



**GENIUS METALS INC.**

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

**Three-month and six-month periods ended**  
**January 31, 2021 and 2020**

# GENIUS METALS INC.

## Condensed Interim Financial Statements

Three-month and six-month periods ended January 31, 2021 and 2020

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### Condensed Interim Financial Statements

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# GENIUS METALS INC.

## Condensed Interim Statements of Financial Position

As at January 31, 2021 and July 31, 2020

(in Canadian dollars)

	Note	January 31 2021	July 31 2020
		\$	\$
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	5	476,329	405,380
Short-term investments	6	15,000	15,000
Marketable securities		25,000	18,750
Sales tax receivable		58,199	31,327
Mining tax credits receivable		12,878	-
Tax credits related to resources receivable		101,034	-
Prepaid expenses		14,364	4,789
<b>Total current assets</b>		<b>702,804</b>	<b>475,246</b>
<b>Non-current assets:</b>			
Property and equipment		4,967	5,873
Mining properties	7	1,457,885	1,434,790
Exploration and evaluation assets	8	1,711,229	990,764
<b>Total non-current assets</b>		<b>3,174,081</b>	<b>2,431,427</b>
<b>Total assets</b>		<b>3,876,885</b>	<b>2,906,673</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Trade accounts payable and other liabilities	9	573,193	602,521
Other liability related to flow-through financings		-	28,254
<b>Total current liabilities</b>		<b>573,193</b>	<b>630,775</b>
<b>Non-current liabilities:</b>			
Loan		22,954	21,393
<b>Total non-current liabilities</b>		<b>22,954</b>	<b>21,393</b>
<b>Total liabilities</b>		<b>596,147</b>	<b>652,168</b>
<b>Equity:</b>			
Share capital	10	5,281,256	4,182,783
Warrants	10	495,166	210,234
Share options	11	359,631	185,021
Contributed surplus		196,051	196,051
Deficit		(3,051,366)	(2,519,584)
<b>Total equity</b>		<b>3,280,738</b>	<b>2,254,505</b>
<b>Total liabilities and equity</b>		<b>3,876,885</b>	<b>2,906,673</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 March 25, 2021.

(S) Guy Goulet  
Director

(S) John Booth  
Director

# GENIUS METALS INC.

## Condensed Interim Statement of Loss and Comprehensive Loss

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

	Three-month period ended		Six-month period ended	
	January 31	January 31	January 31	January 31
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>General and administrative expenses:</b>				
Salaries and employee benefit expense	63,573	52,231	122,220	93,985
Management and consulting fees	39,182	39,253	82,072	78,782
Travel and promotion	67,217	17,877	98,020	20,145
Registration, listing fees and shareholders information	27,982	18,285	35,993	24,234
Professional fees	46,907	56,132	74,020	93,670
Supplies and office expenses	16,006	10,082	25,277	19,506
Share-based compensation	-	-	174,610	-
Part XII.6 tax and other non-compliance penalty	(3,738)	92	(2,486)	1,036
Depreciation of property and equipment	453	453	906	906
<b>Operating loss before other expenses and income tax</b>	<b>257,582</b>	<b>194,405</b>	<b>610,632</b>	<b>332,264</b>
<b>Other expenses (revenues):</b>				
Gain on settlement of trade accounts payable and other liabilities	-	(35,937)	-	(35,937)
Write-off of payables	-	(12,730)	-	(12,730)
Finance expense	1,771	1,005	3,358	1,695
Change in fair value of marketable securities	1,875	1,875	5,625	1,875
Exchange loss	6	13	139	13
<b>Total other expenses (revenues)</b>	<b>3,652</b>	<b>(45,774)</b>	<b>9,122</b>	<b>(45,084)</b>
<b>Loss before income tax</b>	<b>(261,234)</b>	<b>(148,631)</b>	<b>(619,754)</b>	<b>(287,180)</b>
Income tax recovery	53,081	77,375	87,972	105,343
<b>Net loss and comprehensive loss</b>	<b>(208,153)</b>	<b>(71,256)</b>	<b>(531,782)</b>	<b>(181,837)</b>
<b>Weighted average number of common shares outstanding</b>	<b>25,565,566</b>	<b>18,232,266</b>	<b>25,721,262</b>	<b>16,832,183</b>
<b>Basic and diluted loss per share:</b>	<b>(0.01)</b>	<b>(0.00)</b>	<b>(0.02)</b>	<b>(0.01)</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 and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital \$	Warrants \$	Share Options \$	Contributed surplus \$	Deficit \$	Total equity \$
<b>Balance as at July 31 2020</b>		21,686,113	4,182,783	210,234	185,021	196,051	(2,519,584)	2,254,505
Shares and units issued:								
Private placements	10	6,849,776	1,017,394	283,466				1,300,860
Flow-through private placements		539,314	104,374	1,466				105,840
As payment of consulting fees		23,750	5,107					5,107
Share issuance costs	10		(28,402)					(28,402)
Share-based compensation	11				174,610			174,610
Transaction with owners		29,098,953	5,281,256	495,166	359,631	196,051	(2,519,584)	3,812,520
Net loss and comprehensive loss for the period							(531,782)	(531,782)
<b>Balance as at January 31 2021</b>		29,098,953	5,281,256	495,166	359,631	196,051	(3,051,366)	3,280,738
<b>Balance as at July 31 2020</b>		15,432,100	3,169,035	191,781	189,291	-	(2,043,179)	1,506,928
Shares and units issued:								
Private placements		1,365,000	212,854	60,146				273,000
Flow-through private placements		2,010,000	390,919	63,426				454,345
As a settlement of trade accounts payable and other liabilities		718,736	143,747					143,747
Share issuance costs			(33,254)					(33,254)
Warrants expired				(191,781)		191,781		-
Transaction with owners		19,525,836	3,883,301	123,572	189,291	191,781	(2,043,179)	2,344,766
Net loss and comprehensive loss for the period							(181,837)	(181,837)
<b>Balance as at January 31 2020</b>		19,525,836	3,883,301	123,572	189,291	191,781	(2,225,016)	2,162,929

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

# GENIUS METALS INC.

## Condensed Interim Statement of Cash Flows

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

	Note	Six-month period ended January 31 2021	January 31 2020
		\$	\$
<b>Operating activities:</b>			
Net loss		(531,782)	(181,837)
Adjustments for:			
Income tax recovery		(87,972)	(105,343)
Change in fair value of marketable securities		5,625	1,875
Depreciation of property and equipment		906	906
Effective interest on loan		1,561	-
Gain on settlement of trade accounts payable and other liabilities		-	(35,937)
Write-off of payables		-	(12,730)
Share-based compensation		174,610	-
Operating activities before changes in working capital items		(437,052)	(333,066)
Change in sales tax receivables		(26,872)	(46,452)
Change in prepaid expenses		(9,575)	1,323
Change in trade accounts payable and accrued liabilities		(106,223)	48,300
Change in working capital items		(142,670)	3,171
<b>Cash flows used for operating activities</b>		<b>(579,722)</b>	<b>(329,895)</b>
<b>Financing activities:</b>			
Proceeds from private placement		1,246,967	273,000
Proceeds from flow-through placement		211,680	502,500
Government contribution		6,000	18,000
Share issuance costs		(33,504)	(29,097)
<b>Cash flows from financing activities</b>		<b>1,431,143</b>	<b>764,403</b>
<b>Investing activities:</b>			
Acquisition of mining properties		(58,897)	(55,196)
Increase in exploration and evaluation assets		(721,575)	(316,829)
<b>Cash flows used for investing activities</b>		<b>(780,472)</b>	<b>(372,025)</b>
<b>Net change in cash and cash equivalents</b>		<b>70,949</b>	<b>62,483</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>405,380</b>	<b>112,109</b>
<b>Cash and cash equivalents, end of period</b>		<b>476,329</b>	<b>174,592</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 and six-month periods ended January 31, 2021 and 2020

(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](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 six-month period ended January 31, 2021, the Company recorded a net loss of \$531,782 (\$181,837 for the six-month period ended January 31, 2020) and has an accumulated deficit of \$3,051,366 as at January 31, 2021 (\$2,519,584 as at July 31, 2020). 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 January 31, 2021, the Company had a working capital of \$129,611 (a negative working capital of \$155,529 as at July 31, 2020) consisting of cash and cash equivalents of \$476,329 (\$405,380 in cash and cash equivalents as at July 31, 2020). 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 six-month period ended January 31, 2021, the Company has raised \$1,458,647 (\$1,164,350 during the year ended July 31, 2020) 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 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, 2020.

#### 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 Reporting global event:

In March 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.

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

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

#### 3.4 Functional and presentation currency:

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

#### 3.5 Use of estimates and judgements:

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 3.5 of the annual audited financial statements of the Company as at July 31, 2020.

### 4. Significant accounting policies:

These condensed interim financial statements have been prepared following the same accounting policies used in Note 5 of the annual audited financial statements for the year ended July 31, 2020.

#### 4.1 Adoption of new accounting standard:

The following new standard has been applied in preparing the condensed interim financial statements as at January 31, 2021.

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

On August 1st, 2020, the Company adopted IAS 1 Presentation of Financial Statements (Amendment). Issued by the IASB in October 2018, 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 adoption of this new amendments did not have significant impact on the Company's financial statements.

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

Since the issuance of the Company's audited financial statements for the year ended July 31, 2020, the IASB and IFRIC have issued no additional new and revised standards and interpretations which are applicable to the Company.

### 5. Cash and cash equivalents:

	January 31 2021	July 31 2020
	\$	\$
Cash	476,329	405,380
	476,329	405,380

### 6. Short-term investments:

	January 31 2021	July 31 2020
	\$	\$
Guaranteed investment certificate, 0.15 % maturing in December 2021 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



# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

### 7. Mining properties:

Mining properties can be detailed as follows:

	July 31 2020	Acquisition	Licences & permits	Impairment	Disposition	January 31 2021
	\$	\$	\$	\$	\$	\$
<b>Gold Properties:</b>						
Sakami - QC	629,680	-	5,582	-	-	635,262
Iserhoff - QC	105,046	-	171	-	-	105,217
Meaghers - NS	12,870	-	105	-	(8,271)	4,704
Blockhouse - NS	24,969	-	228	-	-	25,197
Kemptville - NS	5,755	-	-	-	-	5,755
Chocolate Lake - NS	7,529	-	-	-	-	7,529
Gold River - NS	1,885	-	-	-	-	1,885
<b>Total Gold Properties</b>	<b>787,734</b>	<b>-</b>	<b>6,086</b>	<b>-</b>	<b>(8,271)</b>	<b>785,549</b>
<b>Base Metals:</b>						
A Lake - NB	51,071	25,000	227	-	-	76,298
<b>Total Base Metals</b>	<b>51,071</b>	<b>25,000</b>	<b>227</b>	<b>-</b>	<b>-</b>	<b>76,298</b>
<b>Industrials &amp; High-Tech Metals:</b>						
Dissimieux Lake - QC	326,095	-	53	-	-	326,148
KM381 - QC	2,696	-	-	-	-	2,696
Mt Cameron - NS	267,194	-	-	-	-	267,194
<b>Total Industrials &amp; High-Tech Metals</b>	<b>595,985</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>596,038</b>
<b>Grand total</b>	<b>1,434,790</b>	<b>25,000</b>	<b>6,366</b>	<b>-</b>	<b>(8,271)</b>	<b>1,457,885</b>

	July 31 2019	Acquisition	Licences & permits	Impairment	Disposition	July 31 2020
	\$	\$	\$	\$	\$	\$
<b>Gold Properties:</b>						
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)	-	-
<b>Total Gold Properties</b>	<b>754,322</b>	<b>-</b>	<b>83,111</b>	<b>(34,935)</b>	<b>(14,764)</b>	<b>787,734</b>
<b>Base Metals:</b>						
A Lake - NB	50,839	-	232	-	-	51,071
<b>Total Base Metals</b>	<b>50,839</b>	<b>-</b>	<b>232</b>	<b>-</b>	<b>-</b>	<b>51,071</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>2,674</b>	<b>-</b>	<b>-</b>	<b>595,985</b>
<b>Grand total</b>	<b>1,398,472</b>	<b>-<sup>(1)</sup></b>	<b>86,017</b>	<b>(34,935)</b>	<b>(14,764)</b>	<b>1,434,790</b>

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

### 7. Mining properties (continued):

#### 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 no longer subject to a 2.0% NSR on production on certain claims as the NSR has lapsed following the dissolution of the company which held the NSR. The gold property comprises 399 mining claims (20,520 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). During the six-month period ended January 31, 2021, the Company acquired 35 additional claims.

#### 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 43 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). During the six-month period ended January 31, 2021, the Company acquired 1 additional claim.

#### 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 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:

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 <sup>(1)</sup>	-
On or before December 4, 2020	125,000 <sup>(2)</sup>	-
On or before June 4, 2021	-	100,000
	250,000	100,000

<sup>(1)</sup> 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.

<sup>(2)</sup> These common shares were issued on December 29, 2020 at a price of \$0.095 per share. The consideration received on December 29, 2020 (125,000 shares of MGC valued at \$11,875) was recorded as a reduction of the mining properties and the exploration and evaluation assets of \$8,271 and \$3,604 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 <sup>(1)</sup>	150,000
	150,000

<sup>(1)</sup> 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.

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

### 7. Mining properties (continued):

#### 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).

#### 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
	\$	\$
On January 21, 2019	20,000 <sup>(2)</sup>	-
On July 4, 2019	10,000 <sup>(2)</sup>	-
On or before April 15, 2020	-	100,000 <sup>(3)</sup>
On or before May 31, 2020	25,000 <sup>(4)</sup>	-
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 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 (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.

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

### 7. Mining properties (continued):

#### 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 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. 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.

### 8. Exploration and evaluation assets:

Exploration and evaluation assets by nature are detailed as follows:

	January 31 2021	July 31 2020
	\$	\$
<b>Exploration and evaluation costs:</b>		
Drilling	-	172,705
Geology	46,145	40,529
Prospecting	398,384	104,577
Geophysics	320,130 <sup>(1)</sup>	143,453 <sup>(2)</sup>
General field expenses	60,444	18,820
<b>Other item:</b>		
Tax credits related to resources	(101,034)	-
Disposition	(3,604)	(6,486)
Impairment	-	(59,357)
	720,465	414,241
<b>Balance, beginning of period/year</b>	990,764	576,523
<b>Balance, end of period/year</b>	1,711,229	990,764

Exploration and evaluation assets by properties are detailed as follows:

	July 31 2020	Exploration costs	Tax credits	Impairment	Disposition	January 31 2021
	\$	\$	\$	\$	\$	\$
<b>Gold Properties:</b>						
Sakami - QC	501,677	733,006	(100,668)	-	-	1,134,015
Iserhoff - QC	276,997	333	(74)	-	-	277,256
Meaghers - NS	5,655	-	-	-	(3,604)	2,051
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>	841,595	733,339	(100,742)	-	(3,604)	1,470,588
<b>Base Metals:</b>						
A Lake - NB	98,138	90,558 <sup>(1)</sup>	-	-	-	188,696
<b>Total Base Metals</b>	98,138	90,558	-	-	-	188,696
<b>Industrials &amp; High-Tech Metals:</b>						
Dissimieux Lake - QC	14,940	978	(204)	-	-	15,714
KM381 - QC	-	228	(88)	-	-	140
Mt Cameron - NS	36,091	-	-	-	-	36,091
<b>Total Industrials &amp; High-Tech Metals</b>	51,031	1,206	(292)	-	-	51,945
<b>Grand total</b>	990,764	825,103	(101,034)	-	(3,604)	1,711,229

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

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

	July 31 2019	Exploration costs	Tax credits	Impairment	Disposition	July 31 2020
	\$	\$	\$	\$	\$	\$
<b>Gold Properties:</b>						
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
<b>Total Gold Properties</b>	<b>445,043</b>	<b>462,395</b>	<b>-</b>	<b>(59,357)</b>	<b>(6,486)</b>	<b>841,595</b>
<b>Base Metals:</b>						
A Lake - NB	81,949	16,189 <sup>(2)</sup>	-	-	-	98,138
<b>Total Base Metals</b>	<b>81,949</b>	<b>16,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>98,138</b>
<b>Industrials &amp; High-Tech Metals:</b>						
Dissimieux Lake - QC	13,440	1,500	-	-	-	14,940
KM381 - QC	-	-	-	-	-	-
Mt Cameron - NS	36,091	-	-	-	-	36,091
<b>Total Industrials &amp; High-Tech Metals</b>	<b>49,531</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,031</b>
<b>Grand total</b>	<b>576,523</b>	<b>480,084</b>	<b>-</b>	<b>(59,357)</b>	<b>(6,486)</b>	<b>990,764</b>

(1) A contribution of \$ 6,000 from the Government of New Brunswick has been recorded as a reduction of exploration and evaluation assets.

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

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

	January 31 2021	July 31 2020
	\$	\$
Trade accounts payable and accrued liabilities:		
To directors	7,490	38,545
To a company in which a director is a partner	42,247	71,435
To a company controlled by a director and CEO	-	36,792
To a company controlled by the VP Exploration	5,749	-
Other	305,372	240,997
Part XII.6 tax and source deductions and contributions	212,335	214,752
	<b>573,193</b>	<b>602,521</b>

### 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:

##### 2021:

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 \$95,031 based on the Black-Scholes option pricing model using the assumptions described below (Note 10 (c)).

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

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

#### (b) Issued and outstanding (continued):

##### 2021 (continued):

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 \$251,336 after deducting share issuance costs of \$944. 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 \$64,910 based on the Black-Scholes option pricing model using the assumptions described below (Note 10 (c)).

On November 16, 2020, the Company issued to service providers 23,750 common shares valued at \$5,107 for business development consultancy and consulting fees.

On December 21, 2020, the Company concluded a private placement by issuing 2,400,000 units at a price of \$0.20 per unit for net proceeds of \$466,418 after deducting share issuance costs of \$13,582. 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 2,400,000 common shares and 2,400,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 until June 21, 2022. These warrants have been recorded at a value of \$88,577 based on the Black-Scholes option pricing model using the assumptions described below (Note 10 (c)).

On December 21, 2020, the Company concluded a private placement by issuing 16,600 flow-through units at a price of \$0.30 per unit for net proceeds of \$4,481 after deducting share issuance costs of \$499. There was a commission of \$299 paid in connection with this private placement. Each unit consists of one flow-through share and one-half warrant for a total of 16,600 flow-through shares and 8,300 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.40 until December 21, 2021. These warrants have been recorded at a value of \$275 based on the Black-Scholes option pricing model using the assumptions described below (Note 10 (c)). An amount of \$1,642 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at January 31, 2021, the Company has fulfilled its obligation by incurring \$4,980 in exploration expenditures during January 2021.

On December 21, 2020, the Company concluded a private placement by issuing 50,000 flow-through shares at a price of \$0.28 per unit for net proceeds of \$14,000 after deducting share issuance costs of \$Nil. There was no commission paid in connection with this private placement. An amount of \$4,500 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at January 31, 2021, the Company has fulfilled its obligation by incurring \$14,000 in exploration expenditures during January 2021.

On December 29, 2020, the Company concluded a private placement by issuing 295,000 units at a price of \$0.20 per unit for net proceeds of \$58,003 after deducting share issuance costs of \$997. 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 295,000 common shares and 295,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 until June 29, 2022. These warrants have been recorded at a value of \$11,122 based on the Black-Scholes option pricing model using the assumptions described below (Note 10 (c)).

On December 29, 2020, the Company concluded a private placement by issuing 67,000 flow-through units at a price of \$0.30 per unit for net proceeds of \$20,100 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 67,000 flow-through shares and 33,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.40 until December 29, 2021. These warrants have been recorded at a value of \$1,191 based on the Black-Scholes option pricing model using the assumptions described below (Note 10 (c)). An amount of \$6,212 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at January 31, 2021, the Company has fulfilled its obligation by incurring \$20,100 in exploration expenditures during January 2021.

On December 29, 2020, the Company concluded a private placement by issuing 405,714 flow-through shares at a price of \$0.28 per unit for net proceeds of \$113,400 after deducting share issuance costs of \$200. There was no commission paid in connection with this private placement. An amount of \$34,486 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at January 31, 2021, the Company has fulfilled its obligation by incurring \$113,600 in exploration expenditures during January 2021.

On January 27, 2021, the Company concluded a private placement by issuing 700,000 units at a price of \$0.20 per unit for net proceeds of \$133,300 after deducting share issuance costs of \$6,700. There was a commission of \$6,700 paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 700,000 common shares and 700,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 until July 27, 2022. These warrants have been recorded at a value of \$23,826 based on the Black-Scholes option pricing model using the assumptions described below (Note 10 (c)).

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

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

#### (b) Issued and outstanding (continued):

##### 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 10 (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 10 (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 October 31, 2020, the Company has fulfilled its obligation by incurring \$287,500 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 10 (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 October 31, 2020, the Company has fulfilled its obligation by incurring \$125,000 in exploration expenditures in its Québec mining properties no later than before 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 10 (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 October 31, 2020, the Company has fulfilled its obligation by incurring \$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 10 (c)).

#### (c) Warrants:

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

	January 31 2021		July 31 2020	
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
		\$		\$
Outstanding at beginning	4,530,277	0.30	5,945,583	0.36
Granted	6,891,576	0.33	4,530,277	0.30
Expired	-	-	(5,945,583)	0.36
Outstanding at end	11,421,853	0.32	4,530,277	0.30

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

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

#### (c) Warrants (continued):

The following table provides outstanding warrants information as at January 31, 2021:

Expiry date	Number of outstanding warrants	Outstanding warrants	
		Exercise price	Remaining life
		\$	(years)
May 22, 2021	1,940,000	0.30	0.3
June 30, 2021	250,000	0.30	0.4
July 1st, 2021	180,000	0.30	0.4
December 21, 2021	8,300	0.40	0.9
December 29, 2021	33,500	0.40	0.9
January 31, 2022	2,160,277	0.30	1.0
February 5, 2022	2,053,221	0.30	1.0
February 10, 2022	1,401,555	0.30	1.0
June 21, 2022	2,400,000	0.35	1.4
June 29, 2022	295,000	0.35	1.4
July 27, 2022	700,000	0.35	1.5
	11,421,853	0.32	1.0

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

Expiry date	Number of outstanding warrants	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 the weighted average fair value of warrants granted:

	January 31 2021	July 31 2020
	\$	\$
Weighted average fair value of warrants granted	0.0413	0.0464

The fair value of each warrant granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	January 31 2021	July 31 2020
Weighted average expected dividend yield	0%	0%
Weighted average share price at grant date	\$0.222	\$0.226
Weighted average expected volatility <sup>(1)</sup>	84.29%	78.53%
Weighted average risk-free interest rate	0.24%	0.96%
Weighted average exercise price at grant date	\$0.325	\$0.30
Weighted average expected life	1.5 years	1.5 years

(1) Before July 2020, 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 and six-month periods ended January 31, 2021 and 2020

(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 2,500,000 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:

	January 31 2021		July 31 2020	
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		\$		\$
Outstanding at beginning	1,350,000	0.25	1,450,000	0.25
Granted	1,150,000	0.30	-	-
Expired	-	-	(100,000)	0.25
Outstanding at end	2,500,000	0.27	1,350,000	0.25
Exercisable at end	2,500,000	0.27	1,350,000	0.25

The following table provides outstanding share options information as at January 31, 2021:

	Outstanding share options			
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life (years)
August 31, 2023	280,000	280,000	\$ 0.30	2.6
March 6, 2024	1,025,000	1,025,000	0.25	3.1
March 23, 2024	225,000	225,000	0.25	3.1
May 18, 2024	100,000	100,000	0.25	3.3
August 31, 2025	870,000	870,000	0.30	4.6
	2,500,000	2,500,000	0.27	3.6

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

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

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

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

#### 2021:

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.

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 following table provides the weighted average fair value of share options granted:

	January 31 2021	July 31 2020
	\$	\$
Weighted average fair value of share options granted	0.1518	-

The fair value of each share option granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	January 31 2021	July 31 2020
Weighted average expected dividend yield	0%	-
Weighted average share price at grant date	\$0.23	-
Weighted average expected volatility <sup>(1)</sup>	98.38%	-
Weighted average risk-free interest rate	0.37%	-
Weighted average exercise price at grant date	\$0.30	-
Weighted average expected life	4.51 years	-

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

### 12. Supplemental cash flow information:

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

	Six-month period ended	
	January 31 2021	January 31 2020
	\$	\$
Non-cash financing activities:		
Shares issued in settlement of trade accounts payables	-	143,747
Share issuance costs in trade accounts payable and accrued liabilities	3,579	5,976
Non-cash investing activities:		
Mining properties in trade accounts payable and accrued liabilities	53	4,140
Exploration and evaluation assets in trade accounts payable and accrued liabilities	230,668	81,391

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

### 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		Six-month period ended	
	January 31 2021	January 31 2020	January 31 2021	January 31 2020
	\$	\$	\$	\$
Management and consulting fees	39,000	24,000	73,000	48,000
Salaries and director's fees	33,812	27,858	64,443	53,778
Share-based compensation	-	-	91,542	-
	72,812	51,858	228,985	101,778

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 and six-month periods ended January 31, 2021, an amount of \$37,191 and \$45,928 respectively of legal fees and share issuance costs were charged by the law firm (\$21,321 and \$32,084 for the three-month and six-month periods ended January 31, 2020 respectively). As at January 31, 2021, trade accounts payable and other liabilities include an amount of \$42,247 (\$71,435 as at July 31, 2020) 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.

### 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:

	January 31		July 31	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
<b>Financial assets</b>				
Fair value through profit or loss (FVTPL)				
Marketable securities - Equities	25,000	25,000	18,750	18,750
	25,000	25,000	18,750	18,750
<b>Financial assets</b>				
Amortized cost				
Cash and cash equivalents	476,329	476,329	405,380	405,380
Short-term investments	15,000	15,000	15,000	15,000
	491,329	491,329	420,380	420,380
<b>Financial liabilities</b>				
Amortized cost				
Trade accounts payable and accrued liabilities	360,858	360,858	387,769	387,769
Loan	22,954	22,954	21,393	21,393
	383,812	383,812	409,162	409,162

The fair values of the marketable securities are \$25,000 as at January 31, 2021 (\$18,750 as at July 31, 2020) and are determined by using the closing price for January 31, 2021 and July 31, 2020.

The fair values of the loan is \$22,954 as at January 31, 2021 (\$21,393 as at July 31, 2020) 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, 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.

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

### 14. Financial assets and liabilities (continued):

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.

	January 31 2021		
	Level 1	Level 2	Level 3
	\$	\$	\$
<b>Marketable securities</b>			
Fair value through profit or loss (FVTPL)	25,000	-	-
<b>Loan</b>			
Amortized cost	-	22,954	-
	25,000	22,954	-
	July 31 2020		
	Level 1	Level 2	Level 3
	\$	\$	\$
<b>Marketable securities</b>			
Fair value through profit or loss (FVTPL)	18,750	-	-
<b>Loan</b>			
Amortized cost	-	21,393	-
	18,750	21,393	-

### 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.

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.

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

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

	January 31 2021	July 31 2020
	\$	\$
Loan	22,954	21,393
Equity	3,280,738	2,254,505
	3,303,692	2,275,898

### 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, liquidity risk and market 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 and short-term investments 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 six-month period ended January 31, 2021 and 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 January 31, 2021 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:

	January 31 2021			\$
	Less than 1 year	1-5 years	More than 5 years	Total
	\$	\$	\$	\$
Trade accounts payable and accrued liabilities	360,858	-	-	360,858
Loan	-	40,000	-	40,000
	\$	\$	\$	\$
	387,769	-	-	387,769
Loan	-	40,000	-	40,000

# GENIUS METALS INC.

## Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended January 31, 2021 and 2020

(in Canadian dollars)

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

#### (c) 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 55.77% has been observed during the six-month period ending January 31, 2021 (122.04% for the year ended July 31, 2020).

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 \$11,057 as at January 31, 2021 (\$4,133 as at July 31, 2020).