



## **Geomega Resources Inc.**

Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended August 31, 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 August 31, 2023 \$	As at May 31, 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	2,938,721	3,799,111
Accounts receivable	8	396,378	594,963
Tax credits and government grants receivable	9	782,483	453,376
Investments	5	522,000	522,000
Investment in a listed company	6	49,106	67,574
Prepaid expenses and others		105,360	56,051
Inventories		20,538	18,561
<b>Current assets</b>		<b>4,814,586</b>	<b>5,511,636</b>
<b>Non-current assets</b>			
Investment in an associate	7	590,000	842,857
Deposits on acquisition of property and equipment, net of government grants		331,162	283,559
Property and equipment, net of government grants	10	518,796	427,893
Right-of-use assets	11	2,265,469	2,298,752
<b>Non-current assets</b>		<b>3,705,427</b>	<b>3,853,061</b>
<b>Total assets</b>		<b>8,520,013</b>	<b>9,364,697</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		602,637	626,007
Deferred grants	12	311,260	680,650
Deferred revenues		552,047	338,668
Current portion of the long-term debt	14	78,161	76,809
Current portion of the lease obligations	13	108,998	74,646
<b>Current liabilities</b>		<b>1,653,103</b>	<b>1,796,780</b>
<b>Non-current liabilities</b>			
Lease obligations	13	2,283,879	2,289,819
<b>Non-current liabilities</b>		<b>2,283,879</b>	<b>2,289,819</b>
<b>Total liabilities</b>		<b>3,936,982</b>	<b>4,086,599</b>
<b>Equity</b>			
Share capital		38,515,697	38,515,697
Stock options	17	1,168,227	1,152,537
Contributed surplus		4,524,149	4,524,149
Deficit		(39,625,042)	(38,914,285)
<b>Total equity</b>		<b>4,583,031</b>	<b>5,278,098</b>
<b>Total liabilities and equity</b>		<b>8,520,013</b>	<b>9,364,697</b>

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)

		<b>Three months ended</b>	
	<b>Note</b>	<b>August 31</b>	
		<b>2023</b>	<b>2022</b>
Research fees		129,440	82,345
<b>Revenues</b>		<b>129,440</b>	<b>82,345</b>
<b>Operating expenses</b>			
Salaries, employee benefits and share-based compensation		105,654	61,585
Exploration and evaluation expenses, net of tax credits	18	651,036	257,820
Professional fees		96,448	55,230
Travel, conference and investor relations		36,038	56,307
Administration		14,966	7,328
Filing fees		12,328	8,919
Rent		23,750	36,776
Depreciation of right-of-use assets		61,783	20,073
Insurance, taxes and permits		6,547	5,719
Government grants on operating expenses		(466,301)	(37,590)
<b>Operating loss</b>		<b>(412,809)</b>	<b>(378,193)</b>
<b>Other income (expenses)</b>			
Investment income		38,969	13,708
Gain (loss) on foreign exchange		(12,047)	11,654
Finance costs		(78,311)	(13,041)
Gain on disposal of exploration and evaluation assets		44,492	-
Unrealized loss in fair value of investments in listed companies		(38,194)	-
Share of loss of associate		(818)	(50,468)
Impairment of an investment in an associate		(252,039)	(394,437)
		<b>(297,948)</b>	<b>(432,584)</b>
<b>Net and comprehensive loss</b>		<b>(710,757)</b>	<b>(810,777)</b>
Basic and diluted loss per share		(0.004)	(0.006)
Weighted average number of basic & diluted shares outstanding		141,826,521	141,379,304

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	Stock-options	Contributed Surplus	Deficit	Total Equity
			\$	\$	\$	\$	\$
<b>Balance at May 31, 2023</b>		<b>141,826,521</b>	<b>38,515,697</b>	<b>1,152,537</b>	<b>4,524,149</b>	<b>(38,914,285)</b>	<b>5,278,098</b>
Net and comprehensive loss		-	-	-	-	(710,757)	(710,757)
Shared-based compensation		-	-	15,690	-	-	15,690
<b>Balance at August 31, 2023</b>		<b>141,826,521</b>	<b>38,515,697</b>	<b>1,168,227</b>	<b>4,524,149</b>	<b>(39,625,042)</b>	<b>4,583,031</b>

	Note	Number of shares outstanding	Share Capital	Broker warrants	Stock-options	Contributed Surplus	Deficit	Total Equity
			\$	\$	\$	\$	\$	\$
<b>Balance at May 31, 2022</b>		<b>141,368,521</b>	<b>38,435,625</b>	<b>27,477</b>	<b>1,069,608</b>	<b>4,424,649</b>	<b>(37,513,413)</b>	<b>6,443,946</b>
Net and comprehensive loss		-	-	-	-	-	(810,777)	(810,777)
Exercised stock options		75,000	18,077	-	(6,452)	-	-	11,625
Expired options		-	-	-	(11,812)	11,812	-	-
Shared-based compensation		-	-	-	46,336	-	-	46,366
<b>Balance at August 31, 2022</b>		<b>141,444,521</b>	<b>38,453,702</b>	<b>27,477</b>	<b>1,097,680</b>	<b>4,436,461</b>	<b>(38,324,190)</b>	<b>5,691,130</b>

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

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

	Note	Three months ended August 31	
		2023	2022
		\$	\$
<b>Operating activities</b>			
Net and comprehensive loss		(710,757)	(810,777)
Adjustments for:			
Share-based compensation		15,690	46,336
Unrealized loss on foreign exchange rate		247	-
Depreciation of property and equipment		19,530	2,187
Depreciation of right-of-use assets		61,783	20,073
Finance costs for the accretion of long-term debt		1,352	1,261
Share of loss of an associate		818	50,468
Net loss on dilution of investment in an associate		-	394,437
Impairment of an investment in an associate	7	252,039	-
Unrealized loss on variation of value of an investment in a listed company		38,194	-
Gain on disposal of exploration and evaluation assets – non cash portion	18.3	(19,973)	-
Changes in non-cash working capital items	19	(64,689)	372,228
<b>Cash flows from operating activities</b>		<b>(405,766)</b>	<b>(76,213)</b>
<b>Investing activities</b>			
Deposits on acquisition of property and equipment		(102,100)	(457,993)
Additions of property and equipment		(352,436)	(1,885)
Government grants received for the purchase of property and equipment	12	-	53,433
<b>Cash flows from investing activities</b>		<b>(454,536)</b>	<b>(406,445)</b>
<b>Financing activities</b>			
Exercise of stock options		-	11,625
Repayments of lease liability		(88)	(16,162)
<b>Cash flows from financing activities</b>		<b>(88)</b>	<b>(4,537)</b>
<b>Net change in cash</b>		<b>(860,390)</b>	<b>(334,769)</b>
Cash and cash equivalents – beginning		3,799,111	5,084,902
<b>Cash and cash equivalents – ending</b>		<b>2,938,721</b>	<b>4,750,133</b>

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)

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### 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 October 13, 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 three months ended August 31, 2023, the Corporation recorded a net loss of \$710,757 and accumulated a deficit of \$39,625,042 as of that date. As of August 31, 2023, the Company had a working capital of \$3,161,483.

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, 2023, 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, 2023.

# Geomega Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

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### 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, 2023.

### 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 August 31, 2023 and classified as cash equivalent include the following investments:

- Guaranteed investments certificates totaling \$2,329,400 with rates from 4.00% to 4.05% and maturity dates ranging from January 17, 2024 to March 7, 2024. Interest and principal are cashable at any time without penalty.
- Investment of US \$161,187 (CAD \$218,174) in a high interest exchange trading fund. Investment is cashable at any time without penalty.

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 August 31, 2023.

### 5. INVESTMENTS

The investments as at August 31, 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. INVESTMENT IN A LISTED COMPANY

The Corporation holds marketable securities. The investment is 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 August 31 2023	As at May 31 2023
	\$	\$
<i>Classified as current asset</i>		
MTM Critical Metals Ltd. – 1,123,700 common shares (666,667 as at May 31, 2023) - \$0.05 AUD (\$0.115 AUD as at May 31, 2023)	49,106	67,574
<b>Investment in a listed company</b>	<b>49,106</b>	<b>67,574</b>

### 7. INVESTMENT IN AN ASSOCIATE

Kintavar Exploration Inc. (“Kintavar”) is the Corporation's only associate. Kintavar's share capital consists solely of ordinary shares, which are held directly by the Corporation. Kintavar is incorporated in Canada where its exploration and evaluation activities on bearing properties 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 May 31, 2023 is \$590,000 (16,857,143 shares at \$0.035, closing price on the Exchange). Considering the fair value of the investment is lower than its carrying value as at August 31, 2023, an impairment loss of \$252,039 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. Its fair value was of \$842,857 as at May 31, 2023. The Corporation categorized the fair value measurement as Level 1, as it is derived from quoted prices in active markets. No shares were issued in the first three months of fiscal 2024, thus the Corporation's interest in Kintavar was not diluted and remains at 13.11%.

#### *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.

	Three months ended August 31, 2023	Year ended May 31, 2023
	\$	\$
Balance at beginning of period	842,857	1,372,048
Share of net and comprehensive loss	(818)	(193,787)
Net gain from dilution of the interest	-	(19,041)
Impairment to fair market value	(252,039)	(316,363)
<b>Balance at end of period</b>	<b>590,000</b>	<b>842,857</b>



# Geomega Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

### 8. ACCOUNTS RECEIVABLE

	As at August 31, 2023	As at May 31, 2023
	\$	\$
Trade receivables	70,118	343,010
Sales taxes receivable	125,780	110,293
Interest receivables	65,442	43,258
Other accounts receivables	135,038	98,402
<b>Accounts receivable</b>	<b>396,378</b>	<b>594,963</b>

### 9. TAX CREDITS AND GOVERNMENT GRANTS RECEIVABLE

	As at August 31, 2023	As at May 31, 2023
	\$	\$
Refundable tax credits	56,293	2,173
Government grants receivable	726,190	451,203
<b>Tax credits and government grants receivable</b>	<b>782,483</b>	<b>453,376</b>

Refundable tax credits are related to eligible mining exploration expenses incurred in the province of Quebec and the refundable portion of the research and development tax credits.

The government grants are related to expenditures on research and development incurred by the corporation and its subsidiary.

### 10. PROPERTY AND EQUIPMENT

	Office equipment	E&E Equipment	Total
	\$	\$	\$
<b>Three months ended August 31, 2023</b>			
Opening net book value	-	427,893	427,893
Additions	-	352,436	352,436
Government grants	-	(242,003)	(242,003)
Depreciation	-	(19,530)	(19,530)
Valeur comptable nette à la fin	-	518,796	518,796
<b>As at August 31, 2023</b>			
Cost	14,984	820,675	835,659
Accumulated depreciation	(14,984)	(301,879)	(316,863)
<b>Closing net book value</b>	<b>-</b>	<b>518,796</b>	<b>518,796</b>

# Geomega Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

### 10. PROPERTY AND EQUIPMENT (CONT'D)

	Office equipment	E&E Equipment	Total
	\$	\$	\$
<b>Fiscal 2023</b>			
Opening net book value	-	100,532	100,532
Additions	-	764,100	764,100
Government grants	-	(402,628)	(402,628)
Depreciation	-	(34,111)	(34,111)
Closing net book value	-	427,893	427,893
<b>As at May 31, 2023</b>			
<b>Cost</b>	<b>14,984</b>	<b>710,244</b>	<b>725,228</b>
<b>Accumulated depreciation</b>	<b>(14,984)</b>	<b>(282,351)</b>	<b>(297,335)</b>
<b>Closing net book value</b>	<b>-</b>	<b>427,893</b>	<b>427,893</b>

### 11. RIGHT-OF-USE ASSETS

	Equipment	Industrial buildings	Total
	\$	\$	\$
<b>Three months ended August 31, 2023</b>			
Opening net book value	-	2,298,752	2,298,752
Additions	28,500	-	28,500
Depreciation	(950)	(60,833)	(61,783)
Closing net book value	27,550	2,237,919	2,265,469
<b>As at August 31, 2023</b>			
<b>Cost</b>	<b>28,500</b>	<b>2,319,456</b>	<b>2,347,956</b>
<b>Accumulated depreciation</b>	<b>(950)</b>	<b>(81,537)</b>	<b>(82,487)</b>
<b>Closing net book value</b>	<b>27,550</b>	<b>2,237,919</b>	<b>2,265,469</b>

	Industrial buildings
	\$
<b>Fiscal 2023</b>	
Opening net book value	612,243
Additions	2,220,600
Revaluation	(439,786)
Depreciation	(94,305)
Closing net book value	2,298,752
<b>As at May 31, 2023</b>	
<b>Cost</b>	<b>2,319,456</b>
<b>Accumulated Depreciation</b>	<b>(20,704)</b>
<b>Closing net book value</b>	<b>2,298,752</b>

# Geomega Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

### 12. DEFERRED GRANTS

	As at August 31, 2023	As at May 31, 2023
	\$	\$
Deferred grants attributable to the purchase of property and equipment	288,768	534,385
Deferred grants attributable to operations	22,492	146,265
<b>Deferred grants</b>	<b>311,260</b>	<b>680,650</b>

### 13. LEASE OBLIGATIONS

	Three months ended August 31, 2023	Year ended May 31, 2023
	\$	\$
Balance, at opening	2,364,465	676,170
Addition	52,500	2,172,600
Revaluation	-	(439,786)
Repayments of lease obligations	(24,088)	(44,519)
Balance	2,392,877	2,364,465
Balance, current	(108,998)	(74,646)
<b>Balance, non-current</b>	<b>2,283,879</b>	<b>2,289,819</b>

### 14. LONG-TERM DEBT

	As at August 31, 2023	As at May 31, 2023
	\$	\$
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. <sup>1</sup>	78,161	76,809
<b>Long-term debt - non-current</b>	<b>78,161</b>	<b>76,809</b>

<sup>1</sup> If loan is not paid in full on or before January 18, 2024, interests of 5% per annum will apply starting on January 19, 2024. The 33% loan forgiveness will not apply and the total balance of \$120,000 in capital will be reimbursable over three years until December 31, 2026. The Corporation also has the possibility to ask for an extension to March 28, 2024 to benefit from the 33% loan forgiveness, but has not apply for this extension yet.

# Geomega Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

### 15. WARRANTS

The Corporation's warrants were as follows:

	Three months ended August 31, 2023		Year ended May 31, 2023	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Opening	16,517,788	0.25	16,517,788	0.25
<b>Balance, end</b>	<b>16,517,788</b>	<b>0.25</b>	<b>16,517,788</b>	<b>0.25</b>

Warrants outstanding as at August 31, 2023 are as follows:

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

<sup>1</sup> 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 had no impact on the financial statements.

### 16. BROKER WARRANTS

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

	Three months ended August 31, 2023		Year ended May 31, 2023	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Opening	-	-	370,456	0.22
Expired	-	-	(370,456)	(0.22)
<b>Balance, end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Geomega Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

### 17. STOCK OPTIONS

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

	Three months ended August 31, 2023		Year ended May 31, 2023	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		\$		\$
Balance, opening	10,295,500	0.21	11,461,250	0.18
Exercised	-	-	(457,000)	0.09
Expired	-	-	(596,250)	0.25
Forfeited	-	-	(112,500)	0.32
<b>Balance, end</b>	<b>10,295,500</b>	<b>0.21</b>	<b>10,295,500</b>	<b>0.21</b>
Balance, end, exercisable	8,903,000	0.20	8,903,000	0.20

The number of options outstanding as of August 31, 2023 are as follows:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry date
		\$	
400,000	400,000 <sup>1</sup>	0.08	September 14, 2023 <sup>1</sup>
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
1,330,500	1,330,500	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	1,177,500	0.305	October 27, 2026
<b>10,295,500</b>	<b>8,903,000</b>		

<sup>1</sup> The 400,00 options expiring on September 14, 2023 were exercised on the same day. Considering the exercise was done after August 31, this event had no impact on the interim financial statements.

# Geomega Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

### 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 96 mining claims totalling 5,333 hectares as at August 31, 2023.

<b>Montviel</b>	<b>Three months ended August 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Acquisition and maintenance</b>	-	-
<b>Exploration</b>		
Share-based compensation	436	2,734
Supplies	654	654
Taxes, permits and insurances	-	360
<b>Total exploration</b>	<b>1,090</b>	<b>3,748</b>
<b>Evaluation</b>		
Salaries and benefits	272,796	172,507
Separation process	100,248	57,212
Depreciation of property and equipment	19,530	2,185
Engineering	310,183	22,611
<b>Total Evaluation</b>	<b>702,757</b>	<b>254,515</b>
<b>Gross E&amp;E expenses</b>	<b>703,847</b>	<b>258,263</b>
Tax credits	(52,811)	(443)
<b>Net E&amp;E expenses - Montviel</b>	<b>651,036</b>	<b>257,820</b>

#### 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 August 31, 2023.

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

# Geomega Resources Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited, in Canadian dollars)

### 18. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

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

All amounts are in AUD	Cash Payments \$	Issuance of common shares \$	Work \$
<b>Option to earn 100%</b>			
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
<b>Total for a maximum participation of 100%</b>	<b>270,000</b>	<b>250,000</b>	<b>2,000,000</b>

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

#### 18.3 Option agreement on Montviel-Sud Property

On August 31, 2023, the Corporation concluded an agreement with MTM to option out the Montviel-Sud property. Refer to section 4.3 for more information on the property.

The terms of the option agreement with MTM for Montviel-Sud are as followed:

	Cash Payments \$ CAD	Issuance of common shares \$ AUD	Work \$ CAD
<b>Option to earn 100%</b>			
At the signature of the final agreement (completed)	25,000	25,000	Nil
On or before August 31, 2024	50,000	50,000	50,000
On or before August 31, 2025	75,000	75,000	200,000
On or before August 31, 2026	Nil	Nil	450,000
<b>Total for a maximum participation of 100%</b>	<b>150,000</b>	<b>150,000</b>	<b>700,000</b>

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

The Corporation received 457,033 shares of MTM during the quarter and total option payments resulted in a gain on disposal of exploration and evaluation assets of \$44,492.

# 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*

	Three months ended August 31	
	2023	2022
	\$	\$
Accounts receivable	198,585	(123,406)
Work in progress	-	27,291
Tax credits and government grants receivable	(280,155)	64,869
Prepaid and other expenses	(49,309)	20,370
Inventories	(47)	(3,079)
Trade and other payables	(23,370)	73,825
Deferred grants – portion attributable to operating expenses	(123,772)	76,995
Deferred revenues	(213,379)	235,363
	<b>(64,689)</b>	<b>372,228</b>

#### *Non-Cash Transactions*

	Three months ended August 31	
	2023	2022
	\$	\$
Government grants receivable for the acquisition of inventories	1,930	-
Government grants receivable for deposits made on the purchase of property and equipment	50,882	-
Acquisition of a right-of-use asset against a lease obligation	28,500	-
Amortisation of deferred grant against deposits made on the purchase of property and equipment	3,615	-
Amortisation of deferred grant against the purchase of property and equipment	242,003	-

### 20. SUBSEQUENT EVENT

On October 2, 2023, the Corporation signed an agreement with the owner of the premises at 1123 Marie-Victorin in St-Bruno-de-Montarville to vacate the premises in exchange for a lump sum of \$175,000. Since the signature of the lease in St-Hubert in April 2023, the premises in St-Bruno-de-Montarville served no purpose for the Corporation. The right-of-use asset and the underlying lease obligation representing respectively \$142,253 and \$145,654 as of August 31, 2023 will be reversed in the next quarter and a gain of \$175,000 will be recorded as a gain to the profit and loss statement.