



Geomega Resources Inc.

Unaudited Condensed Interim Consolidated Financial Statements

For the nine months ended February 28, 2023

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 February 28, 2023 \$	As at May 31, 2022 \$
Assets			
Current assets			
Cash and cash equivalents	4	3,602,279	5,084,902
Accounts receivable	8	405,103	110,763
Tax credits and government grants receivable	9	312,229	66,616
Work in progress		-	71,868
Investments	5	522,000	-
Investment in a listed company	6	94,903	-
Prepaid expenses and others		58,062	81,185
Inventories		13,922	11,587
Current assets		5,008,498	5,426,921
Non-current assets			
Investment in an associate	7	-	1,372,048
Investment in a listed company	6	1,011,429	-
Deposits on acquisition of property and equipment, net of government grants		386,551	-
Property and equipment	10	80,477	100,532
Right-of-use asset	11	552,024	612,243
Non-current assets		2,030,481	2,084,823
Total assets		7,038,979	7,511,744
Liabilities			
Current liabilities			
Trade and other payables		262,323	216,953
Deferred grants	12	335,111	103,044
Deferred revenue		63,109	-
Current portion of the lease obligations	13	69,938	66,371
Current liabilities		730,481	386,368
Non-current liabilities			
Lease obligations	13	556,891	609,799
Long-term debt	14	75,481	71,631
Non-current liabilities		632,371	681,430
Total liabilities		1,362,852	1,067,798
Equity			
Share capital		38,501,803	38,435,625
Broker warrants	16	-	27,477
Stock options	17	1,125,048	1,069,608
Contributed surplus		4,524,149	4,424,649
Deficit		(38,474,873)	(37,513,413)
Total equity		5,676,127	6,443,946
Total liabilities and equity		7,038,979	7,511,744

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

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

	Note	Three months ended February 28		Nine months ended February 28	
		2023	2022	2023	2022
		\$	\$		
Research fees		184,078	-	381,314	60,000
Revenues		184,078	-	381,314	60,000
Operating expenses					
Salaries, employee benefits and share-based compensation		75,782	109,662	200,538	238,897
Exploration and evaluation expenses, net of tax credits	18	383,143	222,113	977,587	613,707
Professional fees		2,843	35,030	50,485	106,230
Travel, conference and investor relations		38,910	72,984	198,295	241,540
Administration		25,345	15,669	53,203	41,313
Filing fees		13,071	7,775	47,570	58,959
Rent		25,492	1,178	72,963	23,225
Depreciation of right-of-use asset		20,073	20,073	60,219	60,220
Insurance, taxes and permits		6,150	7,066	17,588	16,372
Government grants on operating expenses		(114,696)	(81,037)	(480,395)	(210,418)
Operating loss		(292,035)	(418,513)	(816,739)	(1,190,045)
Other income (expenses)					
Investment income		36,658	948	73,874	8,575
Gain (loss) on foreign exchange		(910)	703	17,204	24,397
Finance costs		(12,471)	(13,613)	(38,249)	(39,839)
Gain on disposal of exploration and evaluation assets		136,833	-	136,833	-
Unrealized gain in fair value of investments in listed companies		279,037	-	279,037	-
Share of loss of associate		-	(112,090)	(93,721)	(196,837)
Net gain (loss) on dilution of investment in an associate		-	(23,826)	162	261,005
Impairment of an investment in an associate		-	-	(519,917)	-
		439,147	(147,878)	(144,777)	57,301
Net and comprehensive income (loss)		147,112	(566,391)	(961,516)	(1,072,744)
Basic income (loss) per share		0.001	(0.004)	(0.007)	(0.008)
Diluted income (loss) per share		0.001	(0.004)	(0.007)	(0.008)
Weighted average number of basic shares outstanding		141,769,521	130,687,924	141,585,638	129,842,905
Weighted average number of diluted shares outstanding		147,657,021	130,687,924	141,585,638	129,842,905

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		-	-	-	-	-	(961,516)	(961,516)
Exercised stock options		400,000	66,177	-	(25,301)	-	-	40,876
Expired options		-	-	-	(72,023)	72,023	-	-
Expired broker options		-	-	(27,477)	-	27,477	-	-
Share-based compensation		-	-	-	152,764	-	-	152,764
Balance at February 28, 2023		141,769,521	38,501,802	-	1,125,048	4,524,149	(38,474,929)	5,676,070

	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		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
Share-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

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

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

		Nine months ended February 28	
	Note	2023	2022
		\$	\$
Operating activities			
Net and comprehensive loss		(961,516)	(1,072,744)
Adjustments for:			
Share-based compensation		152,764	323,787
Unrealized loss on foreign exchange rate		844	-
Depreciation of property and equipment		23,699	27,144
Depreciation of right-of-use asset		60,219	60,220
Finance costs for the accretion of long-term debt		3,850	3,850
Share of loss of an associate		93,721	196,837
Net gain on dilution of investment in an associate		(162)	(261,005)
Impairment of an investment in an associate	7	519,917	-
Unrealized gain on variation of value of investments in listed companies		(279,037)	-
Gain on disposal of exploration and evaluation assets	18.2	(69,567)	-
Changes in non-cash working capital items	19	46,865	130,347
Cash flows from operating activities		(408,403)	(591,564)
Investing activities			
Addition to investments		(522,000)	-
Deposits on acquisition of property and equipment		(647,826)	-
Additions of property and equipment		(3,644)	(125,996)
Government grants received for the purchase of property and equipment	12	107,715	-
Cash flows from investing activities		(1,065,755)	(125,996)
Financing activities			
Private placement, net of issuing costs		-	357,674
Exercise of warrants		-	267,259
Exercise of stock options		40,876	109,250
Exercise of broker warrants		-	36,820
Repayments of lease liability		(49,341)	(47,736)
Cash flows from financing activities		(8,465)	783,267
Net change in cash		(960,623)	5,707
Cash and cash equivalents – beginning		5,084,902	3,389,195
Cash and cash equivalents – ending		4,124,279	3,394,902

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 April 28, 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 nine months ended February 28, 2023, the Corporation recorded a net loss of \$961,516 and accumulated a deficit of \$38,474,929 as of that date. As of February 28, 2023, the Company had a working capital of \$4,277,961.

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 Basis 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, except for the following conventions:

Financial assets at fair value through profit or loss (included in the financial instruments note)

Investments in equity are subsequently measured at fair market value and changes are recognized in net loss. The category includes the investments in listed mining exploration companies. This instrument is measured at fair market value and changes in fair market value are recognized in net loss. Fair market value is determined on the basis of stock market prices. The investments in a listed company short-term and long-term are classified in this category.

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 equivalents include available cash, bank balances and short-term liquid investments with an original maturity of up to 3 months or redeemable at any time without penalty.

The short-term investments held as of February 28, 2023 and classified as cash equivalent include the following investments:

- Guaranteed investments certificates totaling \$3,258,289 with rates from 4.00% to 4.05% and maturity dates ranging from January 26, 2024 to February 28, 2024. Interest and principal are cashable at any time without penalty.
- Investment of \$175,472 in a high interest exchange trading fund. Investment is cashable at any time.
- Investment of US \$155,339 (CAD \$211,401) in a high interest exchange trading fund. Investment is 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 February 28, 2022.

5. INVESTMENTS

The investments as at February 28, 2023 consist of guaranteed investment certificates that are non-cashable prior to maturity. The certificates totalize \$522,000 in nominal value, bear interest with rates ranging from 2.25% to 5.10% and expiring dates ranging from October 3, 2023 to January 31, 2024

6. INVESTMENTS IN LISTED COMPANIES

The Corporation holds marketable securities. The investments are listed on the Exchange and valued at fair value based on quoted market prices.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

6. INVESTMENTS IN LISTED COMPANIES (CONT'D)

The shares are listed on the Exchange. The total amount of the investment can be summarized as follows:

	As at February 28 2023	As at May 31 2022
	\$	\$
<u>Classified as current asset</u>		
MT Monger Resources Ltd. – 666,667 common shares (\$0.142 AUD)	94,903	-
<u>Classified as non-current asset</u>		
Kintavar Exploration Inc. – 16,857,143 common shares	1,011,429	- ¹⁾
Investment in a listed company	1,106,332	-

- ¹⁾ The Corporation owned 16,857,143 common shares of Kintavar Exploration Inc. as of May 31, 2022, but these shares were classified as an investment in an associate. Refer to note 7 for more information on the matter.

7. INVESTMENT IN AN ASSOCIATE

As at February 28, 2023, the Corporation held 16,857,143 common shares or 13.11% (May 31, 2022 – 13.72%) interest in Kintavar Exploration Inc. (“Kintavar”). The shares of Kintavar were trading at \$0.06 per share on that date.

On December 29, 2022, Kintavar closed a private placement consisting of 5,148,750 units issued at a price of \$0.08 per unit. Each unit is composed of one (1) flow through share and one (1) common share purchase warrant, each whole warrant entitling the holder hereof to acquire one (1) common share at a price of \$0.10 per share until December 29, 2024. As a result of the private placement, the Corporation’s ownership in Kintavar decreased to 13.11% of the issued and outstanding common shares of Kintavar.

As a result of the decrease in Kintavar’s ownership, the Corporation reassessed the determination of its significant influence on Kintavar. Considering that the participation of Geomega has significantly fallen under the 20% threshold, that the level of transactions between the two companies was reduced to a bear minimum and that the nature of the activities of both companies have taken different paths, the Corporation concluded that it no longer had significant influence over Kintavar and classified its investment in the common shares of Kintavar as Financial assets at fair value through profit or loss.

Up to the date of loss of significant influence (for the period from June 1, 2022 to December 29, 2022), the Corporation recognized its share of the net loss in Kintavar totaling \$93,721. Since the fair value of the Investment was lower than its carrying value, the Corporation also took an impairment expense up to that date. Upon concluding that the Corporation no longer had significant influence over Kintavar, the Company recorded its investment at Kintavar at fair value. Since the Investment was already recorded at fair value due to the fact that it was impaired to its fair market value, no other gain or loss were recorded on December 29, 2022 following the loss of significant influence.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

	Nine months ended February 28, 2023	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
Impairment to fair market value	(519,917)	-
Balance	758,572	1,372,048
Transfer to investments in listed companies (note 6)	(758,572)	-
Balance at end of period	-	1,372,048

8. ACCOUNTS RECEIVABLE

	As at February 28, 2023	As at May 31, 2022
	\$	\$
Trade receivables	209,624	32,588
Sales taxes receivable	123,633	68,502
Other accounts receivables	71,846	9,673
Accounts receivable	405,103	110,763

9. TAX CREDITS AND GOVERNMENT GRANTS RECEIVABLE

	As at February 28, 2023	As at May 31, 2022
	\$	\$
Refundable tax credits	2,318	1,304
Government grants receivable	309,911	58,116
Other amounts due from government	-	7,196
Tax credits and government grants receivable	312,229	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 projects incurred by the Corporation and its subsidiary Innord.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

10. PROPERTY AND EQUIPMENT

	Office equipment	E&E Equipment	Total
	\$	\$	\$
Nine months ended February 28, 2023			
Opening net book value	-	100,532	100,532
Additions	-	22,055	22,055
Government grants	-	(18,411)	(18,411)
Depreciation	-	(23,699)	(23,699)
Valeur comptable nette à la fin	-	80,477	80,477
As at February 28, 2023			
Cost	14,984	360,151	375,135
Accumulated depreciation	(14,984)	(279,674)	(294,658)
Closing net book value	-	80,477	80,477

	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

11. RIGHT-OF-USE ASSET

	Industrial building
	\$
Nine months ended February 28, 2023	
Opening net book value	612,243
Depreciation	(60,219)
Closing net book value	552,024
As at February 28, 2023	
Cost	802,942
Accumulated depreciation	(250,918)
Closing net book value	552,024

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

11. 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

12. DEFERRED GRANTS

	As at February 28, 2023	As at May 31, 2022
	\$	\$
Deferred grants attributable to the purchase of property and equipment	165,543	57,828
Deferred grants attributable to operations	169,568	45,216
Deferred grants	335,111	103,044

13. LEASE LIABILITY

	Nine months ended February 28, 2023	Year ended May 31, 2022
	\$	\$
Balance, at opening	676,170	739,787
Reimbursement of lease obligation	(49,341)	(63,617)
Balance	626,829	676,170
Balance, current	(69,938)	(66,371)
Balance, non-current	556,891	609,799

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

14. LONG-TERM DEBT

	As at February 28, 2023	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⁾	75,481	71,631
Long-term debt - non-current	75,481	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.

15. WARRANTS

Changes in the Corporation's warrants were as follows:

	Nine months ended February 28, 2023		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 ¹⁾	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 February 28, 2023 are as follows:

Number of warrants	Exercise price \$	Expiry date
11,459,093	0.25 ¹⁾	November 6, 2023
704,028	0.40	February 7, 2024
4,354,667	0.32	May 23, 2025
16,517,788		

¹⁾ 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)

16. BROKER WARRANTS

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

	Nine months ended February 28, 2023		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

17. STOCK OPTIONS

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

	Nine months ended February 28, 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)	0.10	(1,330,000)	0.10
Expired	(596,250)	0.31	-	-
Forfeited	(112,500)	0.32	(50,000)	0.31
Balance, end	10,352,500	0.21	11,461,250	0.21
Balance, end, exercisable	8,567,500	0.20	8,197,500	0.18

On October 26, 2022, the shareholders of the Corporation renewed the stock option plan which stipulates that the maximum number of ordinary shares in the capital of the Corporation that could be reserved for allotment under the plan is limited to 10% of the outstanding shares.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

17. STOCK OPTIONS (CONT'D)

The number of options outstanding as of February 28, 2023 are as follows:

Number of options outstanding	Number of options exercisable	Exercise Price \$	Expiry date
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	400,000	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	975,000	0.34	January 27, 2026
1,570,000	785,000	0.305	October 27, 2026
10,352,500	8,567,500		

18. EXPLORATION AND EVALUATION EXPENSES

18.1 Montviel

The Corporation owns 100% of the Montviel property, located approximately 100 km north of Lebel-sur-Quévillon and 45 km west of the Cree First Nation of Waswanipi. The Montviel property comprises 106 mining claims totalling 5 889 hectares as at February 28, 2023.

Montviel	Three months ended February 28		Nine months ended February	
	2023	2022	2023	2022
	\$	\$	\$	\$
Acquisition and maintenance	413	-	1,926	1,470
Exploration				
Salaries and benefits	-	-	-	372
Share-based compensation	1,314	5,574	6,094	14,007
Geology	654	654	1,962	1,962
Transport and lodging	-	-	-	(124)
Taxes, permits and insurances	-	-	360	-
Total exploration	1,968	6,228	8,416	16,217

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

18. EXPLORATION AND EVALUATION EXPENSES

Evaluation

Salaries and benefits	239,129	131,085	618,277	399,821
Share-based compensation	9,021	45,703	8,495	99,249
Separation process	97,226	25,196	189,179	74,158
Depreciation of property and equipment	25,342	3,071	128,608	54,702
Engineering	10,329	12,478	23,699	27,144
Total Evaluation	381,047	217,533	968,258	655,074
Gross E&E expenses	383,428	223,761	978,600	672,761
Net tax credits	(285)	6,352	(1,013)	(59,202)
Net E&E expenses - Montviel	383,143	230,113	977,587	613,559

18.2 Pomme (under option agreement)

The Pomme REE project ("Pomme"), also known as Montviel-Nord, is located adjacent to the north of the Montviel REE-Nb deposit that was discovered by Geomega in 2011. In the past years, the Pomme property and the Montviel property were considered as one property. During the year 2023, the 2 projects were divided in order to option Pomme. The Pomme property comprises 43 mining claims totalling 2,386 hectares as at February 28, 2023.

On February 22, 2023, the Corporation concluded an agreement with Mt Monger Resources Limited (ASX:MTM, "Mt Monger") to option out the Pomme property.

The terms of the option agreement with Mt Monger for Pomme are as followed:

All amounts are in AUD	Cash Payments \$	Issuance of common shares \$	Work \$
Option to earn 100%			
At the signature of the LOI (completed)	20,000	Nil	Nil
At the signature of the final agreement (completed)	50,000	50,000	Nil
On or before February 22, 2024	100,000	100,000	300,000
On or before February 22, 2025	100,000	100,000	700,000
On or before February 22, 2026	Nil	Nil	1,000,000
Total for a maximum participation of 100%	270,000	250,000	2,000,000

Pursuant to the agreement Mt Monger will grant to the Corporation a 2% NSR on the property and the Corporation will grant Mt Monger the right to buy-back at any time 1% for AUD \$1,000,000.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

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

Change in non-cash working capital items

	Nine months ended February 28	
	2023	2022
	\$	\$
Accounts receivable	(294,340)	(7 499)
Work in progress	71,868	-
Tax credits and government grants receivable	15,662	38 358
Prepaid and other expenses	23,123	74 817
Inventories	(2,335)	-
Trade and other payables	45,426	(35,329)
Deferred grants – portion attributable to operating expenses	124,352	-
Deferred revenue	63,109	-
	46,865	70,341

Non-Cash Transactions

	Nine months ended February	
	2023	2022
	\$	\$
Government grants receivable for deposits made on the purchase of property and equipment	261,275	-
Investment in an associate reclassified to investment in a listed company at fair value	758,572	-

20. SUBSEQUENT EVENT

On April 12, 2023, the Corporation entered into a long-term lease agreement for the lease of an industrial space located in St-Hubert, Quebec in order to centralise all its activities in one place. The agreement, which will begin on May 1, 2023, is for an initial term of sixty (60) months with two options to renew for an additional sixty (60) months. The monthly base rent is \$24,000 which represents \$288,000 annually. An asset and a liability will be recognized in future quarterly financial statements under IFRS 16.