



GENIUS METALS INC.

Financial Statements

**Years ended
July 31, 2020 and 2019**

GENIUS METALS INC.

Financial Statements

Years ended July 31, 2020 and 2019

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Independent Auditor's Report

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To the Shareholders of
Genius Metals Inc.

Opinion

We have audited the financial statements of Genius Metals Inc. (hereafter "the Company"), which comprise the statements of financial position as at July 31, 2020 and 2019, and the statements of loss and comprehensive loss, the statements of changes in equity and the statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 to the financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Louis Berardi.

Raymond Cholet Grant Thornton LLP¹

Montréal
November 25, 2020

¹ CPA auditor, CA public accountancy permit no. A115879

GENIUS METALS INC.

Statements of Financial Position

As at July 31, 2020 and 2019

(in Canadian dollars)

	Note	July 31 2020	July 31 2019
		\$	\$
Assets			
Current assets:			
Cash and cash equivalents	7	405,380	112,109
Short-term investments	8	15,000	15,000
Marketable securities	9	18,750	-
Other receivables	10	31,327	12,525
Prepaid expenses		4,789	16,415
Total current assets		475,246	156,049
Non-current assets:			
Property and equipment	11	5,873	7,676
Mining properties	12	1,434,790	1,398,472
Exploration and evaluation assets	13	990,764	576,523
Total non-current assets		2,431,427	1,982,671
Total assets		2,906,673	2,138,720
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities	14	602,521	536,746
Other liability related to flow-through financings		28,254	95,046
Total current liabilities		630,775	631,792
Non-current liabilities:			
Loan	15	21,393	-
Total non-current liabilities		21,393	-
Total liabilities		652,168	631,792
Equity:			
Share capital	16	4,182,783	3,169,035
Warrants	16	210,234	191,781
Share options	17	185,021	189,291
Contributed surplus		196,051	-
Deficit		(2,519,584)	(2,043,179)
Total equity		2,254,505	1,506,928
Total liabilities and equity		2,906,673	2,138,720

Going concern, see Note 2.

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

These financial statements were approved and authorized for issue by the Board of Directors on November 25, 2020.

(S) Guy Goulet
Director

(S) John Booth
Director

GENIUS METALS INC.

Statement of Loss and Comprehensive Loss

Years ended July 31, 2020 and 2019

(in Canadian dollars)

	Note	July 31 2020	July 31 2019
		\$	\$
General and administrative expenses:			
Salaries and employee benefit expense		172,408	138,940
Management and consulting fees		160,208	155,606
Travel and promotion		40,100	98,255
Registration, listing fees and shareholders information		37,854	38,226
Professional fees		103,485	285,233
Supplies and office expenses		39,499	56,596
Share-based compensation	17	-	189,291
Write-down of mining properties	12	34,935	1,086,794
Write-down of exploration and evaluation assets	13	59,357	112,936
Part XII.6 tax and other non-compliance penalty		3,526	4,984
Depreciation of property and equipment		1,803	1,324
Operating loss before other (revenues) expenses and income tax		653,175	2,168,185
Other (revenues) expenses:			
Gain on settlement of trade accounts payable and other liabilities		(35,937)	(23,333)
Write-off of payables		(12,730)	-
Finance expense	18	3,632	1,474
Change in fair value of marketable securities	9	2,500	-
Government assistance		(19,299)	-
Exchange loss		11	240
Total other (revenues) expenses		(61,823)	(21,619)
Loss before income tax		(591,352)	(2,146,566)
Income tax recovery	19	114,947	103,387
Net loss and comprehensive loss		(476,405)	(2,043,179)
Weighted average number of common shares outstanding		18,160,464	12,247,061
Basic and diluted loss per share:		(0.03)	(0.17)

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

GENIUS METALS INC.

Statement of Changes in Equity

Years ended July 31, 2020 and 2019

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital \$	Warrants \$	Share Options \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance as at July 31 2019		15,432,100	3,169,035	191,781	189,291	-	(2,043,179)	1,506,928
Shares and units issued:								
Private placements	16	3,525,277	515,042	146,808				661,850
Flow-through private placements	16	2,010,000	390,919	63,426				454,345
As a settlement of trade accounts payable and other liabilities	16	718,736	143,747					143,747
Share issuance costs	16		(35,960)					(35,960)
Share options expired	16				(4,270)	4,270		-
Warrants expired				(191,781)		191,781		-
Transaction with owners		21,686,113	4,182,783	210,234	185,021	196,051	(2,043,179)	2,730,910
Net loss and comprehensive loss for the year							(476,405)	(476,405)
Balance as at July 31 2020		21,686,113	4,182,783	210,234	185,021	196,051	(2,519,584)	2,254,505
Balance as at July 31 2018		10	10	-	-	-	-	10
Shares and units issued:								
Private placements	16	3,150,667	683,717	103,950				787,667
Flow-through private placements	16	1,165,643	221,394	17,929				239,323
As consideration for the acquisition of the net asset	16	9,797,790	2,018,342	69,902				2,088,244
As consideration for the acquisition of mining properties	16	600,000	139,000					139,000
As a settlement of trade accounts payable and other liabilities	16	468,000	105,108					105,108
As payment of consulting fees	16	250,000	45,000					45,000
Repurchase of shares for cancellation		(10)	(10)					(10)
Share issuance costs	16		(43,526)					(43,526)
Share-based compensation					189,291			189,291
Transaction with owners		15,432,100	3,169,035	191,781	189,291	-	-	3,550,107
Net loss and comprehensive loss for the year							(2,043,179)	(2,043,179)
Balance as at July 31 2019		15,432,100	3,169,035	191,781	189,291	-	(2,043,179)	1,506,928

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

GENIUS METALS INC.

Statement of Cash Flows

Years ended July 31, 2020 and 2019

(in Canadian dollars)

	Note	July 31 2020 \$	July 31 2019 \$
Operating activities:			
Net loss		(476,405)	(2,043,179)
Adjustments for:			
Income tax recovery		(114,947)	(103,387)
Consulting fees paid through issuance of shares		-	45,000
Change in fair value of marketable securities		2,500	-
Depreciation of property and equipment		1,803	1,324
Share-based compensation		-	189,291
Gain on settlement of trade accounts payable and other liabilities		(35,937)	(23,333)
Write-off of payables		(12,730)	-
Effective interest on loan		(8,607)	-
Write-down of mining properties		34,935	1,086,794
Write-down of exploration and evaluation assets		59,357	112,936
Operating activities before changes in working capital items		(550,031)	(734,554)
Change in other receivables		(18,802)	(12,525)
Change in prepaid expenses		11,626	(16,415)
Change in trade accounts payable and accrued liabilities		148,497	198,602
Change in working capital items		141,321	169,662
Cash flows used for operating activities		(408,710)	(564,892)
Financing activities:			
Proceeds from private placement		661,850	787,667
Proceeds from flow-through placement		502,500	407,975
Proceeds from a loan		30,000	-
Government contribution		18,000	12,000
Share issuance costs		(29,097)	(41,708)
Cash flows from financing activities		1,183,253	1,165,934
Investing activities:			
Purchase of short-term investment		-	(15,000)
Acquisition of equipment		-	(9,000)
Acquisition of mining properties		(67,210)	(60,446)
Increase in exploration and evaluation assets		(414,062)	(404,487)
Cash flows used for investing activities		(481,272)	(488,933)
Net change in cash and cash equivalents		293,271	112,109
Cash and cash equivalents, beginning of period		112,109	-
Cash and cash equivalents, end of period		405,380	112,109

Additional disclosures of cash flows information (Note 20).

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

GENIUS METALS INC.

Notes to Financial Statements

Years ended July 31, 2020 and 2019

(in Canadian dollars)

1. Reporting entity and nature of operations:

Genius Metals Inc. (hereafter the “Company” or “Genius Metals” or “GENI”) is engaged in the acquisition and exploration of mineral properties.

Genius Metals is a company domiciled in Canada. Genius Metals was incorporated on May 25, 2018 under the *Canada Business Corporations Act*. Genius Metals is a public company listed since October 31, 2018 on the Canadian Securities Exchange (“CSE”) and its trading symbol is “GENI”.

The Company's head office, which is also the main establishment is located at 22 Lafleur Avenue North, suite 203, Saint-Sauveur, Québec, Canada J0R 1R0 and its web site is www.geniusmetals.com.

2. Going concern:

The accompanying financial statements have been prepared on the basis of the on going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of business. 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, 12 months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt on the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the year ended July 31, 2020, the Company recorded a net loss of \$476,405 (\$2,043,179 for the year ended July 31, 2019) and has an accumulated deficit of \$2,519,584 as at July 31, 2020 (\$2,043,179 as at July 31, 2019). Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. As at July 31, 2020, the Company had a negative working capital of \$155,529 (a negative working capital of \$475,743 as at July 31, 2019) consisting of cash and cash equivalents of \$405,380 (\$112,109 in cash and cash equivalents as at July 31, 2019). Management believes that these funds will not be sufficient to meet the obligations and liabilities of the Company. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets. During the year ended July 31, 2020, the Company has raised \$1,164,350 (\$1,195,642 during the year ended July 31, 2019) from private placements consisting of common shares and flow-through shares to fund exploration works and working capital. There is no assurance that it will succeed in obtaining additional financing in the future.

3. Basis of preparation:

3.1 Statement of compliance:

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) applicable to the preparation of annual financial statements. The accounting policies applied in these consolidated financial statements are based on IFRS issued and in effect as at year end.

3.2 Basis of measurement:

The financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

3.3 Reporting global event:

During the year ended July 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

The Company has implemented the health measures recommended by the Canadian and Québec authorities to reduce physical contact: significant reduction in travel, teleworking and video conferences and others. The Company is continuing its activities to further the Company's objectives during this uncertain and rapidly evolving time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

3.4 Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

3. Basis of preparation (continued):

3.5 Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Significant management judgment:

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effects on the financial statements.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 5.14).

(b) Estimation uncertainty:

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts or circumstances indicating an impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases (see Note 5.12).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether a technically or economically viable extraction operation can be established, the probability that the expense will be recovered from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of existence of reverses, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-down in profit or loss in the period when the new information become available.

Share-based compensation

The estimation of share-based compensation costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model (see Note 17).

Fair value of the company's stock before it goes public

The assessment of the fair value of the Company's shares prior to its stock market listing involves some degree of estimation and judgment. The Company has estimated the fair value of the share using a simultaneous private placement on October 5, 2018 (Note 16). This was determined using the Black-Scholes valuation model (see Note 16).

Provisions and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

3. Basis of preparation (continued):

3.5 Use of estimates and judgements (continued):

(b) Estimation uncertainty (continued):

Tax credits receivable

Tax calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit, exploration and evaluation assets, and income tax expense in future periods (see Note 5.7).

4. Changes in accounting policy:

There were no accounting changes in accounting policy to disclose during the year ended July 31, 2020.

5. Significant accounting policies:

The financial statements have been prepared using accounting policies set out by IFRS effective at the end of the year for submission of financial information. The significant accounting policies used in preparing these financial statements are summarized below.

5.1 Financial instruments:

(a) Recognition and derecognition:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

(b) Classification and initial measurement of financial assets:

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets are classified into the following categories:

- amortized cost;
- fair value through profit or loss ("FVTPL");
- fair value through other comprehensive income ("FVOCI").

In the years presented, the Company does have marketable securities categorized as fair value through profit or loss and does not have any financial assets categorized through other comprehensive income.

The classification is determined by both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance expense.

(c) Subsequent measurement of financial assets:

i) Financial assets at amortized cost:

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

5. Significant accounting policies (continued):

5.1 Financial instruments (continued):

(c) Subsequent measurement of financial assets (continued):

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, short-term investments and other receivables (except sales tax receivable) fall into this category of financial instruments.

ii) Financial assets at fair value through profit or loss (FVTPL):

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category contains marketable securities in a quoted company. The Company accounts for the investments at FVTPL and did not make the irrevocable election to account for the investment in MegumaGold Corp and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirement of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

5.2 Impairment of financial assets:

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included other receivables (except sales tax receivable).

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

5.3 Classification and measurement of financial liabilities:

The Company's financial liabilities include trade accounts payable and other liabilities and loan.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except.

5.4 Basic and diluted loss per share:

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting loss attributable to common shareholders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. Dilutive potential common shares are deemed to have been converted into common shares at the average market price at the beginning of the year or, if later, at the date of issue of the potential common shares. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and share options. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Note 16.

5.5 Cash and cash equivalents:

Cash and cash equivalent consist of cash and cash in trust, easily convertible in a known amount of cash and subject to negligible risk of value impairment.

5.6 Marketable securities:

Marketable securities comprise of shares of other publicly trading companies and are recorded at fair value as of the date of the statement of financial position. The difference from the original cost base related to share of other public trading companies is recorded in net loss.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

5. Significant accounting policies (continued):

5.7 Tax Credit Relating to Resources and Mining Tax Credit:

The Company is entitled to refundable tax credits on eligible exploration expenses incurred and to refundable mining rights tax credits as duties under the law on the mining tax. These tax credits are recorded based on management's estimates and provided that the Company is reasonably certain that they will be collected. Tax credits are recorded as a reduction of the deferred exploration and evaluation expenses.

5.8 Property and equipment:

Property and equipment are held at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof.

Recognition of costs in the carrying amount of an item of property and equipment ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives are as follows:

Asset	Period
Rolling stock	5 years

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognized.

5.9 Mining Properties Options Agreements:

Options on interests in mining properties acquired by the Company are recorded at the value of the consideration paid, including other future benefit given up but excluding the commitment for future expenditures. Commitment for future expenditures does not meet the definition of a liability and thus are not accounted for immediately. Expenditures are accounted for only when incurred by the Company.

When the Company sells interest in a mining property, it uses the carrying amount of the interest before the sale of the option as the carrying amount for the portion of the property retained, and credits any cash consideration received against the carrying of this portion (any excess is recognized as a gain in profit or loss).

5.10 Grants:

Grants are recognized as a reduction of the related expenses or assets. The Company records these grants when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

5.11 Mining properties and exploration and evaluation assets:

Exploration and evaluation expenditures are costs incurred in the course of the initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resources are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

5. Significant accounting policies (continued):

5.11 Mining properties and exploration and evaluation assets (continued):

Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling, general expenses, financial charges, management fees and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts, the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

5.12 Impairment of mining properties, exploration and evaluation assets and property and equipment:

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

5.13 Provisions, contingent liabilities and contingent assets:

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

5. Significant accounting policies (continued):

5.13 Provisions, contingent liabilities and contingent assets (continued):

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible, given that the Company's operations are still in the exploration and evaluation stage. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

As at July 31, 2020, the Company had no contingent liabilities and therefore no provision was recorded in the annual financial statements.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.14 Income taxes:

When applicable, tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

However, since the Company is in the exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprise only of deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax in profit or loss, except where they relate to items that are recognized directly in equity, in which case the related deferred tax is also recognized in equity.

Under the provisions of tax legislation relating to flow-through shares, the Company is required to renounce its right to tax deductions for expenses related to exploration activities to the benefit of the investors. When the Company has renounced to its tax deductions and has incurred its admissible expenditures, the sale of tax deductions is recognized in profit or loss as a reduction to deferred tax expense and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of admissible expenditures capitalized as an asset and its tax base.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

5. Significant accounting policies (continued):

5.15 Share capital:

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

If shares are issued following the exercise of share options, or warrants, this account also includes the charge previously accounted to the warrants and share options accounts. Furthermore, if shares are issued following the acquisition of mining property or other non-financial assets, shares are valued at fair value of mining property on the day the agreement was concluded.

5.16 Unit placements:

The funds from unit placement are allocated between shares and warrants using the relative fair value method. The fair value of the common shares is recognized in equity based on the share price at the date of issue. The fair value of the warrants is determined using the Black-Scholes valuation model and is recorded separately under "warrants".

5.17 Flow-through placements:

Issuance of flow-through shares represents in substance an issue of ordinary shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities related to flow-through financings in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and other liabilities related to flow-through financings using the residual method. Proceeds are first allocated to shares according to the quoted price of shares at the time of issuance and the residual proceeds, if any, are allocated to other liabilities. The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense.

The proceeds received from flow-through units are allocated between share capital, warrants and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceeds are allocated to warrants and to the liability, allocating a first amount to warrant measured at fair value using Black-Scholes model.

5.18 Other elements of equity:

Warrants and share options accounts include unrealized charges related to share options and warrants until they are exercised, if applicable. Contributed surplus includes compensation expense related to share options and warrants not exercised and expired.

Deficit includes all current and prior year retained losses.

5.19 Equity-settled share-based compensation:

The Company has an equity-settled share-based compensation plan for its eligible directors, employees and consultants. The Company's plan is not cash-settled.

All goods and services received in exchange for the grant of any share-based compensations are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, it must measure their value indirectly by reference to the fair value of the equity instruments granted.

For transactions with employees and with parties providing similar services, the Company evaluates the fair value of services received by reference to the fair value of equity instruments granted.

All equity-settled share-based compensation (except warrants to brokers) are ultimately recognized as an expense in the profit or loss with a corresponding credit to the Share options account. Equity-settled share-based compensation to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to warrants, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

5. Significant accounting policies (continued):

5.20 Segment reporting:

The Company presents and discloses segment information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors.

The Company has only one operating segment which consist in the mining activities. All non-current assets are in Canada.

5.21 New standards and interpretations that have not yet been adopted:

At the date of authorization of these financial statements, there were no new standards and interpretations applicable to the Company that were issued but not yet effective, except for:

(i) IAS 1 Presentation of Financial Statements (Amendment):

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2019. The amendments clarify the definition of material and how it should be applied, as well as align the definition of material across IFRS standards and other publications. The amended definition of material states:

- Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. Earlier application is permitted. The Company does not expect any significant impact from adoption of this standard on its financial statements.

6. Asset Transfer Agreement:

On October 5, 2018, Cerro de Pasco Resources Inc. ("Cerro de Pasco") (formerly Genius Properties Ltd. ("Genius Properties")) completed the Asset Transfer Agreement pursuant to which Cerro de Pasco transferred the ownership of all mining rights and titles, a part of its trade accounts payable and other liabilities and the other liability related to flow-through shares. In consideration for such transfer, Genius Metals issued to Cerro de Pasco 9,797,790 Genius Metals common shares for a consideration of \$2,018,342 and 2,212,097 adjustment warrants to shareholders of Genius Properties of \$69,902. The transfer was recorded at the carrying amount of the assets and liabilities transferred.

	July 31 2019
	\$
Mining properties	2,277,044
Exploration and evaluation assets	259,854
Trade accounts payable and other liabilities	(418,873)
Other liability related to flow-through financings	(29,781)
Consideration for the transfer	2,088,244

7. Cash and cash equivalents:

	July 31 2020	July 31 2019
	\$	\$
Cash	405,380	110,118
Cash in trust	-	1,991
	405,380	112,109

Funds reserved for exploration and evaluation expenditures

On November 22, 2019, the Company completed a flow-through private placement of \$287,500. The Company has until December 31, 2020 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at July 31, 2020, the Company has the obligation to incur an amount of \$58,681 in exploration and evaluation expenditures until December 31, 2020.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

7. Cash and cash equivalents (continued):

On December 30, 2019, the Company completed a flow-through private placement of \$125,000. The Company has until December 31, 2020 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at July 31, 2020, the Company has the obligation to incur an amount of \$125,000 in exploration and evaluation expenditures until December 31, 2020.

On December 31, 2019, the Company completed a flow-through private placement of \$90,000. The Company has until December 31, 2020 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at July 31, 2020, the Company has the obligation to incur an amount of \$90,000 in exploration and evaluation expenditures until December 31, 2020.

There is no guarantee that the Company's exploration and evaluation expenditures will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors.

8. Short-term investments:

	July 31 2020	July 31 2019
	\$	\$
Guaranteed investment certificate, 1.65 % maturing in December 2019 is used as guarantee for credit card	-	15,000
Guaranteed investment certificate, 1.45 % maturing in December 2020 is used as guarantee for credit card	15,000	-
	15,000	15,000

9. Marketable securities in a quoted company:

	July 31 2019	Acquisition	Disposition	Change in fair value	Carrying value July 31 2020
	\$	\$	\$	\$	\$
Shares					
MegumaGold Corp	-	21,250 ⁽¹⁾	-	(2,500)	18,750
	-	21,250	-	(2,500)	18,750

	July 31 2019	Acquisition	Disposition	Number of shares July 31 2020
Shares				
MegumaGold Corp	-	125,000 ⁽¹⁾	-	125,000
	-	125,000	-	125,000

	July 31 2018	Acquisition	Disposition	Change in fair value	Carrying value July 31 2019
	\$	\$	\$	\$	\$
Shares					
MegumaGold Corp	-	-	-	-	-
	-	-	-	-	-

	July 31 2018	Acquisition	Disposition	Number of shares July 31 2019
Shares				
MegumaGold Corp	-	-	-	-
	-	-	-	-

(1) On December 9, 2019, the Company received 125,000 shares of MegumaGold Corp, valued at \$21,250 in accordance with the terms of the Meaghers option agreement (Note 12).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

10. Other receivables:

	July 31 2020	July 31 2019
	\$	\$
Sales tax receivable	31,327	12,525
	31,327	12,525

11. Property and equipment:

	Rolling stock	Total
	\$	\$
Cost		
As at July 31, 2018	-	-
Acquisitions	9,000	9,000
As at July 31, 2019	9,000	9,000
Acquisitions	-	-
As at July 31, 2020	9,000	9,000
Accumulated depreciation		
As at July 31, 2018	-	-
Depreciation	1,324	1,324
As at July 31, 2019	1,324	1,324
Depreciation	1,803	1,803
As at July 31, 2020	3,127	3,127
Net book value		
As at July 31, 2019	7,676	7,676
As at July 31, 2020	5,873	5,873

12. Mining properties:

Mining properties can be detailed as follows:

	July 31 2019	Acquisition	Licences & permits	Impairment	Disposition	July 31 2020
	\$	\$	\$	\$	\$	\$
Gold Properties:						
Sakami - QC	574,185	-	55,495	-	-	629,680
Iserhoff - QC	123,386	-	4,171	(22,511)	-	105,046
Meaghers - NS	2,539	-	25,095	-	(14,764)	12,870
Blockhouse - NS	23,983	-	986	-	-	24,969
Kemptville - NS	8,175	-	(2,420)	-	-	5,755
Chocolate Lake - NS	7,529	-	-	-	-	7,529
Gold River - NS	2,101	-	(216)	-	-	1,885
Nictaux - NS (option)	12,424	-	-	(12,424)	-	-
Total Gold Properties	754,322	-	83,111	(34,935)	(14,764)	787,734
Base Metals:						
A Lake - NB	50,839	-	232	-	-	51,071
Total Base Metals	50,839	-	232	-	-	51,071
Industrials & High-Tech Metals:						
Dissimieux Lake - QC	326,095	-	-	-	-	326,095
KM381 - QC	2,696	-	-	-	-	2,696
Mt Cameron - NS	264,520	-	2,674	-	-	267,194
Total Industrials & High-Tech Metals	593,311	-	2,674	-	-	595,985
Grand total	1,398,472	-	86,017	(34,935)	(14,764)	1,434,790

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

12. Mining properties (continued):

	July 31 2018	Asset Transfer Agreement	Acquisition	Licences & permits	Impairment	July 31 2019
	\$	\$	\$	\$	\$	\$
Gold Properties:						
Sakami - QC	-	734,573	-	(279)	(160,109)	574,185
Iserhoff - QC	-	-	121,440	1,946	-	123,386
Meaghers - NS	-	3,466	-	140	(1,067)	2,539
Blockhouse - NS	-	36,924	-	(3,348)	(9,593)	23,983
Kemptville - NS	-	8,055	-	120	-	8,175
Chocolate Lake - NS	-	7,049	-	480	-	7,529
Gold River - NS	-	1,681	-	420	-	2,101
Nictaux - NS (option)	-	-	12,424	-	-	12,424
Total Gold Properties	-	791,748	133,864	(521)	(170,769)	754,322
Base Metals:						
Robelin - QC	-	916,025	-	-	(916,025)	-
A Lake - NB	-	-	46,299	4,540	-	50,839
Total Base Metals	-	916,025	46,299	4,540	(916,025)	50,839
Industrials & High-Tech Metals:						
Dissimieux Lake - QC	-	326,095	-	-	-	326,095
KM381 - QC	-	2,696	-	-	-	2,696
Mt Cameron - NS	-	240,480	22,600	1,440	-	264,520
Total Industrials & High-Tech Metals	-	569,271	22,600	1,440	-	593,311
Grand total	-	2,277,044 ⁽¹⁾	202,763	5,459	(1,086,794)	1,398,472

(1) See Note 6.

Sakami Property (Gold):

The Property is located in the James Bay area of the Province of Québec. The property straddles the contact between Opinaca and La Grande geological sub-provinces over a distance of 35 km. The property is subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000. The gold property comprises 364 mining claims (18,719 Hectares). During the year ended July 31, 2020, the Company acquired 14 claims on December 13, 2019 and 202 claims on May 29, 2020. During the year ended July 31, 2019, the Company abandoned 29 claims and therefore wrote down the cost of those claims (\$160,109 in mining properties and \$65,723 in exploration and evaluation assets).

Iserhoff Property (Gold):

On November 13, 2018, the Company acquired a 100% interest in Iserhoff Property from an independent prospector (former consultant) by issuing on November 23, 2018, 500,000 common shares at a price of \$0.24 per share for a consideration of \$120,000. The Property is subject to a 2% net smelter returns royalty (NSR) on production, of which 1% may be purchased at any time by the Company for \$1,000,000 at any time. The Iserhoff Property is located in the northern Abitibi Greenstone belt, Québec in the central and western areas of Bergères Township, about 55 km NNE of Lebel-sur-Quévillon, Québec. The gold property comprises 42 mining claims totaling 2,349 hectares which will be 100% owned by Genius Metals. The property can be accessed by a network of forestry roads some of which join provincial highway 113 connecting Lebel-sur-Quévillon with Chibougamau. During the year ended July 31, 2020, the Company abandoned 9 claims and wrote down a part of the cost of the Meaghers property (\$22,511 in mining properties and \$59,357 in exploration and evaluation assets).

Meaghers (Gold):

The Meaghers property is located in South-Central Nova Scotia within the Halifax County, 39 km NE from the Halifax-Dartmouth conglomeration. The property consists of a continuous block of seven licenses, 100% owned by the Company, comprising 100 claims. Access from Halifax-Dartmouth urban center to the western end of the property is by a paved road system, whereas several secondary roads crisscross the entire Meaghers property. During the year ended July 31, 2019, the Company abandoned 42 claims and wrote down a part of the cost of the Meaghers property (\$1,067 in mining properties and \$5,099 in exploration and evaluation assets).

On December 4, 2019, the Company has entered into an option agreement with MegumaGold Corp. ("MGC"), whereby MGC may earn a 70% interest in the Meaghers Property. Under the terms of the agreement the MGC may earn up to a 70% interest in 6 Genius Metals mineral exploration licences totalling 100 claims (1,620 Hectares) by satisfying the following conditions:

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

12. Mining properties (continued):

Meaghers (Gold) (continued):

To earn its 49.9% initial interest as per the option agreement, MGC must issue common shares and incurred exploration expenses in the following timelines:

	Shares	Exploration expenses
On or before December 9, 2019	125,000 ⁽¹⁾	\$ -
On or before December 4, 2020	125,000	-
On or before June 4, 2021	-	100,000
	250,000	100,000

⁽¹⁾ These common shares were issued on December 9, 2019 at a price of \$0.17 per share. The consideration received on December 9, 2019 (125,000 shares of MGC valued at \$21,250) was recorded as a reduction of the mining properties and the exploration and evaluation assets of \$14,764 and \$6,486 respectively.

To earn an additional 21.1% interest as per the option agreement, MGC must incur exploration expenses in the following timelines:

	Exploration expenses
On or before June 4, 2022 ⁽¹⁾	\$ 150,000
	150,000

⁽¹⁾ Within 12 months from the latest date of which MGC satisfies its 49.9% first initial earn.

Upon MGC fully exercising the option in its entirety to earn 70% of the Meaghers Property, Genius Metals shall have the option to convert its remaining 30% interest into a 2% net smelter royalty ("NSR"), resulting in MGC owning a 100% interest, and Genius Metals owning a 2% NSR on the Meaghers Property. MGC will have an option to acquire 50% of the 2% NSR for \$1.0 million, leaving Genius Metals with a 1.0% NSR.

Nova Scotia properties (Gold):

Nova Scotia properties consisted of the following properties: Blockhouse Gold (26 claims), Kemptville NS (10 claims), Chocolate Lake NS (6 claims), and Gold River NS (1 claim). The properties are subject to a 1.5% NSR of which two-thirds (2/3) may be purchased at any time by the Company for \$1,000,000. During the year ended July 31, 2019, the Company abandoned 14 claims and wrote down a part of the cost of the Blockhouse Gold property (\$9,593 in mining properties and \$20,255 in exploration and evaluation assets).

Nictaux Property (Gold) Option:

On November 14, 2018 the Company has signed a letter of intent the ("Letter of Intent") to acquire the interest of Atlantic Vanadium Corporation ("Atlantic") in the Nictaux Property, located in Nova Scotia. The Company agrees to pay an amount of \$10,000 which will entitle Genius Metals to have access, as soon as they will become available, to reports and presentations on the Property. In addition, Genius Metals agrees to pay an additional amount of \$20,000 to Atlantic on or prior to December 31st, 2019.

Thereafter, subject to the complete due diligence review of the Property, Genius Metals could acquire a 100% interest in the property for the following considerations:

- (i) exploration expenditures of \$500,000 on or prior to December 31, 2021;
- (ii) annual cash payments equal to 10% of the amount spent in exploration expenditures for that year, subject to a maximum of \$50,000; and
- (iii) Pay a 3% NSR, with a buy-down before December 31, 2023 of \$500,000 for the first 1%, and \$1 million for the second 1%.

On February 28, 2020, the Company decided to terminate the Letter of intent on the potential acquisition of Nictaux property. Consequently, the Company wrote down to \$Nil the cost of the Nictaux property, as they no longer fit the Company's development strategy (\$12,424 in mining properties).

Robelin Property (Polymetallic):

The Robelin Property is located 85 km East South East from the town of Kuujuaq in the Province of Québec. The property is subject to a 2.0% NSR on production, of which half (1/2) may be purchased at any time by the Company for \$1,000,000. During the year ended July 31, 2019, the Company wrote down to \$Nil the cost of the Robelin property, as they no longer fit the Company's development strategy (\$916,025 in mining properties and \$21,859 in exploration and evaluation assets).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

12. Mining properties (continued):

A-Lake Property (Copper-Tin-Zinc):

On November 14, 2018 the Company has signed a letter of intent the ("Letter of Intent") to acquire the interest of Atlantic Vanadium Corporation ("Atlantic") in the A-Lake Property, located in Nova Scotia. The Company agrees to pay an amount of \$10,000 which will entitle Genius Metals to have access, as soon as they will become available, to reports and presentations on the Property.

On January 21, 2019 the Company has entered into an option agreement (the "Agreement") with Atlantic Vanadium Corporation ("AVC") to acquire 100% of the A-Lake (Cu-Sn-Zn) Property in New-Brunswick. The A-Lake property is located in southern New Brunswick within the Charlotte County, NTS map 21G07. It consists of six units (8866, 8840, 8864, 8896, 8897 and 8900) containing 127 claims. The Property is subject to a 2.5% net smelter returns royalty (NSR) on production, of which 1.5% may be purchased at any time by the Company for \$3,000,000, at any time on or prior to December 31, 2021.

To earn its 100% interest, the Company must make cash payments and incurred exploration expenses in the following timelines:

	Cash payments	Exploration expenses ⁽¹⁾
	\$	\$
On January 21, 2019	20,000 ⁽²⁾	-
On July 4, 2019	10,000 ⁽²⁾	-
On or before April 15, 2020	-	100,000 ⁽³⁾
On or before May 31, 2020	25,000 ⁽⁴⁾	-
On or before April 15, 2021	-	250,000
On or before May 31, 2021	35,000	-
On or before April 15, 2022	-	350,000
	90,000	700,000

⁽¹⁾ Any excess work incurred in any year may be carried forward and applied against the subsequent year's exploration expenses commitments.

⁽²⁾ These cash payments were made on the dates noted in the agreement.

⁽³⁾ These exploration expenses were incurred on or before the date noted in the agreement.

⁽⁴⁾ These cash payments were made on August 19, 2020.

Dissimieux Lake (Phosphate):

The property consists of 15 claims covering 8.3 km², and is accessible via Provincial Highway #138 from Forestville, then driving northward on Highway #385 to Labrieville, and from there using a network of secondary gravel forestry roads to reach the east-southeast shore of Dissimieux Lake. The Property hosts titanium-phosphate (ilmenite-apatite) mineralization located near the southern margin of the La Blache Anorthositic Complex (the "LBAC"). The LBAC is elongated in a northeast-southwest direction and is 15 to 25 km wide over 60 km. It was emplaced into a highly metamorphosed and folded package of steeply dipping, N-NE dipping paragneiss and amphibolites of the Grenville Geological Province. The Property is dominated by steep hills, with elevations ranging from 435 m to 700 m above sea level.

KM381 (Lithium):

The KM381 project consists of 21 mining claims (1,108 Hectares). Easy access, 55km NNE of Lebel-sur-Quévillon, The project is in and less than two Km East of James Bay Lithium deposit.

Mt Cameron Property (Graphite):

On November 13, 2018, March 18, 2020 and June 30, 2020, the Company amended its option agreement with Mt Cameron Minerals Incorporated. The Company has to incur exploration expenditures as follows: \$500,000 on or before October 31, 2020 and \$500,000 on or before December 31, 2020 instead of \$500,000 on or before December 31, 2018, \$500,000 on or before December 31, 2019 and \$500,000 on or before June 30, 2020. In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company issued on January 11, 2019, 100,000 common shares to shareholders of Mt Cameron Minerals Inc. The Property is located 25 kilometers west of Sydney, Nova Scotia and is comprised of 7 licenses (82 claims over 13.3 km²). The property is easily accessible by paved roads and in close proximity of powerlines. With the potential construction of NOVAPORT, a deep-water mega-terminal in Sydney, trans-Atlantic shipping would be readily available. Sydney has a highly skilled workforce, having an extensive history in steel manufacturing and coal mining (see Note 25 - Subsequent Events).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

13. Exploration and evaluation assets:

Exploration and evaluation assets by nature are detailed as follows:

	July 31 2020	July 31 2019
	\$	\$
Exploration and evaluation costs:		
Drilling	172,705	1,494
Geology	40,529	28,275
Prospecting	104,577	41,441
Stripping	-	2,730
Geophysics	143,453 ⁽¹⁾	351,251 ⁽²⁾
Geochemistry	-	801
General field expenses	18,820	3,613
Other item:		
Asset Transfer Agreement	-	259,854 ⁽³⁾
Disposition	(6,486)	-
Impairment	(59,357)	(112,936)
	414,241	576,523
Balance, beginning of year	576,523	-
Balance, end of year	990,764	576,523

Exploration and evaluation assets by properties are detailed as follows:

	July 31 2019	Exploration costs	Tax credits	Impairment	Disposition	July 31 2020
	\$	\$	\$	\$	\$	\$
Gold Properties:						
Sakami - QC	235,698	265,979	-	-	-	501,677
Iserhoff - QC	140,169	196,185	-	(59,357)	-	276,997
Meaghers - NS	12,141	-	-	-	(6,486)	5,655
Blockhouse - NS	50,637	-	-	-	-	50,637
Kemptville - NS	5,698	-	-	-	-	5,698
Chocolate Lake - NS	700	-	-	-	-	700
Gold River - NS	-	231	-	-	-	231
Total Gold Properties	445,043	462,395	-	(59,357)	(6,486)	841,595
Base Metals:						
A Lake - NB	81,949	16,189 ⁽¹⁾	-	-	-	98,138
Total Base Metals	81,949	16,189	-	-	-	98,138
Industrials & High-Tech Metals:						
Dissimieux Lake - QC	13,440	1,500	-	-	-	14,940
KM381 - QC	-	-	-	-	-	-
Mt Cameron - NS	36,091	-	-	-	-	36,091
Total Industrials & High-Tech Metals	49,531	1,500	-	-	-	51,031
Grand total	576,523	480,084	-	(59,357)	(6,486)	990,764

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

13. Exploration and evaluation assets (continued):

	July 31 2018	Asset Transfer Agreement	Exploration costs	Tax credits	Impairment	July 31 2019
	\$	\$	\$	\$	\$	\$
Gold Properties:						
Sakami - QC	-	101,990	199,431	-	(65,723)	235,698
Iserhoff - QC	-	-	140,169	-	-	140,169
Meaghers - NS	-	13,411	3,829	-	(5,099)	12,141
Blockhouse - NS	-	70,892	-	-	(20,255)	50,637
Kemptville - NS	-	3,421	2,277	-	-	5,698
Chocolate Lake - NS	-	-	700	-	-	700
Total Gold Properties	-	189,714	346,406	-	(91,077)	445,043
Base Metals:						
Robelin - QC	-	21,859	-	-	(21,859)	-
A Lake - NB	-	-	81,949 ⁽²⁾	-	-	81,949
Total Base Metals	-	21,859	81,949	-	(21,859)	81,949
Industrials & High-Tech Metals:						
Dissimieux Lake - QC	-	12,190	1,250	-	-	13,440
KM381 - QC	-	-	-	-	-	-
Mt Cameron - NS	-	36,091	-	-	-	36,091
Total Industrials & High-Tech Metals	-	48,281	1,250	-	-	49,531
Grand total	-	259,854 ⁽³⁾	429,605	-	(112,936)	576,523

(1) A contribution of \$ 18,000 from the Government of New Brunswick has been recorded as a reduction of exploration and evaluation assets.

(2) A contribution of \$ 12,000 from the Government of New Brunswick has been recorded as a reduction of exploration and evaluation assets.

(3) See Note 6.

14. Trade accounts payable and other liabilities:

	July 31 2020	July 31 2019
	\$	\$
Trade accounts payable and accrued liabilities:		
To directors	38,545	31,500
To a company in which a director is a partner	71,435	63,654
To a company controlled by a director and CEO	36,792	-
Other	240,997	226,794
Part XII.6 tax and source deductions and contributions	214,752	214,798
	602,521	536,746

15. Loan:

On May 6, 2020, the Company received \$40,000 from the Canada Emergency Business Account ("CEBA"). The Government of Canada has launched the new CEBA, which has been implemented by eligible financial institutions in cooperation with Export Development Canada. The CEBA program has approved an interest-free loan of up to \$40,000 to the Company to help cover operating costs, due to the economic impacts of the COVID-19 virus. The outstanding balance of the CEBA must be repaid by December 31, 2022. Repayment of CEBA on or before the due date will result in loan forgiveness of 25% (up to \$10,000).

For purposes of determining the fair value of the liability, an effective interest rate of 15% was used which is the estimated market rate that the Company would have obtained for a similar financing. The liability is accreted up to the face value of the loan over the term of the loan as an interest expense. As the issuance, the loan was \$20,701, the effective interest was \$9,299 and the government assistance was \$19,299 which included the loan forgiveness of \$10,000 plus the effective interest of \$9,299. During the year ended July 31, 2020, an effective interest expense of \$692 was recorded in the P&L.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

16. Share capital and warrants:

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares, without par value, issuable in series.

(b) Issued and outstanding:

2020:

On November 22, 2019, the Company issued 718,736 common shares at a fair value of \$0.20 per share for a total value of \$143,747 in settlement of trade accounts payable and other liabilities in the amount of \$179,684. No commission was paid in connection with this transaction. These settlements resulted in a gain of \$35,937 on settlement of accounts payable, in comprehensive loss.

On November 22, 2019, the Company concluded a private placement by issuing 1,365,000 units at a price of \$0.20 per unit for net proceeds of \$269,550 after deducting share issuance costs of \$3,450. There was a commission of \$1,860 paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 1,365,000 common shares and 1,365,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.30 until May 22, 2021. These warrants have been recorded at a value of \$60,146 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (c)).

On November 22, 2019, the Company concluded a second private placement by issuing 1,150,000 flow-through units at a price of \$0.25 per unit for net proceeds of \$269,006 after deducting share issuance costs of \$18,494. There was a commission of \$17,350 paid in connection with this private placement. Each unit consists of one flow-through share and one-half warrant for a total of 1,150,000 flow-through shares and 575,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.30 until May 22, 2021. These warrants have been recorded at a value of \$35,591 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (c)). An amount of \$25,004 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at July 31, 2020, the Company has the obligation to incur \$58,681 in exploration expenditures in its Québec mining properties no later than December 31, 2020.

On December 30, 2019, the Company concluded a second private placement by issuing 500,000 flow-through units at a price of \$0.25 per unit for net proceeds of \$116,497 after deducting share issuance costs of \$8,503. There was a commission of \$6,400 paid in connection with this private placement. Each unit consists of one flow-through share and one-half warrant for a total of 500,000 flow-through shares and 250,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.30 until June 30, 2021. These warrants have been recorded at a value of \$15,957 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (c)). An amount of \$16,099 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at July 31, 2020, the Company has the obligation to incur \$125,000 in exploration expenditures in its Québec mining properties no later than December 31, 2020.

On December 31, 2019, the Company concluded a private placement by issuing 360,000 flow-through units at a price of \$0.25 per unit for net proceeds of \$87,192 after deducting share issuance costs of \$2,808. There was no commission paid in connection with this private placement. Each unit consists of one flow-through share and one-half warrant for a total of 360,000 flow-through shares and 180,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.30 until July 1st, 2021. These warrants have been recorded at a value of \$11,878 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (c)). An amount of \$7,052 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at July 31, 2020, the Company has the obligation to incur \$90,000 in exploration expenditures in its Québec mining properties no later than December 31, 2020.

On July 31, 2020, the Company concluded a private placement by issuing 2,160,277 units at a price of \$0.18 per unit for net proceeds of \$386,144 after deducting share issuance costs of \$2,706. There was a commission of \$1,080 paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 2,160,277 common shares and 2,160,277 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.30 until January 31, 2022. These warrants have been recorded at a value of \$86,662 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (c)).

2019:

On October 5, 2018, pursuant to the Asset Transfer Agreement as described in Note 6, the Company issued 9,797,790 common shares valued at \$0.206(1) per share for an aggregate consideration of \$2,018,342 to acquire the ownership of all mining rights and titles, a part of the trade accounts payable and other liabilities and the other liability related to flow-through shares from Genius Properties.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

16. Share capital and warrants (continued):

(b) Issued and outstanding (continued):

2019 (continued):

On October 5, 2018, the Company concluded a private placement by issuing 2,486,667 units at a price of \$0.25 per unit for net proceeds of \$606,964 after deducting share issuance costs of \$14,703. A commission of \$10,250 was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 2,486,667 common shares and 2,486,667 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 until October 5, 2019. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$82,703 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (c)).

On October 5, 2018, the Company concluded a second private placement by issuing 848,429 flow-through units at a price of \$0.35 per unit for net proceeds of \$274,127 after deducting share issuance costs of \$22,823. A commission of \$14,885 was paid in connection with this private placement. Each unit consists of one flow-through share and one-half warrant for a total of 848,429 flow-through shares and 424,214 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.45 until October 5, 2019. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$13,957 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (c)). An amount of \$113,554 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at July 31, 2019, the Company has the obligation to incur \$104,454 in exploration expenditures in its Québec mining properties no later than December 31, 2019.

On October 5, 2018, the Company issued 168,000 common shares at a fair value of \$0.206⁽¹⁾ per share for a total value of \$34,607 in settlement of accounts payable in the amount of \$42,000. No commission was paid in connection with this transaction. These settlements resulted in a gain of \$7,393 on settlement of accounts payable, in comprehensive loss.

On November 5, 2018, the Company issued 300,000 common shares at a fair value of \$0.235 per share for a total value of \$70,500 in settlement of trade accounts payable and other liabilities in the amount of \$86,440. No commission was paid in connection with this transaction. These settlements resulted in a gain of \$15,940 on settlement of accounts payable, in comprehensive loss. The Company incurred an amount of \$25,776 in legal fees as part of this settlement.

On November 13, 2018, the Company has entered into an option agreement to acquire a 100% interest in 29 mining claims of the Iserhoff Property, located in Québec, by issuing on November 23, 2018, 500,000 common shares at a fair value of \$0.24 per share for a total value of \$120,000 (Note 12).

On December 14, 2018, the Company concluded a private placement by issuing 600,000 units at a price of \$0.25 per unit for net proceeds of \$144,000 after deducting share issuance costs of \$6,000. There was no commission paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 600,000 common shares and 600,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 until December 14, 2019. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$19,549 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (c)).

On December 21, 2018, the Company concluded a private placement by issuing 64,000 units at a price of \$0.25 per unit for net proceeds of \$16,000 after deducting share issuance costs of \$Nil. There was no commission paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 64,000 common shares and 64,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 until December 21, 2019. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$1,698 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (c)).

On December 21, 2018, the Company concluded a second private placement by issuing 317,214 flow-through units at a price of \$0.35 per unit for net proceeds of \$111,025 after deducting share issuance costs of \$Nil. There was no commission paid in connection with this private placement. Each unit consists of one flow-through share and one-half warrant for a total of 317,214 flow-through shares and 158,605 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.45 until December 21, 2019. The Company may, at its option, accelerate the expiry date under certain conditions. These warrants have been recorded at a value of \$3,972 based on the Black-Scholes option pricing model using the assumptions described below (Note 16 (c)). An amount of \$55,098 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at July 31, 2019, the Company has the obligation to incur \$111,025 in exploration expenditures in its Québec mining properties no later than December 31, 2019.

On January 11, 2019, the Company issued 100,000 common shares at a fair value of \$0.19 per share for a consideration of \$19,000 to shareholders of Mt Cameron Minerals Inc. as per the amendment of November 13, 2018 for the postponement of the deadlines of one year to incur the exploration expenditures.

On April 1, 2019, the Company issued to service providers 250,000 common shares valued at \$45,000 for business development consultancy.

(1) Based on the fair value of the share estimated at the date of the Asset Transfer Agreement (See Note 6).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

16. Share capital and warrants (continued):

(c) Warrants:

The changes to the number of outstanding warrants granted by the Company and their weighted average exercise price are as follows:

	July 31 2020		July 31 2019	
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
		\$		\$
Outstanding at beginning	5,945,583	0.36	-	-
Granted	4,530,277	0.30	5,945,583	0.36
Expired	(5,945,583)	0.36	-	-
Outstanding at end	4,530,277	0.30	5,945,583	0.36

The following table provides outstanding warrants information as at July 31, 2020:

Expiry date	Outstanding warrants		
	Number of outstanding warrants	Exercise price	Remaining life
		\$	(years)
May 22, 2021	1,940,000	0.30	0.8
June 30, 2021	250,000	0.30	0.9
July 1st, 2021	180,000	0.30	0.9
January 31, 2022	2,160,277	0.30	1.5
	4,530,277	0.30	1.1

The following table provides outstanding warrants information as at July 31, 2019:

Expiry date	Outstanding warrants		
	Number of outstanding warrants	Exercise price	Remaining life
		\$	(years)
October 5, 2019	4,698,764	0.35	0.2
October 5, 2019	424,214	0.45	0.2
December 14, 2019	600,000	0.35	0.4
December 21, 2019	64,000	0.35	0.4
December 21, 2019	158,605	0.45	0.4
	5,945,583	0.36	0.2

2020:

On November 22, 2019, the Company issued 1,365,000 warrants to shareholders who subscribed to 1,365,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.30 per share until May 22, 2021. The value of the warrants was estimated at \$60,146 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.200
Expected volatility ⁽¹⁾	84.19%
Risk-free interest rate	1.58%
Expected life	1.5 year

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

16. Share capital and warrants (continued):

(c) Warrants (continued):

2020 (continued):

On November 22, 2019, the Company issued 575,000 warrants to shareholders who subscribed to 1,150,000 flow-through units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.30 per share until May 22, 2021. The value of the warrants was estimated at \$35,591 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.200
Expected volatility ⁽¹⁾	84.19%
Risk-free interest rate	1.58%
Expected life	1.5 year

On December 30, 2019, the Company issued 250,000 warrants to shareholders who subscribed to 500,000 flow-through units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.30 per share until June 30, 2021. The value of the warrants was estimated at \$15,957 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.190
Expected volatility ⁽¹⁾	89.07%
Risk-free interest rate	1.68%
Expected life	1.5 year

On December 31, 2019, the Company issued 180,000 warrants to shareholders who subscribed to 360,000 flow-through units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.30 per share until July 1st, 2021. The value of the warrants was estimated at \$11,878 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.200
Expected volatility ⁽¹⁾	88.57%
Risk-free interest rate	1.69%
Expected life	1.5 year

On July 31, 2020, the Company issued 2,160,277 warrants to shareholders who subscribed to 2,160,277 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.30 per share until January 31, 2022. The value of the warrants was estimated at \$86,662 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.255
Expected volatility	71.40%
Risk-free interest rate	0.26%
Expected life	1.5 year

2019:

On October 5, 2018, the Company issued 2,486,667 warrants to shareholders who subscribed to 2,486,667 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.35 per share until October 5, 2019. The value of the warrants was estimated at \$82,703 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date ⁽²⁾	\$0.206
Expected volatility ⁽¹⁾	78.94%
Risk-free interest rate	2.32%
Expected life	1.0 year

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

16. Share capital and warrants (continued):

(c) Warrants (continued):

2019 (continued):

On October 5, 2018, the Company issued 424,214 warrants to shareholders who subscribed to 848,429 flow-through units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.45 per share until October 5, 2019. The value of the warrants was estimated at \$13,957 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date ⁽²⁾	\$0.206
Expected volatility ⁽¹⁾	78.94%
Risk-free interest rate	2.32%
Expected life	1.0 year

On October 5, 2018, the Company issued 2,212,097 warrants (the "Adjustment Warrants") to holders of common share purchase warrants of Genius Properties listed on August 31, 2018, on the basis of one (1) Adjustment Warrant for six (6) Genius Properties warrants as adjustment of the Genius Properties warrants resulting from the Asset Transfer Agreement (Note 6). Each Adjustment Warrant entitles the holder to subscribe to one common share of the Company at an exercise price of \$0.35 per share until October 5, 2019. The value of the warrants was estimated at \$69,902 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date ⁽²⁾	\$0.206
Expected volatility ⁽¹⁾	78.94%
Risk-free interest rate	2.32%
Expected life	1.0 year

On December 14, 2018, the Company issued 600,000 warrants to shareholders who subscribed to 600,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.35 per share until December 14, 2019. The value of the warrants was estimated at \$19,549 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.195
Expected volatility ⁽¹⁾	81.67%
Risk-free interest rate	2.02%
Expected life	1.0 year

On December 21, 2018, the Company issued 64,000 warrants to shareholders who subscribed to 64,000 units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.35 per share until December 21, 2019. The value of the warrants was estimated at \$1,698 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.170
Expected volatility ⁽¹⁾	81.57%
Risk-free interest rate	1.94%
Expected life	1.0 year

On December 21, 2018, the Company issued 158,605 warrants to shareholders who subscribed to 317,214 flow-through units offering. Each warrant entitles the holder to subscribe to one common share at an exercise price of \$0.45 per share until December 21, 2019. The value of the warrants was estimated at \$3,972 at the grant date using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.170
Expected volatility ⁽¹⁾	81.57%
Risk-free interest rate	1.94%
Expected life	1.0 year

(1) The volatility was determined in comparison with the volatility of comparable publicly traded companies.

(2) Based on the fair value of the share estimated at the date of the Asset Transfer Agreement (See Note 6).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

17. Share-based compensation:

(a) Share option plan:

The Company has a share option plan "The Plan" whereby the Board of Directors, may grant to directors, officers or consultants of the Company, options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions of the grant of options. The Board of Directors approved a share option plan reserving a maximum of 1,500,000 share options of the Company, with a vesting period allowed of zero to a period fixed by the Board of Directors, when the grant of option is made at market price, for the benefit of its directors, officers, employees and consultants. The Plan provides that no single person may hold options representing more than 5% of the outstanding common shares.

The exercise price of any option granted under The Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed ten years from the date of grant. Options are not transferable and can be exercised while the beneficiary remains a director, an officer, an employee or consultant of the Company.

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

	July 31 2020		July 31 2019	
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		\$		\$
Outstanding at beginning	1,450,000	0.25	-	-
Granted	-	-	1,450,000	0.25
Expired	(100,000)	0.25		
Forfeited	-	-	-	-
Outstanding at end	1,350,000	0.25	1,450,000	0.25
Exercisable at end	1,350,000	0.25	1,450,000	0.25

The following table provides outstanding share options information as at July 31, 2020:

Expiry date	Outstanding share options			
	Number of granted share options	Number of exercisable share options	Exercise price \$	Remaining life (years)
March 6, 2024	1,025,000	1,025,000	0.25	3.6
March 23, 2024	225,000	225,000	0.25	3.6
May 18, 2024	100,000	100,000	0.25	3.8
	1,350,000	1,350,000	0.25	3.6

The following table provides outstanding share options information as at July 31, 2019:

Expiry date	Outstanding share options			
	Number of granted share options	Number of exercisable share options	Exercise price \$	Remaining life (years)
April 1, 2020	100,000	100,000	0.25	0.7
March 6, 2024	1,025,000	1,025,000	0.25	4.6
March 23, 2024	225,000	225,000	0.25	4.7
May 18, 2024	100,000	100,000	0.25	4.8
	1,450,000	1,450,000	0.25	4.4

2019:

On March 5, 2019, the Company granted 1,025,000 share options to directors, officers, members of the technical committee, a consultant and an employee at an exercise price of \$0.25 per share, expiring on March 6, 2024. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at \$0.14 per share option at the grant date for a total of \$140,733 using the Black-Scholes option pricing model. The assumptions used for the calculation were:

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

17. Share-based compensation (continued):

(a) Share option plan (continued):

Expected dividend yield	0.0%
Share price at grant date	\$0.185
Expected volatility ⁽¹⁾	106.80%
Risk-free interest rate	1.75%
Expected life	5.0 years

On March 22, 2019, the Company granted 225,000 share options to an officer at an exercise price of \$0.25 per share, expiring on March 23, 2024. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at \$0.14 per share option at the grant date for a total of \$30,398 using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.185
Expected volatility ⁽¹⁾	104.76%
Risk-free interest rate	1.48%
Expected life	5.0 years

On April 1, 2019, the Company granted 100,000 share options to a consultant at an exercise price of \$0.25 per share, expiring on April 1, 2020. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at \$0.04 per share option at the grant date for a total of \$4,270 using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.185
Expected volatility ⁽¹⁾	83.08%
Risk-free interest rate	1.60%
Expected life	1.0 year

On May 17, 2019, the Company granted 100,000 share options to an employee at an exercise price of \$0.25 per share, expiring on May 18, 2024. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at \$0.14 per share option at the grant date for a total of \$13,890 using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.19
Expected volatility ⁽¹⁾	104.10%
Risk-free interest rate	1.57%
Expected life	5.0 years

(1) The volatility was determined in comparison with the volatility of comparable publicly traded companies.

18. Finance expenses:

Finance expenses recognized in the net loss of the years is as follows:

	July 31 2020	July 31 2019
	\$	\$
Fines, penalties, bank charges & other interest	2,940	1,474
Effective interest on loan	692	-
Finance expense	3,632	1,474

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

19. Income taxes:

(a) Relationship between expected tax expense and accounting profit or loss:

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	July 31 2020	July 31 2019
	\$	\$
Loss before income taxes	(591,352)	(2,146,566)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada	26.54%	26.60%
Expected income tax recovery	(156,945)	(570,987)
Changes in unrecorded temporary differences	59,738	427,119
Tax effect on flow-through shares	117,917	90,812
Reversal of other liability related to flow-through shares	(114,947)	(103,387)
Share-based compensation	-	50,351
Change in deferred income tax rate	256	1,954
Other non-deductible expenses	(20,966)	751
Deferred income tax expense (recovery)	(114,947)	(103,387)

(b) Composition of deferred income taxes expense (recovery) in the statement of comprehensive loss:

	July 31 2020	July 31 2019
	\$	\$
Inception and reversal of temporary differences	(177,911)	(519,885)
Changes in unrecorded temporary differences	59,738	427,119
Tax effect on flow-through shares	117,917	90,812
Reversal of other liability related to flow-through shares	(114,947)	(103,387)
Change in deferred income tax rate	256	1,954
Deferred income tax expense (recovery)	(114,947)	(103,387)

(c) Unrecognized deductible temporary differences:

Unrecognized deductible differences for which the Company has not recognized a deferred tax asset are presented in the following tables. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

	July 31 2020		July 31 2019	
	Federal	Québec	Federal	Québec
Property and equipment	148,837	148,837	147,034	147,034
Marketable securities	1,250	1,250	-	-
Mining properties	1,117,556	1,117,556	1,086,794	1,086,794
Share issuance costs	54,840	54,840	34,821	34,821
Non-capital losses carryforwards	720,872	714,638	274,513	271,685
	2,043,355	2,037,121	1,543,162	1,540,334

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, deferred tax assets have not been recognized, these deferred tax assets not recognized equal an amount of \$468,351.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

19. Income taxes (continued):

(d) Non-capital losses:

The Company has the following non-capital losses which are available to reduce income taxes in future years and on which no deferred tax asset was recognized. They expire as follow:

	Federal	Québec
	\$	\$
2039	274,513	271,685
2040	446,359	442,953
	720,872	714,638

20. Supplemental cash flow information:

The Company entered into the following transactions which had no impact on the cash flows:

	July 31 2020	July 31 2019
	\$	\$
Non-cash financing activities:		
Shares issued in settlement of trade accounts payables	143,747	105,108
Shares issued as payment of expenses	-	45,000
Share issuance costs in trade accounts payable and accrued liabilities	8,681	1,818
Non-cash investing activities:		
Marketable securities received on optioning of mining properties	21,150	-
Shares issued for the acquisition of the net asset of Genius Properties Ltd.	-	2,018,342
Shares issued for the acquisition of mining properties	-	139,000
Mining properties acquired through the Asset Transfer Agreement	-	2,277,044
Exploration and evaluation assets acquired through the Asset Transfer Agreement	-	259,854
Mining properties in trade accounts payable and accrued liabilities	27,584	8,776
Exploration and evaluation assets in trade accounts payable and accrued liabilities	121,140	37,118

21. Related party transactions:

Related parties include the Company's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	July 31 2020	July 31 2019
	\$	\$
Management and consulting fees	96,000	95,000
Salaries and director's fees	110,210	80,267
Share-based compensation	-	136,805
	206,210	312,072

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other transactions:

On November 12, 2018, the Company appointed a new director which is a partner in a law firm that offers legal services to Genius Metals. For the year ended July 31, 2020, an amount of \$38,750 of legal fees and share issuance costs (\$27,175 in 2019 of legal fees and transaction costs) were charged by the law firm. As at July 31, 2020, trade accounts payable and other liabilities include an amount of \$71,435 (\$63,654 as at July 31, 2018) due to this related party (See Note 14).

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

22. Financial assets and liabilities:

The carrying amount and fair value of financial instruments presented in the statements of financial position related to the following classes of assets and liabilities:

	July 31 2020		July 31 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Fair value through profit or loss (FVTPL)				
Marketable securities	18,750	18,750	-	-
	18,750	18,750	-	-
Financial assets				
Amortized cost				
Cash and cash equivalents	405,380	405,380	112,109	112,109
Short-term investment	15,000	15,000	15,000	15,000
Other receivables (excluding sales tax receivable)	-	-	-	-
	420,380	420,380	127,109	127,109
Financial liabilities				
Amortized cost				
Trade accounts payable and accrued liabilities	387,769	387,769	321,948	321,948
Loan	21,393	21,393	-	-
	409,162	409,162	321,948	321,948

The fair values of the marketable securities are \$18,750 as at July 31, 2020 (\$Nil as at July 31, 2019) and are determined by using the closing price for July 31, 2020.

The fair values of the loan is \$21,393 as at July 31, 2020 (\$Nil as at July 31, 2019) and is determined by using the estimated market rate that the Company would have obtained for a similar financing.

The fair value of cash and cash equivalents, short-term investments, other receivables and trade accounts payable and other liabilities is comparable to its carrying amount given the short period to maturity, i.e. the time value of money is not significant.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

	July 31 2020		
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	18,750	-	-
Loan			
Amortized cost	-	21,393	-
	18,750	21,393	-

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

22. Financial assets and liabilities (continued):

	July 31 2019		
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	-	-	-
Loan			
Amortized cost	-	-	-
	-	-	-

23. Capital management policies and procedures:

The Company considers the items included in equity and long term loan as capital components.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholders of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods are presented in the statement of changes in equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which the amount should be used for exploration work. As at July 31, 2020, the Company has the obligation to incur \$273,681 in exploration expenditures no later than December 31, 2020 in order to comply with the requirements of flow-through private placement concluded in November and December 2019 (see Note 7).

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

	July 31 2020	July 31 2019
	\$	\$
Loan	21,393	-
Equity	2,254,505	1,506,928
	2,275,898	1,506,928

24. Financial instrument risks:

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company manages risks in close cooperation with the board of directors. The Company focuses on actively securing short-term to medium-term cash flows by minimizing the exposure to financial markets.

(a) Credit risk:

Credit risk is the risk that the other party to a financial instrument fails to honour one of its obligations and, therefore, causes the Company to incur a financial loss.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

(in Canadian dollars)

24. Financial instrument risks (continued):

(b) Liquidity risk (continued):

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

Credit risk of cash and cash equivalents and short-term investment is considered negligible, since the counterparty which holds the cash and cash equivalents is a reputable bank with excellent external credit rating.

None of the Company's financial assets are secured by collateral or other credit enhancements.

(b) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

During the year ended July 31, 2020, the Company has financed its acquisitions of mining rights, exploration and evaluation assets and working capital needs through private financings consisting of issuance of common shares and flow-through shares. Management estimates that the cash and cash equivalents as at July 31, 2020 will not be sufficient to meet the Company's needs for cash during the coming year (see Note 2).

Contractual maturities of financial liabilities are as follows:

				July 31 2020
	Less than 1 year	1-5 years	More than 5 years	\$ Total
Trade accounts payable and accrued liabilities	\$ 387,769	\$ -	\$ -	\$ 387,769
Loan	-	40,000	-	40,000

				July 31 2019
	Less than 1 year	1-5 years	More than 5 years	\$ Total
Trade accounts payable and accrued liabilities	\$ 321,948	\$ -	\$ -	\$ 321,948
Loan	-	-	-	-

(d) Price risk:

The Company is exposed to fluctuations in the market prices of its marketable securities in a quoted mining exploration company. The fair value of the marketable securities represents the maximum exposure to price risk. For the marketable securities in quoted mining exploration companies, an average volatility of 122.04% has been observed during the year ending July 31, 2020 (116.52% for the year ended July 31, 2019).

This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If quoted stock price for these securities had increased or decreased by the same amount, profit and loss would have changed by \$22,883 as at July 31, 2020 (\$Nil as at July 31, 2019).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2020 and 2019

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25. Subsequent events:

On August 5, 2020, the Company concluded a private placements by issuing 2,053,221 units at a price of \$0.18 per unit for net proceeds of \$364,100 after deducting share issuance costs of \$5,480. There was a commission of \$4,590 paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 2,053,221 common shares and 2,053,221 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.30 until February 5, 2022. These warrants have been recorded at a value of \$57,086 based on the Black-Scholes option pricing model using the assumptions described below.

Expected dividend yield	0.0%
Share price at grant date	\$0.255
Expected volatility	49.78%
Risk-free interest rate	0.27%
Expected life	1.5 year

On August 10, 2020, the Company concluded a private placements by issuing 1,401,555 units at a price of \$0.18 per unit for net proceeds of \$251,335 after deducting share issuance costs of \$945. There was no commission paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 1,401,555 common shares and 1,401,555 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.30 until February 10, 2022. These warrants have been recorded at a value of \$38,822 based on the Black-Scholes option pricing model using the assumptions described below.

Expected dividend yield	0.0%
Share price at grant date	\$0.255
Expected volatility	49.62%
Risk-free interest rate	0.27%
Expected life	1.5 year

On August 31, 2020, the Company granted 280,000 share options to consultants at an exercise price of \$0.30 per share, expiring on August 31, 2023. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at \$0.12 per share option at the grant date for a total of \$34,888 using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.23
Expected volatility ⁽¹⁾	96.12%
Risk-free interest rate	0.29%
Expected life	3.0 years

On August 31, 2020, the Company granted 870,000 share options to directors, officers, members of the technical committee, consultants and employees at an exercise price of \$0.30 per share, expiring on August 31, 2023. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at \$0.16 per share option at the grant date for a total of \$139,722 using the Black-Scholes option pricing model. The assumptions used for the calculation were:

Expected dividend yield	0.0%
Share price at grant date	\$0.23
Expected volatility ⁽¹⁾	99.11%
Risk-free interest rate	0.40%
Expected life	5.0 years

(1) The volatility was determined in comparison with the volatility of comparable publicly traded companies.

Since November 1st, 2020, the Company and Mt Cameron Minerals Incorporated are currently negotiating new terms of the option agreement to extend all the timelines on the schedule given that October 31, 2020 timeline has been passed.

On November 16, 2020, the Company issued to service providers 23,750 common shares valued at \$9,144 for business development consultancy.