



**GENIUS METALS INC.**

**Condensed Interim Financial Statements**  
**(Unaudited and unreviewed by the Company's Independent Auditors)**

**Three-month periods ended**  
**October 31, 2019 and 2018**

# GENIUS METALS INC.

## Condensed Interim Financial Statements

Three-month periods ended October 31, 2019 and 2018

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### Condensed Interim Financial Statements

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# GENIUS METALS INC.

## Condensed Interim Statements of Financial Position

As at October 31, 2019 and July 31, 2019

(in Canadian dollars)

	Note	October 31 2019	July 31 2019
		\$	\$
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	6	18,316	127,109
Other receivables		23,401	12,525
Prepaid expenses		25,491	16,415
<b>Total current assets</b>		<b>67,208</b>	<b>156,049</b>
<b>Non-current assets:</b>			
Property and equipment		7,223	7,676
Mining properties	7	1,447,566	1,398,472
Exploration and evaluation assets	8	673,583	576,523
<b>Total non-current assets</b>		<b>2,128,372</b>	<b>1,982,671</b>
<b>Total assets</b>		<b>2,195,580</b>	<b>2,138,720</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Trade accounts payable and other liabilities	9	709,655	536,746
Loan payable to a director, without interest		14,500	-
Loan payable to a company controlled by a director, without interest		3,000	-
Other liability related to flow-through financings		67,078	95,046
<b>Total current liabilities</b>		<b>794,233</b>	<b>631,792</b>
<b>Equity:</b>			
Share capital	10	3,169,035	3,169,035
Shares to be issued		5,000	-
Warrants	10	25,219	191,781
Share options		189,291	189,291
Contributed surplus		166,562	-
Deficit		(2,153,760)	(2,043,179)
<b>Total equity</b>		<b>1,401,347</b>	<b>1,506,928</b>
<b>Total liabilities and equity</b>		<b>2,195,580</b>	<b>2,138,720</b>

Going concern, see Note 2.

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

These financial statements were approved and authorized for issue by the Board of Directors on December 20, 2019.

(S) Guy Goulet  
Director

(S) John Booth  
Director

# GENIUS METALS INC.

## Condensed Interim Statement of Loss and Comprehensive Loss

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

	Three-month period ended October 31 2019	Three-month period ended October 31 2018
Note	2019	2018
	\$	\$
<b>General and administrative expenses:</b>		
Salaries and employee benefit expense	41,754	9,000
Management and consulting fees	39,529	34,080
Travel and promotion	2,268	8,345
Registration, listing fees and shareholders information	5,949	10,575
Professional fees	37,538	83,551
Supplies and office expenses	9,424	2,041
Part XII.6 tax and other non-compliance penalty	944	-
Depreciation of property and equipment	453	151
<b>Operating loss before other expenses and income tax</b>	<b>137,859</b>	<b>147,743</b>
<b>Other expenses:</b>		
Loss on settlement of trade accounts payable and other liabilities	-	17,390
Finance expense	690	197
<b>Total other expenses</b>	<b>690</b>	<b>17,587</b>
<b>Loss before income tax</b>	<b>(138,549)</b>	<b>(165,330)</b>
Income tax recovery	27,968	12,168
<b>Net loss and comprehensive loss</b>	<b>(110,581)</b>	<b>(153,162)</b>
<b>Weighted average number of common shares outstanding</b>	<b>15,432,100</b>	<b>3,903,527</b>
<b>Basic and diluted loss per share:</b>	<b>(0.01)</b>	<b>(0.04)</b>

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

# GENIUS METALS INC.

## Condensed Interim Statement of Changes in Equity

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Shares to be issued	Warrants	Share Options	Contributed surplus	Deficit	Total equity
			\$	\$	\$	\$	\$	\$	\$
<b>Balance as at July 31 2019</b>		15,432,100	3,169,035	-	191,781	189,291	-	(2,043,179)	1,506,928
Shares and units issued:									
Shares to be issued pursuant to private placement				5,000					5,000
Warrants expired					(166,562)		166,562		-
Transaction with owners		15,432,100	3,169,035	5,000	25,219	189,291	166,562	(2,043,179)	1,511,928
Net loss and comprehensive loss for the period								(110,581)	(110,581)
<b>Balance as at October 31 2019</b>		15,432,100	3,169,035	5,000	25,219	189,291	166,562	(2,153,760)	1,401,347
<b>Balance as at July 31 2018</b>		10	10	-	-	-	-	-	10
Shares and units issued:									
Private placements	10	2,486,667	538,964		82,703				621,667
Flow-through private placements	10	848,429	169,439		13,957				183,396
As consideration for the acquisition of the net asset	10	9,797,790	2,018,342		69,902				2,088,244
As a settlement of trade accounts payable and other liabilities	10	168,000	34,608						34,608
Repurchase of shares for cancellation		(10)	(10)						(10)
Share issuance costs	10		(37,526)						(37,526)
Transaction with owners		13,300,886	2,723,827	-	166,562	-	-	-	2,890,389
Net loss and comprehensive loss for the period								(153,162)	(153,162)
<b>Balance as at October 31 2018</b>		13,300,886	2,723,827	-	166,562	-	-	(153,162)	2,737,227

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

# GENIUS METALS INC.

## Condensed Interim Statement of Cash Flows

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

	Three-month period ended October 31 2019	Three-month period ended October 31 2018
Note	\$	\$
<b>Operating activities:</b>		
Net loss	(110,581)	(153,162)
Adjustments for:		
Income tax recovery	(27,968)	(12,168)
Depreciation of property and equipment	453	151
Loss on settlement of trade accounts payable and other liabilities	-	17,390
Operating activities before changes in working capital items	(138,096)	(147,789)
Change in other receivables	(10,876)	(20,320)
Change in prepaid expenses	(9,076)	(998)
Change in trade accounts payable and accrued liabilities	96,955	74,401
Change in working capital items	77,003	53,083
<b>Cash flows used for operating activities</b>	<b>(61,093)</b>	<b>(94,706)</b>
<b>Financing activities:</b>		
Proceeds from shares to be issued	5,000	-
Proceeds from private placement	-	621,667
Proceeds from flow-through placement	-	296,950
Loan payable to a director	14,500	-
Loan payable to a company controlled by a director	3,000	-
Share issuance costs	(1,771)	(31,386)
<b>Cash flows from financing activities</b>	<b>20,729</b>	<b>887,231</b>
<b>Investing activities:</b>		
Acquisition of mining properties	(45,616)	(1,440)
Increase in exploration and evaluation assets	(22,813)	(31,819)
<b>Cash flows used for investing activities</b>	<b>(68,429)</b>	<b>(33,259)</b>
<b>Net change in cash and cash equivalents</b>	<b>(108,793)</b>	<b>759,266</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>127,109</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>	<b>18,316</b>	<b>759,266</b>

Additional disclosures of cash flows information (Note 12).

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

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

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### 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](http://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 three-month ended October 31, 2019, the Company recorded a net loss of \$110,581 and has an accumulated deficit of \$2,153,760 as at October 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 October 31, 2019, the Company had a negative working capital of \$727,025 (a negative working capital of \$475,743 as at July 31, 2019) consisting of cash and cash equivalents of \$18,316 (\$127,109 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 three-month period ended October 31, 2019, the Company has raised \$5,000 from private placements which were concluded on November 22, 2019 (See the Subsequent events (Note 17) 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 condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") in accordance with IAS 34, Interim Financial Reporting.

Certain information, in particular the accompanying notes, normally included in the audited annual financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements of the Company and the notes thereto for the year ended July 31, 2019.

#### 3.2 Basis of measurement:

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

#### 3.3 Functional and presentation currency:

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

#### 3.4 Use of estimates and judgements:

The preparation of the condensed interim 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.

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 3. Basis of preparation (continued):

#### 3.4 Use of estimates and judgements (continued):

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.

Critical judgments in applying the accounting policies of the Company in the preparation of these condensed interim financial statements and key assumptions related to these estimation uncertainties are the same as the ones listed and described in Note 3.4 of the annual audited financial statements of the Company as at July 31, 2019.

### 4. Significant accounting policies:

These condensed interim financial statements have been prepared following the same accounting policies used in Note 4 of the annual audited financial statements for the year ended July 31, 2019.

#### 4.1 New standards and interpretations that have not yet been adopted:

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board (IASB) but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of pronouncement. New standards and interpretations are not expected to have an impact on the Company's financial statements.

### 5. 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

### 6. Cash and cash equivalents:

	October 31 2019	July 31 2019
	\$	\$
Cash	1,325	110,118
Cash in trust	1,991	1,991
Guaranteed investment certificate, 1.65 % maturing in December 2019 is used as guarantee for credit card	15,000	15,000
	18,316	127,109



# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 6. Cash and cash equivalents (continued):

#### Funds reserved for exploration and evaluation expenditures

As part of the Asset Transfer Agreement of October 5, 2018, the Company has until December 31, 2018 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of a flow-through private placement of \$212,500 concluded in December 2017 by Genius Properties. As at December 31, 2018, the Company fulfilled its obligation by incurring \$148,901 (\$63,599 by Genius Properties as at October 5, 2018) in exploration expenditures and consequently the liability related to flow-through shares has been reversed through profit or loss in income tax recovery.

On October 5, 2018, the Company completed a flow-through private placement of \$296,950. The Company has until December 31, 2019 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at October 31, 2019, the Company has the obligation to incur an amount of \$31,322 in exploration and evaluation expenditures until December 31, 2019.

On December 21, 2018, the Company completed a flow-through private placement of \$111,025. The Company has until December 31, 2019 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at October 31, 2019, the Company has the obligation to incur an amount of \$111,025 in exploration and evaluation expenditures until December 31, 2019.

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.

### 7. Mining properties:

Mining properties can be detailed as follows:

	July 31 2019	Asset Transfer Agreement	Acquisition	Licences & permits	Impairment	October 31 2019
	\$	\$	\$	\$	\$	\$
<b>Gold Properties:</b>						
Sakami - QC	574,185	-	-	20,464	-	594,649
Iserhoff - QC	123,386	-	-	500	-	123,886
Meaghers - NS	2,539	-	-	25,095	-	27,634
Blockhouse - NS	23,983	-	-	335	-	24,318
Kemptville - NS	8,175	-	-	-	-	8,175
Chocolate Lake - NS	7,529	-	-	-	-	7,529
Gold River - NS	2,101	-	-	26	-	2,127
Nictaux - NS (option)	12,424	-	-	-	-	12,424
<b>Total Gold Properties</b>	<b>754,322</b>	<b>-</b>	<b>-</b>	<b>46,420</b>	<b>-</b>	<b>800,742</b>
<b>Base Metals:</b>						
A Lake - NB	50,839	-	-	-	-	50,839
<b>Total Base Metals</b>	<b>50,839</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,839</b>
<b>Industrials &amp; High-Tech Metals:</b>						
Dissimieux Lake - QC	326,095	-	-	-	-	326,095
KM381 - QC	2,696	-	-	-	-	2,696
Mt Cameron - NS	264,520	-	-	2,674	-	267,194
<b>Total Industrials &amp; High-Tech Metals</b>	<b>593,311</b>	<b>-</b>	<b>-</b>	<b>2,674</b>	<b>-</b>	<b>595,985</b>
<b>Grand total</b>	<b>1,398,472</b>	<b>-</b>	<b>-</b>	<b>49,094</b>	<b>-</b>	<b>1,447,566</b>

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 7. Mining properties (continued):

	July 31 2018	Asset Transfer Agreement	Acquisition	Licences & permits	Impairment	July 31 2019
	\$	\$	\$	\$	\$	\$
<b>Gold Properties:</b>						
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
<b>Total Gold Properties</b>	-	791,748	133,864	(521)	(170,769)	754,322
<b>Base Metals:</b>						
Robelin - QC	-	916,025	-	-	(916,025)	-
A Lake - NB	-	-	46,299	4,540	-	50,839
<b>Total Base Metals</b>	-	916,025	46,299	4,540	(916,025)	50,839
<b>Industrials &amp; High-Tech Metals:</b>						
Dissimieux Lake - QC	-	326,095	-	-	-	326,095
KM381 - QC	-	2,696	-	-	-	2,696
Mt Cameron - NS	-	240,480	22,600	1,440	-	264,520
<b>Total Industrials &amp; High-Tech Metals</b>	-	569,271	22,600	1,440	-	593,311
<b>Grand total</b>	-	2,277,044 <sup>(1)</sup>	202,763	5,459	(1,086,794)	1,398,472

(1) See Note 5.

#### 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 148 mining claims. 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 51 mining claims totaling 28.5 km<sup>2</sup> 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.

#### 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). (See the Subsequent events (Note 17)).

#### Nova Scotia properties (Gold):

Nova Scotia properties consisted of the following properties: Blockhouse Gold (35 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).

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 7. Mining properties (continued):

#### 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%.

#### 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).

#### 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 118 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 <sup>(1)</sup>
	\$	\$
On January 21, 2019	20,000 <sup>(2)</sup>	-
On July 4, 2019	10,000	-
On or before April 15, 2020	-	100,000
On or before May 31, 2020	25,000	-
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

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

<sup>(2)</sup> These cash payments were made on the dates noted in the agreement.

#### Dissimieux Lake (Phosphate):

The property consists of 15 claims covering 8.4 km<sup>2</sup>, 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. Easy access, 55km NNE of Lebel-sur-Quévillon, The project is in and less than two Km East of James Bay Lithium deposit.

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 7. Mining properties (continued):

#### Mt Cameron Property (Graphite):

On November 13, 2018 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 December 31, 2019 and \$500,000 on or before December 31, 2020 instead of \$500,000 on or before December 31, 2018 and \$500,000 on or before December 31, 2019. In consideration for the postponement of the deadlines of one year to incur the exploration expenditures, the Company will issue 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 km<sup>2</sup>). 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.

### 8. Exploration and evaluation assets:

Exploration and evaluation assets by nature are detailed as follows:

	October 31 2019	July 31 2019
	\$	\$
<b>Exploration and evaluation costs:</b>		
Drilling	1,691	1,494
Geology	14,827	28,275
Prospecting	71,489	41,441
Stripping	-	2,730
Geophysics	9,053	351,251 <sup>(1)</sup>
Geochemistry	-	801
General field expenses	-	3,613
<b>Other item:</b>		
Asset Transfer Agreement	-	259,854
Impairment	-	(112,936)
	97,060	576,523
<b>Balance, beginning of period/year</b>	576,523	-
<b>Balance, end of period/year</b>	673,583	576,523

Exploration and evaluation assets by properties are detailed as follows:

	July 31 2019	Asset Transfer Agreement	Exploration costs	Tax credits	Impairment	October 31 2019
	\$	\$	\$	\$	\$	\$
<b>Gold Properties:</b>						
Sakami - QC	235,698	-	53,139	-	-	288,837
Iserhoff - QC	140,169	-	19,618	-	-	159,787
Meaghers - NS	12,141	-	-	-	-	12,141
Blockhouse - NS	50,637	-	-	-	-	50,637
Kemptville - NS	5,698	-	-	-	-	5,698
Chocolate Lake - NS	700	-	-	-	-	700
Gold River - NS	-	-	231	-	-	231
<b>Total Gold Properties</b>	445,043	-	72,988	-	-	518,031
<b>Base Metals:</b>						
A Lake - NB	81,949	-	23,697	-	-	105,646
<b>Total Base Metals</b>	81,949	-	23,697	-	-	105,646
<b>Industrials &amp; High-Tech Metals:</b>						
Dissimieux Lake - QC	13,440	-	375	-	-	13,815
KM381 - QC	-	-	-	-	-	-
Mt Cameron - NS	36,091	-	-	-	-	36,091
<b>Total Industrials &amp; High-Tech Metals</b>	49,531	-	375	-	-	49,906
<b>Grand total</b>	576,523	-	97,060	-	-	673,583

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 8. Exploration and evaluation assets (continued):

	July 31 2018	Asset Transfer Agreement	Exploration costs	Tax credits	Impairment	July 31 2019
	\$	\$	\$	\$	\$	\$
<b>Gold Properties:</b>						
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
<b>Total Gold Properties</b>	-	189,714	346,406	-	(91,077)	445,043
<b>Base Metals:</b>						
Robelin - QC	-	21,859	-	-	(21,859)	-
A Lake - NB	-	-	81,949 <sup>(1)</sup>	-	-	81,949
<b>Total Base Metals</b>	-	21,859	81,949	-	(21,859)	81,949
<b>Industrials &amp; High-Tech Metals:</b>						
Dissimieux Lake - QC	-	12,190	1,250	-	-	13,440
KM381 - QC	-	-	-	-	-	-
Mt Cameron - NS	-	36,091	-	-	-	36,091
<b>Total Industrials &amp; High-Tech Metals</b>	-	48,281	1,250	-	-	49,531
<b>Grand total</b>	-	259,854 <sup>(2)</sup>	429,605	-	(112,936)	576,523

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

(2) See Note 5.

### 9. Trade accounts payable and other liabilities:

	October 31 2019	July 31 2019
	\$	\$
Trade accounts payable and accrued liabilities:		
To a company controlled by the CEO and director	18,396	-
To the CEO and director	11,882	-
To directors	45,000	31,500
To a company in which a director is a partner	75,174	63,654
Other	343,448 <sup>(1)</sup>	226,794 <sup>(1)</sup>
Part XII.6 tax and source deductions and contributions	215,755	214,798
	709,655	536,746

(1) See note 17, Subsequent event relating to the repayment of other payables amounted to \$179,684 through the issuance of securities.

### 10. 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:

##### 2019:

On October 5, 2018, pursuant to the Asset Transfer Agreement as described in Note 5, the Company issued 9,797,790 common shares valued at \$0.206<sup>(1)</sup> 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 Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 10. 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 10 (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 10 (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<sup>(1)</sup> 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 7).

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 10 (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 10 (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 10 (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 5).

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 10. 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:

	October 31 2019		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	-	-	5,945,583	0.36
Expired	(5,122,978)	0.36	-	-
Outstanding at end	822,605	0.36	5,945,583	0.36

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

Expiry date	Outstanding warrants		
	Number of outstanding warrants	Exercise price	Remaining life
		\$	(years)
December 14, 2019	600,000	0.35	0.1
December 21, 2019	64,000	0.35	0.1
December 21, 2019	158,605	0.45	0.1
	822,605	0.37	0.1

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

#### 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 <sup>(1)</sup>	\$0.206
Expected volatility <sup>(2)</sup>	78.94%
Risk-free interest rate	2.32%
Expected life	1.0 year

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 10. Share capital and warrants (continued):

#### (c) Warrants (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 <sup>(1)</sup>	\$0.206
Expected volatility <sup>(2)</sup>	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 5). 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 <sup>(1)</sup>	\$0.206
Expected volatility <sup>(2)</sup>	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 <sup>(2)</sup>	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 <sup>(2)</sup>	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 <sup>(2)</sup>	81.57%
Risk-free interest rate	1.94%
Expected life	1.0 year

(1) Based on the fair value of the share estimated at the date of the Asset Transfer Agreement (See Note 5).

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



# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 11. 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:

	October 31 2019		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
Forfeited	-	-	-	-
Outstanding at end	1,450,000	0.25	1,450,000	0.25
Exercisable at end	1,450,000	0.25	1,450,000	0.25

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

Outstanding share options				
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life (years)
			\$	
April 1, 2020	100,000	100,000	0.25	0.4
March 6, 2024	1,025,000	1,025,000	0.25	4.4
March 23, 2024	225,000	225,000	0.25	4.4
May 18, 2024	100,000	100,000	0.25	4.6
	1,450,000	1,450,000	0.25	4.1

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

Outstanding share options				
Expiry date	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

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 11. Share-based compensation (continued):

#### (a) Share option plan (continued):

##### 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:

Expected dividend yield	0.0%
Share price at grant date	\$0.185
Expected volatility <sup>(1)</sup>	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 <sup>(1)</sup>	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 <sup>(1)</sup>	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 <sup>(1)</sup>	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.

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 12. Supplemental cash flow information:

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

	Three-month period ended October 31 2019	Three-month period ended October 31 2018
	\$	\$
Non-cash financing activities:		
Shares issued in settlement of trade accounts payables	-	34,608
Share issuance costs in trade accounts payable and accrued liabilities	47	6,140
Non-cash investing activities:		
Shares issued for the acquisition of the net asset of Genius Properties Ltd.	-	2,018,342
Mining properties acquired through the Asset Transfer Agreement	-	2,277,044
Exploration and evaluation assets acquired through the Asset Transfer Agreement	-	259,854
Property and equipment in trade accounts payable and accrued liabilities	-	3,000
Mining properties in trade accounts payable and accrued liabilities	12,254	4,987
Exploration and evaluation assets in trade accounts payable and accrued liabilities	111,365	29,015

### 13. 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:

	Three-month period ended October 31 2019	Three-month period ended October 31 2018
	\$	\$
Management and consulting fees	24,000	23,000
Salaries and director's fees	25,921	4,500
	49,921	27,500

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 three-month period ended October 31, 2019, an amount of \$10,763 of legal fees were charged by the law firm (\$Nil for the three-month period ended October 31, 2018). As at October 31, 2019, trade accounts payable and other liabilities include an amount of \$75,174 (\$63,654 as at July 31, 2019) due to this related party (See Note 9).

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 Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 14. 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:

	October 31 2019		July 31 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
<b>Financial assets</b>				
Amortized cost				
Cash and cash equivalents	18,316	18,316	127,109	127,109
Other receivables (excluding sales tax receivable)	-	-	-	-
	18,316	18,316	127,109	127,109
<b>Financial liabilities</b>				
Amortized cost				
Trade accounts payable and accrued liabilities	493,900	493,900	321,948	321,948
	493,900	493,900	321,948	321,948

The fair value of cash and cash equivalents, other receivables and trade accounts payable and accrued 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.

### 15. Capital management policies and procedures:

The Company considers the items included in equity 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 October 31, 2019, the Company has the obligation to incur \$142,347 in exploration expenditures no later than December 31, 2019 in order to comply with the requirements of flow-through private placement concluded in October and December 2018 (see Note 6).

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 15. Capital management policies and procedures (continued):

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.

	October 31 2019	July 31 2019
	\$	\$
Equity	1,401,347	1,506,928
	1,401,347	1,506,928

### 16. 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.

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 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 three-month period ended October 31, 2019 and the year ended July 31, 2019, 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 October 31, 2019 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:

	October 31 2019			
	Less than 1 year	1-5 years	More than 5 years	Total
	\$	\$	\$	\$
Trade accounts payable and accrued liabilities	494,857	-	-	494,857

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2019 and 2018

(in Canadian dollars)

### 16. Financial instrument risks (continued):

#### (b) Liquidity risk (continued):

				July 31
				2019
	Less than	1-5 years	More than	\$
	1 year		5 years	Total
	\$	\$	\$	\$
Trade accounts payable and accrued liabilities	536,746	-	-	536,746

### 17. Subsequent events:

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 accounts payable in the amount of \$179,684.

On November 22, 2019, the Company concluded a private placement by issuing 1,150,000 flow-through units at a price of \$0.25 per flow-through unit for proceeds of \$287,500. Each flow-through unit consists of one flow-through common share and one-half warrant for a total of 1,150,000 common shares and 625,000 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. In Addition, the Company issued 1,365,000 units at a price of \$0.20 per unit for proceeds of \$273,000. 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.

On December 4, 2019, the Company has entered into a 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:

- MGC shall issue to the Genius Metals on or before December 18, 2019, 250,000 common shares ("NSAU:CNX");
- To earn the initial 49.9% interest, MGC shall, on or before June 4, 2021, incur initial exploration expenses made up of ground surveys to pre-drilling targeting work, totalling at least \$100,000;
- To earn an additional 20.1% interest, MGC shall, within 12 months from the latest date of which MGC satisfies its 49.9% first initial earn, incur, a diamond drilling program on the Property, totalling at least \$150,000; and
- 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.