



GENIUS METALS INC.

Financial Statements

**Years ended
July 31, 2021 and 2020**

GENIUS METALS INC.

Financial Statements

Years ended July 31, 2021 and 2020

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Independent Auditor's Report

To the Shareholders of
Genius Metals Inc.

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Opinion

We have audited the financial statements of Genius Metals Inc. (hereafter "the Company"), which comprise the statements of financial position as at July 31, 2021 and 2020, and the statements of loss and comprehensive loss, the statements of changes in equity and the statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Material uncertainty related to going concern

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

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

*Raymond Chabot Grant Thornton LLP*¹

Montréal
November 23, 2021

¹ CPA auditor, CA public accountancy permit no. A115879

GENIUS METALS INC.

Statements of Financial Position

As at July 31, 2021 and 2020

(in Canadian dollars)

	Note	July 31 2021	July 31 2020
		\$	\$
Assets			
Current assets:			
Cash and cash equivalents	6 & 24	315,679	405,380
Short-term investments	7	15,000	15,000
Marketable securities	8	13,750	18,750
Other receivables	9	532,637	31,327
Prepaid expenses		34,511	4,789
Total current assets		911,577	475,246
Non-current assets:			
Deposits related to exploration and evaluation activities		260,000	-
Property and equipment	10	4,075	5,873
Mining properties	11	1,235,694	1,434,790
Exploration and evaluation assets	12	2,052,026	990,764
Total non-current assets		3,551,795	2,431,427
Total assets		4,463,372	2,906,673
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities	13	972,336	602,521
Other liability related to flow-through financings		-	28,254
Total current liabilities		972,336	630,775
Non-current liabilities:			
Loans	14	32,803	21,393
Total non-current liabilities		32,803	21,393
Total liabilities		1,005,139	652,168
Equity:			
Share capital	15	6,058,664	4,182,783
Warrants	15	652,080	210,234
Share options	16	359,631	185,021
Contributed surplus		196,051	196,051
Deficit		(3,808,193)	(2,519,584)
Total equity		3,458,233	2,254,505
Total liabilities and equity		4,463,372	2,906,673

Going concern, see Note 2.

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

These financial statements were approved and authorized for issue by the Board of Directors on November 23, 2021.

(S) Guy Goulet
Director

(S) John Booth
Director

GENIUS METALS INC.

Statement of Loss and Comprehensive Loss

Years ended July 31, 2021 and 2020

(in Canadian dollars)

	Note	July 31 2021	July 31 2020
		\$	\$
General and administrative expenses:			
Salaries and employee benefit expense		244,430	172,408
Management and consulting fees		161,092	160,208
Travel, promotion and marketing		149,521	40,100
Registration, listing fees and shareholders information		88,432	37,854
Professional fees		86,291	103,485
Supplies and office expenses		50,557	39,499
Share-based compensation	16	174,610	-
Write-down of mining properties	11	305,156	34,935
Write-down of exploration and evaluation assets	12	99,792	59,357
Part XII.6 tax and other non-compliance penalty		(2,486)	3,526
Depreciation of property and equipment		1,798	1,803
Operating loss before other (revenues) expenses and income tax		1,359,193	653,175
Other (revenues) expenses:			
Gain on settlement of trade accounts payable and other liabilities		-	(35,937)
Write-off of payables		-	(12,730)
Finance expense	17	6,799	3,632
Change in fair value of marketable securities	8	16,875	2,500
Government assistance		(12,170)	(19,299)
Exchange loss		142	11
Total other (revenues) expenses		11,646	(61,823)
Loss before income tax		(1,370,839)	(591,352)
Income tax recovery	18	82,230	114,947
Net loss and comprehensive loss		(1,288,609)	(476,405)
Weighted average number of common shares outstanding			
		28,451,721	18,160,464
Basic and diluted loss per share:		(0.05)	(0.03)

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

GENIUS METALS INC.
Statement of Changes in Equity

Years ended July 31, 2021 and 2020

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital \$	Warrants \$	Share Options \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance as at July 31 2020		21,686,113	4,182,783	210,234	185,021	196,051	(2,519,584)	2,254,505
Shares and units issued:								
Private placements	15	11,399,276	1,771,541	439,219				2,210,760
Flow-through private placements	15	634,545	124,075	2,627				126,702
As payment of consulting fees	15	71,250	14,370					14,370
Share issuance costs	15		(34,105)					(34,105)
Share-based compensation	16				174,610			174,610
Transaction with owners		33,791,184	6,058,664	652,080	359,631	196,051	(2,519,584)	4,746,842
Net loss and comprehensive loss for the year							(1,288,609)	(1,288,609)
Balance as at July 31 2021		33,791,184	6,058,664	652,080	359,631	196,051	(3,808,193)	3,458,233
Balance as at July 31 2019		15,432,100	3,169,035	191,781	189,291	-	(2,043,179)	1,506,928
Shares and units issued:								
Private placements	15	3,525,277	515,042	146,808				661,850
Flow-through private placements	15	2,010,000	390,919	63,426				454,345
As a settlement of trade accounts payable and other liabilities	15	718,736	143,747					143,747
Share issuance costs	15		(35,960)					(35,960)
Share options expired	16				(4,270)	4,270		-
Warrants expired				(191,781)		191,781		-
Transaction with owners		21,686,113	4,182,783	210,234	185,021	196,051	(2,043,179)	2,730,910
Net loss and comprehensive loss for the year							(476,405)	(476,405)
Balance as at July 31 2020		21,686,113	4,182,783	210,234	185,021	196,051	(2,519,584)	2,254,505

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

GENIUS METALS INC.

Statement of Cash Flows

Years ended July 31, 2021 and 2020

(in Canadian dollars)

	Note	July 31 2021	July 31 2020
		\$	\$
Operating activities:			
Net loss		(1,288,609)	(476,405)
Adjustments for:			
Income tax recovery		(82,230)	(114,947)
Consulting fees paid through issuance of shares		14,370	-
Change in fair value of marketable securities		16,875	2,500
Depreciation of property and equipment		1,798	1,803
Share-based compensation		174,610	-
Gain on settlement of trade accounts payable and other liabilities		-	(35,937)
Write-off of payables		-	(12,730)
Effective interest on loan		1,410	(8,607)
Write-down of mining properties		305,156	34,935
Write-down of exploration and evaluation assets		99,792	59,357
Operating activities before changes in working capital items		(756,828)	(550,031)
Change in other receivables		(82,284)	(18,802)
Change in prepaid expenses		(29,722)	11,626
Change in trade accounts payable and accrued liabilities		(59,963)	148,497
Change in working capital items		(171,969)	141,321
Cash flows used for operating activities		(928,797)	(408,710)
Financing activities:			
Proceeds from private placement		2,210,760	661,850
Proceeds from flow-through placement		180,678	502,500
Proceeds from a loan		10,000	30,000
Government contribution		15,000	18,000
Share issuance costs		(42,786)	(29,097)
Cash flows from financing activities		2,373,652	1,183,253
Investing activities:			
Acquisition of mining properties		(138,254)	(67,210)
Increase in deposits related to exploration and evaluation activities		(260,000)	-
Increase in exploration and evaluation assets		(1,136,302)	(414,062)
Cash flows used for investing activities		(1,534,556)	(481,272)
Net change in cash and cash equivalents		(89,701)	293,271
Cash and cash equivalents, beginning of period		405,380	112,109
Cash and cash equivalents, end of period		315,679	405,380

Additional disclosures of cash flows information (Note 19).

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

GENIUS METALS INC.

Notes to Financial Statements

Years ended July 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 and was listed since October 31, 2018 on the Canadian Securities Exchange ("CSE") and its trading symbol is "GENI". The Company has since listed on the TSXV Stock Exchange ("TSXV") trading under the symbol "GENI" and has begun trading solely on this exchange since September 30, 2021.

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

2. Going concern:

The accompanying financial statements have been prepared on the basis of the on going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period.

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

For the year ended July 31, 2021, the Company recorded a net loss of \$1,288,609 (\$476,405 for the year ended July 31, 2020) and has an accumulated deficit of \$3,808,193 as at July 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 July 31, 2021, the Company had a negative working capital of \$60,759 (a negative working capital of \$155,529 as at July 31, 2020) consisting of cash and cash equivalents of \$315,679 (\$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 year ended July 31, 2021, the Company has raised \$2,391,438 (\$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 annual financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of annual financial statements. The accounting policies applied in these consolidated financial statements are based on IFRS issued and in effect as at year end.

3.2 Basis of measurement:

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

3.3 Reporting global event:

Since the beginning of March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These circumstances have increased business uncertainties and have heightened risk levels to operating businesses.

The Company shut down site activities on March 13, 2020 in accordance with provincial requirements as issued by Québec Government and Health Canada/Santé Québec. The Company re-commenced on-site activities in July 2020 and is continuing to further the Company's objectives during this uncertain and rapidly evolving time and is following the recommendations of Québec Government and Health Canada/Santé Québec. It is not possible to reliably estimate the length and severity of these developments and the potential impact on the financial results and condition of the Company and its operations in future periods.

The Company has put in place a rigorous protocol, in accordance with INSPQ (Institut national de santé publique du Québec) and CNESST (Commission des normes, de l'équité, de la santé et de la sécurité du travail) guidelines, to ensure the protection of all stakeholders in the region in the context of the COVID-19 pandemic. There was no material impact on the Company's operations at the date of these financial statements identified by management.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

3. Basis of preparation (continued):

3.3 Reporting global event (continued):

To help companies mitigate the negative effects of the COVID-19 pandemic, *Canada Revenue* has extended by 12 months the deadlines for eligible exploration and evaluation expenses incurred in connection with flow-through financing completed in 2019 and 2020. This means that the original deadlines of December 31, 2020 and 2021 for funding concluded in 2019 and 2020 respectively, have been postponed to December 31, 2021 and 2022.

3.4 Functional and presentation currency:

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

3.5 Use of estimates and judgements:

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

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

(a) Significant management judgment:

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

Going concern

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

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

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

(b) Estimation uncertainty:

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

Impairment of exploration and evaluation assets

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

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

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

Share-based compensation

The estimation of share-based compensation costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model (see Note 16).

Provisions and contingent liabilities

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

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

3. Basis of preparation (continued):

3.5 Use of estimates and judgements (continued):

(b) Estimation uncertainty (continued):

Tax credits receivable

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

4. Changes in accounting policy:

4.1 Adoption of new accounting standard:

The following new standard has been applied in preparing the annual financial statements as at July 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.

5. Significant accounting policies:

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

5.1 Financial instruments:

(a) Recognition and derecognition:

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

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

(b) Classification and initial measurement of financial assets:

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

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

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

The classification is determined by both:

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

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

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

5. Significant accounting policies (continued):

5.1 Financial instruments (continued):

(c) Subsequent measurement of financial assets:

i) Financial assets at amortized cost:

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

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

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

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

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

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

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

5.2 Impairment of financial assets:

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

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

5.3 Classification and measurement of financial liabilities:

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

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

5.4 Basic and diluted loss per share:

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting loss attributable to common shareholders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. Dilutive potential common shares are deemed to have been converted into common shares at the average market price at the beginning of the year or, if later, at the date of issue of the potential common shares. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and share options. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Note 15.

5.5 Cash and cash equivalents:

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

5.6 Marketable securities:

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

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

5. Significant accounting policies (continued):

5.7 Tax Credit Relating to Resources and Mining Tax Credit:

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

5.8 Property and equipment:

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

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

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

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

The estimated useful lives are as follows:

Asset	Period
Rolling stock	5 years

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

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

5.9 Mining Properties Options Agreements:

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

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

5.10 Grants:

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

5.11 Mining properties and exploration and evaluation assets:

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

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

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

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

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

5. Significant accounting policies (continued):

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

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

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

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

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

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

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

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

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

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

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

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

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

5.13 Provisions, contingent liabilities and contingent assets:

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

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

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

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

As at July 31, 2021, the Company had no contingent liabilities and therefore no provision was recorded in the annual financial statements.

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

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

5. Significant accounting policies (continued):

5.14 Income taxes:

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

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

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

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

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

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

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

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

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

5.15 Share capital:

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

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

5.16 Unit placements:

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

5.17 Flow-through placements:

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

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

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

5. Significant accounting policies (continued):

5.18 Other elements of equity:

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

Deficit includes all current and prior year retained losses.

5.19 Equity-settled share-based compensation:

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

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

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

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

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

5.20 Segment reporting:

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

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

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

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.

6. Cash and cash equivalents:

	July 31 2021	July 31 2020
Cash	\$ 315,679	\$ 405,380
	315,679	405,380

Funds reserved for exploration and evaluation expenditures:

On November 22, 2019, the Company completed a flow-through private placement of \$287,500. The Company has until December 31, 2020 (extended to December 31, 2021 due to COVID-19 outbreak) to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at July 31, 2021, the Company has fulfilled its obligation by incurring an amount of \$287,500 in exploration and evaluation expenditures before December 31, 2021.

On December 30, 2019, the Company completed a flow-through private placement of \$125,000. The Company has until December 31, 2020 (extended to December 31, 2021 due to COVID-19 outbreak) to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at July 31, 2021, the Company has fulfilled its obligation by incurring an amount of \$125,000 in exploration and evaluation expenditures before December 31, 2021.

On December 31, 2019, the Company completed a flow-through private placement of \$90,000. The Company has until December 31, 2020 (extended to December 31, 2021 due to COVID-19 outbreak) to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at July 31, 2021, the Company has fulfilled its obligation by incurring an amount of \$90,000 in exploration and evaluation expenditures before December 31, 2021.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

6. Cash and cash equivalents (continued):

Funds reserved for exploration and evaluation expenditures (continued):

On December 21, 2020, the Company completed two flow-through private placements of \$18,980. The Company has until December 31, 2021 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at July 31, 2021, the Company has fulfilled its obligation by incurring an amount of \$18,980 in exploration and evaluation expenditures before December 31, 2021.

On December 29, 2020, the Company completed two flow-through private placements of \$133,700. The Company has until December 31, 2021 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at July 31, 2021, the Company has fulfilled its obligation by incurring an amount of \$133,700 in exploration and evaluation expenditures before December 31, 2021.

On April 29, 2021, the Company completed two flow-through private placements of \$27,998. The Company has until December 31, 2022 to incur eligible exploration and evaluation expenditures in order to comply with the requirements of flow-through private placement. As at July 31, 2021, the Company has fulfilled its obligation by incurring an amount of \$27,998 in exploration and evaluation expenditures before December 31, 2022.

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. Short-term investments:

	July 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

8. Marketable securities in a quoted company:

	Number of shares				Carrying value				
	July 31		Disposition	July 31	July 31			Change in fair value	July 31
	2020	Acquisition		2021	2020	Acquisition	Disposition		2021
					\$	\$	\$	\$	\$
Shares									
NSAU ⁽¹⁾	125,000	125,000 ⁽²⁾	-	250,000	18,750	11,875 ⁽²⁾	-	(16,875)	13,750
	125,000	125,000	-	250,000	18,750	11,875	-	(16,875)	13,750
	Number of shares				Carrying value				
	July 31		Disposition	July 31	July 31			Change in fair value	July 31
	2019	Acquisition		2020	2019	Acquisition	Disposition		2020
					\$	\$	\$	\$	\$
Shares									
NSAU ⁽¹⁾	-	125,000 ⁽¹⁾	-	125,000	-	21,250 ⁽¹⁾	-	(2,500)	18,750
	-	125,000	-	125,000	-	21,250	-	(2,500)	18,750

(1) On December 9, 2019, the Company received 125,000 shares of MegumaGold Corp, valued at \$21,250 in accordance with the terms of the Meaghers option agreement (Note 11).

(2) On December 29, 2020, the Company received 125,000 shares of MegumaGold Corp, valued at \$11,875 in accordance with the terms of the Meaghers option agreement (Note 11).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

9. Other receivables:

	July 31 2021	July 31 2020
	\$	\$
Sales tax receivable	113,611	31,327
Mining tax credits receivable	47,062	-
Tax credits related to resources receivable	371,964	-
	532,637	31,327

10. Property and equipment:

	Rolling stock	Total
	\$	\$
Cost		
As at July 31, 2019	9,000	9,000
Acquisitions	-	-
As at July 31, 2020	9,000	9,000
Acquisitions	-	-
As at July 31, 2021	9,000	9,000
Accumulated depreciation		
As at July 31, 2019	1,324	1,324
Depreciation	1,803	1,803
As at July 31, 2020	3,127	3,127
Depreciation	1,798	1,798
As at July 31, 2021	4,925	4,925
Net book value		
As at July 31, 2020	5,873	5,873
As at July 31, 2021	4,075	4,075

11. Mining properties:

Mining properties can be detailed as follows:

	July 31 2020	Acquisition	Licences & permits	Impairment	Disposition	July 31 2021
	\$	\$	\$	\$	\$	\$
Gold Properties:						
Sakami - QC	629,680	-	42,871	-	-	672,551
Iserhoff - QC	105,046	-	171	-	-	105,217
Meaghers - NS	12,870	-	105	-	(8,271)	4,704
Blockhouse - NS	24,969	-	228	(2,907)	-	22,290
Kemptville - NS	5,755	-	200	-	-	5,955
Chocolate Lake - NS	7,529	-	120	-	-	7,649
Gold River - NS	1,885	-	20	-	-	1,905
Total Gold Properties	787,734	-	43,715	(2,907)	(8,271)	820,271
Base Metals:						
A Lake - NB	51,071	60,000	227	(35,055)	-	76,243
Total Base Metals	51,071	60,000	227	(35,055)	-	76,243
Industrials & High-Tech Metals:						
Dissimieux Lake - QC	326,095	-	1,163	-	-	327,258
KM381 - QC	2,696	-	9,226	-	-	11,922
Mt Cameron - NS	267,194	-	-	(267,194)	-	-
Total Industrials & High-Tech Metals	595,985	-	10,389	(267,194)	-	339,180
Grand total	1,434,790	60,000	54,331	(305,156)	(8,271)	1,235,694

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

11. Mining properties (continued):

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

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 gold property comprises 588 mining claims (30,234 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, 2021, the Company acquired 224 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 2,405 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 Iserhoff property (\$22,511 in mining properties and \$59,357 in exploration and evaluation assets). During the year ended July 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.

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:

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

11. Mining properties (continued):

Meaghers (Gold) (continued):

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

	Shares	Exploration expenses
		\$
On or before December 9, 2019	125,000 ⁽¹⁾	-
On or before December 4, 2020	125,000 ⁽²⁾	-
On or before June 4, 2021	-	100,000 ⁽³⁾
	250,000	100,000

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

⁽²⁾ 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.

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

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

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

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

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

As at July 31, 2021, MegumaGold held 49.9% of the Meaghers property.

Nova Scotia properties (Gold):

Nova Scotia properties consisted of the following properties: Blockhouse Gold (23 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, 2021, the Company abandoned 3 claims and wrote down a part of the cost of the Blockhouse Gold property (\$2,907 in mining properties and \$5,843 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.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

11. Mining properties (continued):

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

On January 21, 2019 and amended on July 6, 2021, 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 one unit (8840) containing 87 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. During the year ended July 31, 2021, the Company abandoned 40 claims and wrote down a part of the cost of the A-Lake property (\$35,055 in mining properties and \$57,858 in exploration and evaluation assets).

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

	Cash payments	Exploration expenses ⁽¹⁾
	\$	\$
On January 21, 2019	20,000 ⁽²⁾	-
On July 4, 2019	10,000 ⁽²⁾	-
On or before April 15, 2020	-	100,000 ⁽³⁾
On or before May 31, 2020	25,000 ⁽⁴⁾	-
On or before May 31, 2021	35,000 ⁽⁶⁾	-
On or before September 22, 2022	-	600,000
	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⁾ This cash payment was made on August 19, 2020.

⁽⁶⁾ This cash payment was made in April, 2021.

Dissimieux Lake (Phosphate):

The property consists of 15 claims covering 833 hectares, and is accessible via Provincial Highway #138 from Forestville, then driving northward on Highway #385 to Labrieville, and from there using a network of secondary gravel forestry roads to reach the east-southeast shore of Dissimieux Lake. The Property hosts titanium-phosphate (ilmenite-apatite) mineralization located near the southern margin of the La Blache Anorthositic Complex (the "LBAC"). The LBAC is elongated in a northeast-southwest direction and is 15 to 25 km wide over 60 km. It was emplaced into a highly metamorphosed and folded package of steeply dipping, N-NE dipping paragneiss and amphibolites of the Grenville Geological Province. The Property is dominated by steep hills, with elevations ranging from 435 m to 700 m above sea level.

KM381 (Lithium):

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

Mt Cameron Property (Graphite):

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

On July 6, 2021, the Company decided to terminate the option agreement of MT Cameron property. Consequently, the Company wrote down to \$Nil the cost of the MT Cameron property and the exploration and evaluation expenditures incurred, as they no longer fit the Company's development strategy (\$267,194 in mining properties and \$36,091 in exploration and evaluation assets).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

12. Exploration and evaluation assets:

Exploration and evaluation assets by nature are detailed as follows:

	July 31 2021	July 31 2020
	\$	\$
Exploration and evaluation costs:		
Drilling	433,651	172,705
Geology	56,647	40,529
Prospecting	541,979 ⁽¹⁾	104,577
Geophysics	390,640 ⁽¹⁾	143,453 ⁽²⁾
Reporting	16,049	-
General field expenses	144,718	18,820
Other item:		
Tax credits related to resources and mining tax credits	(419,026)	-
Disposition	(3,604)	(6,486)
Impairment	(99,792)	(59,357)
	1,061,262	414,241
Balance, beginning of year	990,764	576,523
Balance, end of year	2,052,026	990,764

Exploration and evaluation assets by properties are detailed as follows:

	July 31 2020	Exploration costs	Tax credits	Impairment	Disposition	July 31 2021
	\$	\$	\$	\$	\$	\$
Gold Properties:						
Sakami - QC	501,677	1,492,460	(418,508)	-	-	1,575,629
Iserhoff - QC	276,997	333	(89)	-	-	277,241
Meaghers - NS	5,655	-	-	-	(3,604)	2,051
Blockhouse - NS	50,637	-	-	(5,843)	-	44,794
Kemptville - NS	5,698	500	-	-	-	6,198
Chocolate Lake - NS	700	2,875	-	-	-	3,575
Gold River - NS	231	-	-	-	-	231
Total Gold Properties	841,595	1,496,168	(418,597)	(5,843)	(3,604)	1,909,719
Base Metals:						
A Lake - NB	98,138	85,560 ⁽¹⁾	-	(57,858)	-	125,840
Total Base Metals	98,138	85,560	-	(57,858)	-	125,840
Industrials & High-Tech Metals:						
Dissimieux Lake - QC	14,940	1,728	(330)	-	-	16,338
KM381 - QC	-	228	(99)	-	-	129
Mt Cameron - NS	36,091	-	-	(36,091)	-	-
Total Industrials & High-Tech Metals	51,031	1,956	(429)	(36,091)	-	16,467
Grand total	990,764	1,583,684	(419,026)	(99,792)	(3,604)	2,052,026

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

12. Exploration and evaluation assets (continued):

	July 31 2019	Exploration costs	Tax credits	Impairment	Disposition	July 31 2020
	\$	\$	\$	\$	\$	\$
Gold Properties:						
Sakami - QC	235,698	265,979	-	-	-	501,677
Iserhoff - QC	140,169	196,185	-	(59,357)	-	276,997
Meaghers - NS	12,141	-	-	-	(6,486)	5,655
Blockhouse - NS	50,637	-	-	-	-	50,637
Kemptville - NS	5,698	-	-	-	-	5,698
Chocolate Lake - NS	700	-	-	-	-	700
Gold River - NS	-	231	-	-	-	231
Total Gold Properties	445,043	462,395	-	(59,357)	(6,486)	841,595
Base Metals:						
A Lake - NB	81,949	16,189 ⁽²⁾	-	-	-	98,138
Total Base Metals	81,949	16,189	-	-	-	98,138
Industrials & High-Tech Metals:						
Dissimieux Lake - QC	13,440	1,500	-	-	-	14,940
KM381 - QC	-	-	-	-	-	-
Mt Cameron - NS	36,091	-	-	-	-	36,091
Total Industrials & High-Tech Metals	49,531	1,500	-	-	-	51,031
Grand total	576,523	480,084	-	(59,357)	(6,486)	990,764

(1) A contribution of \$ 23,000 from the Government of New Brunswick has been recorded as a reduction of exploration and evaluation assets (\$15,000 against geophysics and \$8,000 against prospecting activity).

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

13. Trade accounts payable and other liabilities:

	July 31 2021	July 31 2020
	\$	\$
Trade accounts payable and accrued liabilities:		
To directors	22,470	38,545
To a company in which a director is a partner	3,079	71,435
To a company controlled by a director and CEO	-	36,792
To a company controlled by the VP Exploration	5,749	-
Other	728,753	240,997
Part XII.6 tax and source deductions and contributions	212,285	214,752
	972,336	602,521

14. Loans:

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

For purposes of determining the fair value of the liability, an effective interest rate of 15% was used which is the estimated market rate that the Company would have obtained for a similar financing. The liability is accreted up to the face value of the loan over the term of the loan as an interest expense. At the issuance, the loan was calculated to \$20,701, the effective interest was \$9,299 and the government assistance was \$19,299 which included the loan forgiveness of \$10,000 plus the effective interest of \$9,299. During the year ended July 31, 2021, an effective interest expense of \$3,208 was recorded in the P&L (\$692 for the year ended July 31, 2020).

On April 1st, 2021, the Company received a second loan amounted to \$20,000 from the CEBA. The CEBA program has approved an interest-free loan of up to \$20,000 to the Company to help cover operating costs, due to the economic impacts of the COVID-19 virus. The outstanding balance of the CEBA must be repaid by December 31, 2022. Repayment of the CEBA loan on or before the due date will result in loan forgiveness of 50% (up to \$10,000).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

14. Loans (continued):

For purposes of determining the fair value of the liability, an effective interest rate of 15% was used which is the estimated market rate that the Company would have obtained for a similar financing. The liability is accreted up to the face value of the loan over the term of the loan as an interest expense. As the issuance, the loan was \$7,830, the effective interest was \$2,170 and the government assistance was \$12,170 which included the loan forgiveness of \$10,000 plus the effective interest of \$2,170. During the year ended July 31, 2021, an effective interest expense of \$372 was recorded in the P&L (\$Nil for the year ended July 31, 2020).

15. 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 15 (c)).

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 15 (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 15 (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 15 (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 July 31, 2021, the Company has fulfilled its obligation by incurring \$4,980 in exploration expenditures (completed during the quarter ended January 31, 2021) in its Québec mining properties no later than December 31, 2021 (extended to December 31, 2022 due to COVID-19 outbreak).

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 July 31, 2021, the Company has fulfilled its obligation by incurring \$14,000 in exploration expenditures (completed during the quarter ended January 31, 2021) in its Québec mining properties no later than December 31, 2021 (extended to December 31, 2022 due to COVID-19 outbreak).

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 15 (c)).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

15. Share capital and warrants (continued):

(b) Issued and outstanding (continued):

2021 (continued):

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 15 (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 July 31, 2021, the Company has fulfilled its obligation by incurring \$20,100 in exploration expenditures (completed during the quarter ended January 31, 2021) in its Québec mining properties no later than December 31, 2021 (extended to December 31, 2022 due to COVID-19 outbreak).

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 July 31, 2021, the Company has fulfilled its obligation by incurring \$113,600 in exploration expenditures (completed during the quarter ended January 31, 2021) in its Québec mining properties no later than December 31, 2021 (extended to December 31, 2022 due to COVID-19 outbreak).

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 15 (c)).

On February 22, 2021, the Company issued to service providers 23,750 common shares valued at \$4,275 for business development consultancy and consulting fees.

On April 16, 2021, the Company concluded a private placement by issuing 2,050,000 units at a price of \$0.20 per unit for net proceeds of \$409,297 after deducting share issuance costs of \$703. 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 2,050,000 common shares and 2,050,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 until October 16, 2022. These warrants have been recorded at a value of \$67,343 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

On April 29, 2021, the Company concluded a private placement by issuing 1,349,500 units at a price of \$0.20 per unit for net proceeds of \$269,900 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 1,349,500 common shares and 1,349,500 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 29, 2022. These warrants have been recorded at a value of \$49,583 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

On April 29, 2021, the Company concluded a private placement by issuing 28,571 flow-through shares at a price of \$0.28 per unit for net proceeds of \$7,800 after deducting share issuance costs of \$200. There was no commission paid in connection with this private placement. An amount of \$2,000 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, 2021, the Company has fulfilled its obligation by incurring \$8,000 in exploration expenditures (completed during the quarter ended July 31, 2021) in its Québec mining properties no later than December 31, 2022.

On April 29, 2021, the Company concluded a private placement by issuing 66,660 flow-through units at a price of \$0.30 per unit for net proceeds of \$19,798 after deducting share issuance costs of \$200. 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 66,660 flow-through shares and 33,330 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.40 until April 29, 2022. These warrants have been recorded at a value of \$1,161 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)). An amount of \$5,136 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, 2021, the Company has fulfilled its obligation by incurring \$19,998 in exploration expenditures (completed during the quarter ended July 31, 2021) in its Québec mining properties no later than December 31, 2022.

On June 16, 2021, the Company issued to service providers 23,750 common shares valued at \$4,275 for business development consultancy and consulting fees.

On July 6, 2021, the Company concluded a private placement by issuing 1,150,000 units at a price of \$0.20 per unit for net proceeds of \$229,400 after deducting share issuance costs of \$600. 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 1,150,000 common shares and 1,150,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 until January 6, 2023. These warrants have been recorded at a value of \$38,827 based on the Black-Scholes option pricing model using the assumptions described below (Note 15 (c)).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

15. 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 (extended to January 31, 2022). 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 15 (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 (extended to January 31, 2022). 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 15 (c)). An amount of \$25,004 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at July 31, 2021, the Company has fulfilled its obligation by incurring \$287,500 in exploration expenditures (completed during the quarter ended October 31, 2020) in its Québec mining properties no later than December 31, 2020 (extended to December 31, 2021 due to COVID-19 outbreak).

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 (extended to January 31, 2022). 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 15 (c)). An amount of \$16,099 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at July 31, 2021, the Company has fulfilled its obligation by incurring \$125,000 in exploration expenditures (completed during the quarter ended October 31, 2020) in its Québec mining properties no later than before December 31, 2020 (extended to December 31, 2021 due to COVID-19 outbreak).

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 (extended to January 31, 2022). 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 15 (c)). An amount of \$7,052 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. As at July 31, 2021, the Company has fulfilled its obligation by incurring \$90,000 in exploration expenditures (completed during the quarter ended October 31, 2020) in its Québec mining properties no later than December 31, 2020 (extended to December 31, 2021 due to COVID-19 outbreak).

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 15 (c)).

(c) Warrants:

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

	July 31 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	11,474,406	0.34	4,530,277	0.30
Expired	-	-	(5,945,583)	0.36
Outstanding at end	16,004,683	0.33	4,530,277	0.30

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

15. Share capital and warrants (continued):

(c) Warrants (continued):

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

Expiry date	Number of outstanding warrants	Outstanding warrants	
		Exercise price	Remaining life
		\$	(years)
December 21, 2021	8,300	0.40	0.4
December 29, 2021	33,500	0.40	0.4
January 31, 2022	2,160,277	0.30	0.5
January 31, 2022 ⁽¹⁾	2,370,000	0.30	0.5
February 5, 2022	2,053,221	0.30	0.5
February 10, 2022	1,401,555	0.30	0.5
April 29, 2022	33,330	0.40	0.7
June 21, 2022	2,400,000	0.35	0.9
June 29, 2022	295,000	0.35	0.9
July 27, 2022	700,000	0.35	1.0
October 19, 2022	2,050,000	0.35	1.2
October 29, 2022	1,349,500	0.35	1.3
January 6, 2023	1,150,000	0.35	1.4
	16,004,683	0.33	0.8

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⁾	1,940,000	0.30	0.8
June 30, 2021 ⁽¹⁾	250,000	0.30	0.9
July 1st, 2021 ⁽¹⁾	180,000	0.30	0.9
January 31, 2022	2,160,277	0.30	1.5
	4,530,277	0.30	1.1

(1) On May 5, 2021, the expiry date has been extended to January 31, 2022.

The following table provides the weighted average fair value of warrants granted:

	July 31 2021	July 31 2020
	\$	\$
Weighted average fair value of warrants granted	0.0385	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:

	July 31 2021	July 31 2020
Weighted average expected dividend yield	0%	0%
Weighted average share price at grant date	\$0.212	\$0.226
Weighted average expected volatility ⁽¹⁾	82.22%	78.53%
Weighted average risk-free interest rate	0.28%	0.96%
Weighted average exercise price at grant date	\$0.335	\$0.30
Weighted average expected life	1.5 years	1.5 years

(1) Since July 2020, the volatility is based on the historical stock price of the Company.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

16. 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:

	July 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 July 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	2.1
March 6, 2024	1,025,000	1,025,000	0.25	2.6
March 23, 2024	225,000	225,000	0.25	2.6
May 18, 2024	100,000	100,000	0.25	2.8
August 31, 2025	870,000	870,000	0.30	4.1
	2,500,000	2,500,000	0.27	3.1

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

Outstanding share options				
Expiry date	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

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

16. Share-based compensation (continued):

(a) Share option plan (continued):

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

	July 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:

	July 31 2021	July 31 2020
Weighted average expected dividend yield	0%	-
Weighted average share price at grant date	\$0.23	-
Weighted average expected volatility ⁽¹⁾	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.

An amount of \$174,610 of share-based compensation were accounted in profit or loss for the year ended July 31, 2021 (\$Nil for the year ended July 31, 2020) and credited to share options.

17. Finance expenses:

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

	July 31 2021	July 31 2020
	\$	\$
Bank charges & other interest	3,219	2,940
Effective interest on loan	3,580	692
Finance expense	6,799	3,632

18. Income taxes:

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

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

	July 31 2021	July 31 2020
	\$	\$
Loss before income taxes	(1,370,839)	(591,352)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada	26.50%	26.54%
Expected income tax recovery	(363,272)	(156,945)
Changes in unrecorded temporary differences	193,935	59,738
Tax effect on flow-through shares	120,405	117,917
Reversal of other liability related to flow-through shares	(82,230)	(114,947)
Share-based compensation	46,272	-
Change in deferred income tax rate	-	256
Other non-deductible expenses	2,660	(20,966)
Deferred income tax recovery	(82,230)	(114,947)

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

18. Income taxes (continued):

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

	July 31 2021	July 31 2020
	\$	\$
Inception and reversal of temporary differences	(314,340)	(177,911)
Changes in unrecorded temporary differences	193,935	59,738
Tax effect on flow-through shares	120,405	117,917
Reversal of other liability related to flow-through shares	(82,230)	(114,947)
Change in deferred income tax rate	-	256
Deferred income tax recovery	(82,230)	(114,947)

(c) Movement in recognized deferred tax assets and liabilities during the year:

	July 31 2020	Recognized in profit or loss	Foreign exchange	July 31 2021
	\$	\$	\$	\$
Exploration and evaluation assets	(192,479)	(102,399)	-	(294,878)
Non-capital losses	192,479	102,399	-	294,878
	-	-	-	-
Reversal of other liability related to flow-through shares		82,230		
Deferred income tax recovery of the year		82,230		

	July 31 2019	Recognized in profit or loss	Foreign exchange	July 31 2020
	\$	\$	\$	\$
Exploration and evaluation assets	(90,470)	(102,009)	-	(192,479)
Non-capital losses	90,470	102,009	-	192,479
	-	-	-	-
Reversal of other liability related to flow-through shares		114,947		
Deferred income tax recovery of the year		114,947		

(d) Unrecognized deductible temporary differences:

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

	July 31 2021		July 31 2020	
	Federal	Québec	Federal	Québec
				\$
Property and equipment	150,635	150,635	148,837	148,837
Marketable securities	9,688	9,688	1,250	1,250
Mining properties	1,416,795	1,416,795	1,117,556	1,117,556
Share issuance costs	67,604	67,604	54,840	54,840
Non-capital losses carryforwards	822,582	819,480	720,872	714,638
	2,467,304	2,464,202	2,043,355	2,037,121

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, deferred tax assets have not been recognized, these deferred tax assets not recognized equal an amount of \$653,479.

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

18. Income taxes (continued):

(e) Non-capital losses:

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

	Federal	Québec
	\$	\$
2040	28,840	25,912
2041	793,742	793,568
	822,582	819,480

19. Supplemental cash flow information:

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

	July 31 2021	July 31 2020
	\$	\$
Non-cash financing activities:		
Shares issued in settlement of trade accounts payables	-	143,747
Shares issued as payment of expenses	14,370	-
Share issuance costs in trade accounts payable and accrued liabilities	-	8,681
Non-cash investing activities:		
Marketable securities received on optioning of mining properties	18,750	21,150
Mining properties in trade accounts payable and accrued liabilities	3,661	27,584
Exploration and evaluation assets in trade accounts payable and accrued liabilities	583,522	121,140

20. Related party transactions:

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

	July 31 2021	July 31 2020
	\$	\$
Management and consulting fees	96,000	96,000
Salaries and director's fees	138,885	110,210
Share-based compensation	91,542	-
	326,427	206,210

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

A director of the Company is a partner in a law firm that offers legal services to Genius Metals. As at July 31, 2021, trade accounts payable and other liabilities include an amount of \$3,079 (\$71,435 as at July 31, 2020) due to this related party (See Note 13). The following table provides a summary of the expenses charged from the law firm:

	July 31 2021	July 31 2020
	\$	\$
Legal fees	79,530	29,880
Share issuance cost	6,116	8,870
	85,646	38,750

A company controlled by the Vice-President Exploration offers consulting services to Genius Metals. As at July 31, 2021, trade accounts payable and other liabilities include an amount of \$5,749 (\$Nil as at July 31, 2020) due to this related party (See Note 13). The following table provides a summary of the services charged from the company controlled by the Vice-President Exploration:

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

21. Financial assets and liabilities (continued):

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

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

	July 31 2021		
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	13,750	-	-
Loans			
Amortized cost	-	32,803	-
	13,750	32,803	-

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

22. Capital management policies and procedures:

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

The Company's capital management objectives are:

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

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

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

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which the amount should be used for exploration work. As at July 31, 2021, the Company has respected these regulatory requirements (see Note 6).

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

	July 31 2021	July 31 2020
	\$	\$
Loans	32,803	21,393
Equity	3,458,233	2,254,505
	3,491,036	2,275,898

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

(in Canadian dollars)

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

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

(b) Liquidity risk:

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

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

In previous years, the Company has financed its acquisitions of mining rights, exploration and evaluation assets and working capital needs through private financings consisting of issuance of common shares and flow-through shares. Management estimates that the cash and cash equivalents as at July 31, 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:

				July 31
				2021
	Less than	1-5 years	More than	\$
	1 year		5 years	Total
Trade accounts payable and accrued liabilities	\$ 760,051	\$ -	\$ -	\$ 760,051
Loans	-	40,000	-	40,000

				July 31
				2020
	Less than	1-5 years	More than	\$
	1 year		5 years	Total
Trade accounts payable and accrued liabilities	\$ 387,769	\$ -	\$ -	\$ 387,769
Loan	-	30,000	-	30,000

(d) Price risk:

The Company is exposed to fluctuations in the market prices of its marketable securities in a quoted mining exploration company. The fair value of the marketable securities represents the maximum exposure to price risk. For the marketable securities in quoted mining exploration companies, an average volatility of 57.52% has been observed during the year ending July 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 as per the volatility, profit and loss would have changed by a markup of \$7,909 as at July 31, 2021 (markup of \$22,883 as at July 31, 2020) or If quoted stock price for these securities had decreased as per the volatility, profit and loss would have changed by a markdown of 7,909 as at July 31, 2021 (\$18,750 as at July 31, 2020).

GENIUS METALS INC.

Notes to Financial Statements (continued)

Years ended July 31, 2021 and 2020

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24. Subsequent events:

On August 16, 2021, the Company issued to service providers 23,750 common shares valued at \$6,175 for business development consultancy.

On August 27 2021, the Company concluded a private placement by issuing 7,062,500 units at a price of \$0.20 per unit for net proceeds of \$1,381,003 after deducting share issuance costs of \$31,497. A finder's fee of \$30,800 was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 7,062,500 common shares and 7,062,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 until February 27, 2023. These warrants have been recorded at a value of \$314,873 based on the Black-Scholes option pricing model using the assumptions described below.

On August 27, 2021, the Company concluded a private placement by issuing 1,616,571 flow-through shares at a price of \$0.28 per unit for net proceeds of \$430,814 after deducting share issuance costs of \$21,826. A finder's fee of \$21,000 was paid in connection with this private placement. An amount of \$64,663 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. The Company has the obligation to incur \$452,640 in exploration expenditures in its Québec mining properties no later than December 31, 2022.

On August 27, 2021, the Company concluded a private placement by issuing 1,766,667 flow-through units at a price of \$0.30 per unit for net proceeds of \$499,067 after deducting share issuance costs of \$30,933. A finder's fee of \$30,000 was paid in connection with this private placement. Each unit consists of one flow-through share and one-half warrant for a total of 1,766,667 flow-through shares and 833,333 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.40 until February 27, 2023. These warrants have been recorded at a value of \$59,094 based on the Black-Scholes option pricing model using the assumptions described below. An amount of \$52,792 representing the premium paid by the investors was recorded in liability related to flow-through shares based on the residual value method. The Company has the obligation to incur \$530,000 in exploration expenditures in its Québec mining properties no later than December 31, 2022.

On September 10 2021, the Company concluded a private placement by issuing 1,000,000 units at a price of \$0.20 per unit for net proceeds of \$187,310 after deducting share issuance costs of \$12,690. No commission or finder's fee was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 1,000,000 common shares and 1,000,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 until March 10, 2023. These warrants have been recorded at a value of \$42,457 based on the Black-Scholes option pricing model using the assumptions described below.

On September 16 2021, the Company concluded a private placement by issuing 1,500,000 units at a price of \$0.20 per unit for net proceeds of \$280,966 after deducting share issuance costs of \$19,034. No commission or finder's fee was paid in connection with this private placement. Each unit consists of one common share and one warrant for a total of 1,500,000 common shares and 1,500,000 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.35 until March 16, 2023. These warrants have been recorded at a value of \$62,692 based on the Black-Scholes option pricing model using the assumptions described below.

The following table provides the weighted average fair value of warrants granted:

Weighted average fair value of warrants granted	\$ 0.0459
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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:

Weighted average expected dividend yield	0%
Weighted average share price at grant date	\$0.238
Weighted average expected volatility	83.89%
Weighted average risk-free interest rate	0.44%
Weighted average exercise price at grant date	\$0.354
Weighted average expected life	1.5 years

On September 16, 2021, the Company has increased the number of share options available for granting from 3,200,000 to 4,600,000.

On September 16, 2021, the Company granted 320,000 share options to members of the technical committee, consultants and employee at an exercise price of \$0.30 per share, expiring on September 16, 2024. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at \$0.13 per share option at the grant date for a total of \$40,352 based on the Black-Scholes option pricing model using the assumptions described below.

On September 16, 2021, the Company granted 1,110,000 share options to directors and officers at an exercise price of \$0.30 per share, expiring on September 16, 2026. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at \$0.15 per share option at the grant date for a total of \$167,166 based on the Black-Scholes option pricing model using the assumptions described below.

On September 16, 2021, the Company granted 450,000 share options to a consultant at an exercise price of \$0.35 per share, expiring on September 16, 2024. Each share option entitles the holder to acquire one common share. The fair value of the options was estimated at \$0.13 per share option at the grant date for a total of \$56,745 based on the Black-Scholes option pricing model using the assumptions described below.

GENIUS METALS INC.

Notes to Financial Statements (continued)

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24. Subsequent events (continued):

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

Weighted average fair value of share options granted	\$ 0.1388
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The fair value of each share options granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following

Weighted average expected dividend yield	0%
Weighted average share price at grant date	\$0.23
Weighted average expected volatility	93.35%
Weighted average risk-free interest rate	0.73%
Weighted average exercise price at grant date	\$0.312
Weighted average expected life	4.18 years
