepared in accordance with valid accounting principles in a context of going concern which provides that the Company will be able to realize its assets and pay its debts in the normal course of its activities. In assessing the validity of the going concern principle, management considers all available data regarding the future, which represents at least, but is not limited to, the twelve months following the end of the reporting period. For the six months ended November 30, 2022, the Company recorded a net loss of \$1,104,975 and accumulated a deficit of \$38,618,388 as of that date. As of November 30, 2022, the Company had a working capital of \$4,376,903.

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 Declaration of conformity

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("International Financial Reporting Standards" or "IFRS") as published by the International Accounting Standards ("IAS") and which are applicable for the preparation of interim consolidated financial statements, in particular International Accounting Standard 34 ("International Accounting Standard 34" or "IAS 34") - Interim financial information. The Financial Statements therefore do not include all the information and notes required under IFRS for the purposes of annual financial statements.

2.2 Mode of presentation

The Financial Statements should be read in conjunction with the audited annual financial statements for the year ended May 31, 2022, which have been prepared in accordance with IFRS. The accounting conventions and the calculation and presentation methods used in the preparation of the Financial Statements comply with the conventions and methods used for the previous financial year ended May 31, 2022.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ERRORS

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the amounts reported as assets and liabilities, the presentation of assets and at the date of the Financial Statements as well as the amounts presented as income and expenses during the reporting period. The Company also makes estimates and assumptions for the future. The determination of estimates requires the exercise of judgment based on various assumptions as well as other factors such as historical experience and current and expected economic conditions. Actual results could differ from these estimates.

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

In preparing the Financial Statements, the main judgments made by management in applying the Company's accounting policies and the main sources of estimation uncertainty were the same as those that applied to the annual financial statements for the fiscal year ended May 31, 2022.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalent include the following investments:

- Short-term deposits September \$3,369,909 with rates of 2.25% and maturity dates ranging from September 18, 2023 to September 25, 2023. Interest and principal are cashable at any time without penalty.
- Investment of \$170,336 in a high interest brokerage fund. Interest and capital are cashable at any time.
- Investment of US \$153,592 (CAD \$208,686) in a high interest brokerage account. Interest and capital are cashable at any time.

The Corporation also has access to a credit facility of \$3,046,044. The loan is interest-free, has an 8-year term, with an annual principal repayment commencing 24 months after the first withdrawal, which has not yet taken place as of November 30, 2022.

5. INVESTMENT IN AN ASSOCIATE

Kintavar is the only associated company of the Company. The share capital of Kintavar is composed exclusively of ordinary shares and the Company holds them directly. Kintavar is incorporated in Canada where E&E activities take place on its properties. The proportion of holding of the stake is the same as the proportion of voting rights held. The investment in Kintavar is accounted for using the equity method. Its fair value as of November 30, 2022 is \$758,572 (16,857,143 shares at \$0.045, closing price on the Stock Exchange). The fair value was \$1,432,857 as at May 31, 2022. As the fair value of the investment is lower than its carrying value as at November 30, 2022, an impairment loss of \$519,917 has been recorded in the consolidated statement of losses in order to reduce the investment to its estimated recoverable value, in this case its fair market value. The Company classifies the fair value of the investment in Kintavar as Level 1 as it is derived from a quoted price in active markets. The Company's ownership interest in Kintavar remained unchanged from May 31, 2022 to November 30, 2022 at 13.66%.

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.

	Six months ended November 30, 2022	Year ended May 31, 2022
	\$	\$
Balance at beginning of period	1,372,048	1,342,522
Share of net and comprehensive loss	(93,721)	(233,947)
Net gain from dilution of the interest	162	263,473
Loss of value	(519,917)	-
Balance at end of period	758,572	1,372,048

6. ACCOUNTS RECEIVABLE

	As at November 30, 2022	As at May 31, 2022
	\$	\$
Trade receivables	229,233	32,588
Sales taxes receivable	84,847	68,502
Other accounts receivables	228,696	9,673
Accounts receivable	542,776	110,763

7. TAX CREDITS AND GOVERNMENT GRANTS RECEIVABLE

	As at November 30, 2022	As at May 31, 2022
	\$	\$
Refundable tax credits	2,033	1,304
Government grants receivable	514,454	58,116
Other amounts due from government	-	7,196
Tax credits and government grants receivable	516,487	66,616

Refundable tax credits are related to eligible mining exploration expenses incurred in the province of Quebec. Government grants relate to research and development expenses incurred by the Corporation's subsidiary, Innord.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

8. PROPERTY AND EQUIPMENT

	Office equipment	E&E Equipment	Total
	\$	\$	\$
Six months ended November 30, 2022			
Opening net book value	-	100,532	100,532
Additions	-	6,260	6,260
Government grants	-	(1,816)	(1,816)
Depreciation	-	(13,370)	(13,370)
Valeur comptable nette à la fin	-	91,606	91 606
As at November 30, 2022			
Cost	14,984	353,215	365,641
Accumulated depreciation	(14,984)	(261,609)	(265,593)
Closing net book value	-	91,606	91,606

	Office equipment	E&E Equipment	Total
	\$	\$	\$
Fiscal 2022			
Opening net book value	-	27,590	27,590
Additions	-	149,925	149,925
Government grants	-	(44,918)	(44,918)
Depreciation	-	(32,065)	(32,065)
Closing net book value	-	100,532	100,532
As at May 31, 2022			
Cost	14,984	348,772	363,756
Accumulated depreciation	(14,984)	(248,240)	(263,224)
Closing net book value	-	100,532	100,532

9. RIGHT-OF-USE ASSET

	Industrial building
	\$
Six months ended November 30, 2022	
Opening net book value	612,243
Depreciation	(40,147)
Closing net book value	572,096
As at November 30, 2022	
Cost	802,942
Accumulated depreciation	(230,846)
Closing net book value	572,096

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

9. RIGHT-OF-USE ASSET (CONT'D)

	Industrial building
	\$
Fiscal 2022	
Opening net book value	692,538
Additions	-
Depreciation	(80,295)
Closing net book value	612,243
As at May 31, 2022	
Cost	802,942
Accumulated Depreciation	(190,699)
Closing net book value	612,243

10. DEFERRED GRANTS

	As at November 30, 2022	As at May 31, 2022
	\$	\$
Deferred grants attributable to the purchase of property and equipment	133,008	57,828
Deferred grants attributable to operations	39,628	45,216
Deferred grants	172,636	103,044

11. LEASE LIABILITY

	Six months ended November 30, 2022	Year ended May 31, 2022
	\$	\$
Balance, at opening	676,170	739,787
Reimbursement of lease obligation	(32,607)	(63,617)
Balance	643,563	676,170
Balance, current	(68,728)	(66,371)
Balance, non-current	574,835	609,799

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

12. LONG-TERM DEBT

	As at November 30, 2022	As at May 31, 2022
	\$	\$
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. ¹	74,175	71,631
Long-term debt - non-current	74,175	71,631

¹ If loan is not paid in full on or before December 31, 2023, interests of 5% per annum will apply starting on January 1, 2024. The 33% loan forgiveness will not apply and the total balance of \$120,000 in capital will be due on December 25, 2025.

13. WARRANTS

Changes in the Corporation's warrants were as follows:

	Six months ended November 30, 2022		Year ended May 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Opening	16,517,788	0.25	17,250,468	0.21
Issued	-	-	5,058,695	0.33
Reevaluated*	11,459,093	0.02	-	-
Exercised	-	-	(5,791,375)	0.19
Expired	-	-	-	-
Balance, end	16,517,788	0.27	16,517,788	0.25

Warrants outstanding as at November 30, 2022 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
11,459,093	0.25*	November 6, 2023
704,028	0.40	February 7, 2024
4,354,667	0.32	May 23, 2025
16,517,788		

* Warrants issued on November 6, 2020 had an exercise price of \$0.22 for the first 24 months, after which the price changed to \$0.25 for the following 12 months. This change has no impact on the financial statements.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

14. BROKER WARRANTS

Changes in the Corporation's broker warrants are as follows:

	Six months ended November 30, 2022		Year ended May 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Opening	370,456	0.22	631,344	0.22
Issued	-	-	-	-
Exercised	-	-	(260,888)	0.21
Expired	(370,456)	0.22	-	-
Balance, end	-	-	370,456	0.22

15. STOCK OPTIONS

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

	Six months ended November 30, 2022		Year ended May 31, 2022	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		\$		\$
Balance, opening	11,461,250	0.21	9,296,250	0.17
Granted	-	-	3,520,000	0.28
Exercised	(400,000)	0.07	(1,330,000)	0.10
Expired	(271,250)	0.28	-	-
Forfeited	(112,500)	0.32	(50,000)	0.31
Balance, end	10,677,500	0.21	11,461,250	0.21
Balance, end, exercisable	8,898,750	0.20	8,197,500	0.18

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

15. STOCK OPTIONS(CONT'D)

The number of options outstanding as of November 30, 2022 are as follows:

Number of options outstanding	Number of options exercisable	Exercise Price \$	Expiry date
325,000	325,000	0.34	January 27, 2023
400,000	400,000	0.08	September 14, 2023
400,000	400,000	0.305	October 27, 2023
750,000	750,000	0.085	November 20, 2023
1,400,000	650,000	0.24	May 3, 2024
250,000	250,000	0.175	July 29, 2024
1,362,500	1,362,500	0.155	October 23, 2024
200,000	200,000	0.155	December 28, 2024
75,000	75,000	0.185	January 19, 2025
1,450,000	1,450,000	0.165	April 16, 2025
450,000	450,000	0.165	April 21, 2025
250,000	250,000	0.155	June 3, 2025
25,000	25,000	0.155	8 June 2025
500,000	500,000	0.175	August 13, 2025
45,000	45,000	0.205	August 31, 2025
250,000	250,000	0.18	October 21, 2025
975,000	731,250	0.34	January 27, 2026
1,570,000	785,000	0.305	October 27, 2026
10,677,500	8,898,750		

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

16. EXPLORATION AND EVALUATION EXPENSES

Montviel	Three months ended November 30		Six months ended November 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Acquisition and maintenance	-	1,109	-	1,470
Exploration				
Salaries and benefits	-	372	-	372
Share-based compensation	2,046	4,030	4,780	8,433
Geology	654	654	1,308	1,308
Transport and lodging	-	(124)	-	(124)
Taxes, permits and insurances	-	-	360	-
Total exploration	2,700	4,932	6,448	9,989
Evaluation				
Salaries and benefits	187,713	134,910	374,836	268,736
Share-based compensation	14,090	27,253	(526)	53,546
Separation process	35,572	23,121	90,856	48,962
Depreciation of property and equipment	11,185	8,015	13,370	14,666
Engineering	80,655	13,908	103,266	51,631
Total Evaluation	329,215	207,207	581,804	437,541
Gross E&E expenses	331,915	213,248	588,252	449,000
Net tax credits	(285)	(231)	(728)	(65,554)
Net E&E expenses - Montviel	331,630	213,017	587,524	383,446

17. ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED STATEMENT OF CASH FLOW

Change in non-cash working capital items

	Six months ended November 30	
	2022	2021
	\$	\$
Accounts receivable	(432,017)	(50,213)
Work in progress	71,868	-
Tax credits and government grants receivable	(204,505)	(93,772)
Prepaid and other expenses	29,688	5,902
Inventories	(3,079)	-
Trade and other payables	60,929	65,889
Deferred grants – portion attributable to operating expenses	(5,588)	-
Deferred revenue	247,735	-
	227,956	(72,194)

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

17. ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED STATEMENT OF CASH FLOW (CONT'D)

Non-Cash Transactions

	Six months ended November 30	
	2022	2021
	\$	\$
Government grants receivable for deposits made on the purchase of property and equipment	244,242	-
Government grants receivable for the purchase of inventories	1,124	-
