



GENIUS METALS INC.

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

Three-month periods ended
October 31, 2022 and 2021

GENIUS METALS INC.

Condensed Interim Financial Statements

Three-month periods ended October 31, 2022 and 2021

Condensed Interim Financial Statements

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GENIUS METALS INC.

Condensed Interim Statements of Financial Position

As at October 31, 2022 and July 31, 2022

(in Canadian dollars)

	Note	October 31 2022	July 31 2022
		\$	\$
Assets			
Current assets:			
Cash	5 & 18	73,970	373,265
Short-term investments	6	30,000	30,000
Marketable securities	7	-	5,000
Other receivables	8	520,093	353,668
Prepaid expenses		7,419	11,609
Total current assets		631,482	773,542
Non-current assets:			
Deposits related to exploration and evaluation activities		149,500	144,500
Equipment		2,864	3,462
Mining properties	9	1,161,887	1,161,812
Exploration and evaluation assets	10	3,598,698	3,189,635
Total non-current assets		4,912,949	4,499,409
Total assets		5,544,431	5,272,951
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities		700,534	186,282
Total current liabilities		700,534	186,282
Equity:			
Share capital	11	8,247,426	8,247,426
Warrants	11	517,943	634,869
Share options	12	620,564	618,848
Contributed surplus		809,304	692,378
Deficit		(5,351,340)	(5,106,852)
Total equity		4,843,897	5,086,669
Total liabilities and equity		5,544,431	5,272,951

Going concern, see Notes 2 and 18.

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

These financial statements were approved and authorized for issue by the Board of Directors on December 21, 2022.

(S) Guy Goulet
Director

(S) John Booth
Director

GENIUS METALS INC.

Condensed Interim Statements of Loss and Comprehensive Loss

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

		Three-month period ended	
	Note	October 31 2022	October 31 2021
		\$	\$
General and administrative expenses:			
Salaries and employee benefit expense		63,862	67,286
Management and consulting fees		46,403	46,858
Travel, promotion and marketing		29,714	117,542
Registration, listing fees and shareholders information		10,757	93,477
Professional fees		52,522	54,883
Supplies and office expenses		19,925	10,614
Share-based compensation	12	1,716	207,518
Write-down of mining properties	9	870	-
Write-down of exploration and evaluation assets		12,565	-
Depreciation of equipment		598	557
Operating loss before other (revenues) expenses and income tax		238,932	598,735
Other expenses (revenues):			
Gain on settlement/adjustment of trade accounts payable and other liabilities		-	(212,239)
Finance expense		564	2,432
Change in fair value of marketable securities	7	5,000	2,500
Exchange loss		(8)	471
Total other expenses (revenues)		5,556	(206,836)
Loss before income tax		(244,488)	(391,899)
Income tax recovery		-	11,672
Net loss and comprehensive loss		(244,488)	(380,227)
Weighted average number of common shares outstanding		46,760,672	42,478,990
Basic and diluted loss per share:		(0.01)	(0.01)

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

GENIUS METALS INC.

Condensed Interim Statements of Changes in Equity

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital \$	Warrants \$	Share Options \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance as at July 31 2022		46,760,672	8,247,426	634,869	618,848	692,378	(5,106,852)	5,086,669
Share-based compensation	12				1,716			1,716
Warrants expired	11			(116,926)		116,926		-
Transaction with owners		46,760,672	8,247,426	517,943	620,564	809,304	(5,106,852)	5,088,385
Net loss and comprehensive loss for the period							(244,488)	(244,488)
Balance as at October 31 2022		46,760,672	8,247,426	517,943	620,564	809,304	(5,351,340)	4,843,897
Balance as at July 31 2021		33,791,184	6,058,664	652,080	359,631	196,051	(3,808,193)	3,458,233
Shares and units issued:								
Private placements	11	9,562,500	1,492,478	420,022				1,912,500
Flow-through private placements	11	3,383,238	806,091	59,094				865,185
As payment of consulting fees	11	23,750	6,175					6,175
Share issuance costs	11		(115,982)					(115,982)
Share-based compensation	12				207,518			207,518
Transaction with owners		46,760,672	8,247,426	1,131,196	567,149	196,051	(3,808,193)	6,333,629
Net loss and comprehensive loss for the period							(380,227)	(380,227)
Balance as at October 31 2021		46,760,672	8,247,426	1,131,196	567,149	196,051	(4,188,420)	5,953,402

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

GENIUS METALS INC.

Condensed Interim Statements of Cash Flows

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

	Three-month period ended	
	October 31	October 31
Note	2022	2021
	\$	\$
Operating activities:		
Net loss	(244,488)	(380,227)
Adjustments for:		
Income tax recovery	-	(11,672)
Consulting fees paid through issuance of shares	-	6,175
Change in fair value of marketable securities	5,000	2,500
Depreciation of property and equipment	598	557
Effective interest on loan	-	1,177
Gain on settlement/adjustment of trade accounts payable and other liabilities	-	(212,239)
Share-based compensation	1,716	207,518
Write-down of mining properties	870	-
Write-down of exploration and evaluation assets	12,565	-
Operating activities before changes in working capital items	(223,739)	(386,211)
Change in sales tax receivables	127,474	(112,650)
Change in prepaid expenses	4,190	(13,751)
Change in trade accounts payable and accrued liabilities	(41,427)	(119,498)
Change in working capital items	90,237	(245,899)
Cash flows used for operating activities	(133,502)	(632,110)
Financing activities:		
Proceeds from private placement	-	1,912,500
Proceeds from flow-through placement	-	982,640
Share issuance costs	-	(115,982)
Cash flows from financing activities	-	2,779,158
Investing activities:		
Purchase of short-term investment	-	(15,000)
Acquisition of equipment	-	(1,717)
Acquisition of mining properties	(2,701)	(14,512)
(Increase) decrease in deposits related to exploration and evaluation activities	(5,000)	260,000
Increase in exploration and evaluation assets	(158,092)	(1,046,669)
Cash flows used for investing activities	(165,793)	(817,898)
Net change in cash	(299,295)	1,329,150
Cash, beginning of period	373,265	315,679
Cash, end of period	73,970	1,644,829

Additional disclosures of cash flows information (Note 13).

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

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements

Three-month periods ended October 31, 2022 and 2021

(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 TSX.V Stock Exchange ("TSXV") trading under the symbol "GENI" and has begun trading solely on this exchange since September 30, 2021. On January 18, 2022, in addition to trading on the TSXV, its shares commenced also trading on the American Stock Exchange OTCQB Market under the symbol "GNSMF".

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 three-month period ended October 31, 2022, the Company recorded a net loss of \$244,488 (\$380,227 for the three-month period ended October 31, 2021) and has an accumulated deficit of \$5,351,340 as at October 31, 2022 (\$5,106,852 as at July 31, 2022). Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. As at October 31, 2022, the Company had a negative working capital of \$69,052 (positive working capital of \$587,260 as at July 31, 2022) consisting of cash of \$73,970 (\$373,265 in cash as at July 31, 2022). Management believes that these funds will not be sufficient to meet the obligations and liabilities of the Company. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets. During the three-month period ended October 31, 2022, the Company did not raise funds from financing (\$2,391,438 during the year ended July 31, 2022), but did raise funds in November and December 2022 (See Note 18) from private placements consisting of common shares and flow-through shares to fund exploration works and working capital. There is no assurance that it will succeed in obtaining additional financing in the future.

3. Basis of preparation:

3.1 Statement of compliance:

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") in accordance with IAS 34, Interim Financial Reporting.

Certain information, in particular the accompanying notes, normally included in the audited annual financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements of the Company and the notes thereto for the year ended July 31, 2022.

3.2 Basis of measurement:

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

3.3 Functional and presentation currency:

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

3.4 Use of estimates and judgements:

Critical judgments in applying the accounting policies of the Company in the preparation of these condensed interim financial statements and key assumptions related to these estimation uncertainties are the same as the ones listed and described in Note 3.4 of the annual audited financial statements of the Company as at July 31, 2022.

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

4. Significant accounting policies:

These condensed interim financial statements have been prepared following the same accounting policies used in Note 4 of the annual audited financial statements for the year ended July 31, 2022.

4.1 Adoption of new accounting standard:

There was no adoption of new accounting policies in preparing the condensed interim financial statements as at July 31, 2022.

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

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

5. Cash:

Funds reserved for exploration and evaluation expenditures:

On August 27, 2021, the Company completed two flow-through private placements of \$982,640. 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 October 31, 2022, the Company has fulfilled its obligation by incurring an amount of \$982,640 in exploration and evaluation expenditures before December 31, 2022 (completed during the quarter ended July 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.

6. Short-term investments:

	October 31 2022	July 31 2022
	\$	\$
Guaranteed investment certificate, 0.75 % maturing in October 2023 is used as guarantee for credit cards	30,000	-
Guaranteed investment certificate, 0.10 % maturing in October 2022 is used as guarantee for credit cards	-	30,000
	30,000	30,000

7. Marketable securities in a quoted company:

	Number of shares				Carrying value				
	July 31		October 31		July 31		Change		October 31
	2022	Acquisition	Disposition	2022	2022	Acquisition	Disposition	in fair value	2022
					\$	\$	\$	\$	\$
Shares									
NSAU ⁽¹⁾	250,000	-	-	250,000	5,000	-	-	(5,000) ⁽²⁾	-
	250,000	-	-	250,000	5,000	-	-	(5,000)	-
					\$	\$	\$	\$	\$
Shares									
NSAU ⁽¹⁾	250,000	-	-	250,000	13,750	-	-	(8,750)	5,000
	250,000	-	-	250,000	13,750	-	-	(8,750)	5,000

(1) MegumaGold Corp. - CNSX - Symbol "NSAU"

(1) On November 16, 2022, the shares of MegumaGold Corp. have been delisted from the Canadian Stock Exchange.

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

8. Other receivables:

	October 31 2022	July 31 2022
	\$	\$
Sales tax receivable	44,840	172,314
Mining tax credits receivable	53,354	20,362
Tax credits related to resources receivable	421,899	160,992
	520,093	353,668

9. Mining properties:

Mining properties can be detailed as follows:

	July 31 2022	Acquisition	Licences & permits	Impairment	Disposition	October 31 2022
	\$	\$	\$	\$	\$	\$
Gold Properties:						
Sakami - QC	689,579	-	75	-	-	689,654
Iserhoff - QC	102,959	-	-	-	-	102,959
Meaghers - NS	7,204	-	-	-	-	7,204
Blockhouse - NS	22,750	-	-	-	-	22,750
Total Gold Properties	822,492	-	75	-	-	822,567
Base Metals:						
A Lake - NB	-	-	870	(870)	-	-
A Lake Extension - NB	140	-	-	-	-	140
Total Base Metals	140	-	870	(870)	-	140
Industrials & High-Tech Metals:						
Dissimieux Lake - QC	327,258	-	-	-	-	327,258
KM381 - QC	11,922	-	-	-	-	11,922
Total Industrials & High-Tech Metals	339,180	-	-	-	-	339,180
Grand total	1,161,812	-	945	(870)	-	1,161,887

	July 31 2021	Acquisition	Licences & permits	Impairment	Disposition	July 31 2022
	\$	\$	\$	\$	\$	\$
Gold Properties:						
Sakami - QC	672,551	-	17,028	-	-	689,579
Iserhoff - QC	105,217	-	2,765	(5,023)	-	102,959
Meaghers - NS	4,704	-	2,500	-	-	7,204
Blockhouse - NS	22,290	-	460	-	-	22,750
Kemptville - NS	5,955	-	-	(5,955)	-	-
Chocolate Lake - NS	7,649	-	-	(7,649)	-	-
Gold River - NS	1,905	-	-	(1,905)	-	-
Total Gold Properties	820,271	-	22,753	(20,532)	-	822,492
Base Metals:						
A Lake - NB	76,243	-	870	(77,113)	-	-
A Lake Extension - NB	-	-	140	-	-	140
Total Base Metals	76,243	-	1,010	(77,113)	-	140
Industrials & High-Tech Metals:						
Dissimieux Lake - QC	327,258	-	-	-	-	327,258
KM381 - QC	11,922	-	-	-	-	11,922
Total Industrials & High-Tech Metals	339,180	-	-	-	-	339,180
Grand total	1,235,694	-	23,763	(97,645)	-	1,161,812

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

10. Mining properties (continued):

Sakami Property (Gold):

The Property is located in the James Bay area of the Province of Québec. The property straddles the contact between Opinaca and La Grande geological sub-provinces over a distance of 35 km. The gold property comprises 588 mining claims (30,234 Hectares). 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 41 mining claims totaling 2,293 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, 2022, the Company abandoned 2 claims and wrote down a part of the cost of the Iserhoff property (\$5,023 in mining properties and \$10,573 in exploration and evaluation assets).

Meaghers (Gold):

The Meaghers property is located in South-Central Nova Scotia within the Halifax County, 39 km NE from the Halifax-Dartmouth conglomeration. The property consists of a continuous block of seven licenses, 100% owned by the Company, comprising 100 claims. Access from Halifax-Dartmouth urban center to the western end of the property is by a paved road system, whereas several secondary roads crisscross the entire Meaghers property.

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:

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.

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 ⁽¹⁾
	150,000

⁽¹⁾ On October 11, 2022, the Company confirmed that MGC did not meet the exploration expenses commitment of \$150,000 as per the timeline of the Agreement. Therefore, MGC's interest remains at 49.9% (See Note 22).

As at October 31, 2022, MegumaGold held 49.9% of the Meaghers property.

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

10. Mining properties (continued):

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, 2022, the Company wrote down to \$Nil the cost of the Kemptville NS, Chocolate Lake NS and Gold River NS properties and the exploration and evaluation expenditures incurred, as they no longer fit the Company's development strategy (\$15,509 in mining properties and \$10,004 in exploration and evaluation assets).

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

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

On January 21, 2019 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, 2022.

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 ⁽⁷⁾
	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.

⁽⁷⁾ These exploration expenses were not incurred on or before the date noted in the agreement.

On October 11, 2022, the Company confirmed that it has not met the exploration expenses commitment of \$600,000 on or before September 22, 2022 as per the Agreement. Therefore, the Company no longer holds an interest in the claims comprised in the Agreement. Consequently, the Company wrote down to \$Nil the cost of the A-Lake property and the exploration and evaluation expenditures incurred, as they no longer fit the Company's development strategy (\$77,113 in mining properties and \$198,894 in exploration and evaluation assets).

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 Label-sur-Quévillon, The project is in and less than two km East of James Bay Lithium deposit.

On December 6, 2022, the Company has entered into an option agreement (the "Agreement") with Clarity Gold Corp. ("Clarity") to acquire 50% of the KM381 Property in Québec. Following the exercise of the option for the acquisition of the 50% interest by Clarity, a joint venture will be created by the Company and Clarity as per a 50% share each.

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

10. Mining properties (continued):

KM381 (Lithium) (continued):

To earn its 50% interest, Clarity must issued shares and incurred exploration expenses in the following timelines:

	Shares	Exploration expenses
		\$
On April 6, 2023	90,000	-
On August 6, 2023	90,000	-
On December 6, 2023	90,000	-
On April 6, 2024	90,000	-
On August 6, 2024	90,000	-
On December 6, 2024	90,000	-
On or before December 31, 2024	-	750,000
On April 6, 2025	90,000	-
On August 6, 2025	90,000	-
	720,000	750,000

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

In June 2022, the Company acquired 1 unit containing 14 mining claims contiguous of the A-Lake property. The A-Lake Extension property is located in southern New Brunswick within the Charlotte County.

10. Exploration and evaluation assets:

Exploration and evaluation assets by nature are detailed as follows:

	October 31 2022	July 31 2022
	\$	\$
Exploration and evaluation costs:		
Drilling	479,852	626,442
Geology	263	18,845
Prospecting	30,726	434,793 ⁽¹⁾
Geophysics	12,565	228,414
Stripping	-	6,933
Line cutting	-	47,949
Reporting	-	1,030
General field expenses	192,121	174,028
Other item:		
Tax credits related to resources and mining tax credits	(293,899)	(181,354)
Impairment	(12,565)	(219,471)
	409,063	1,137,609
Balance, beginning of period/year	3,189,635	2,052,026
Balance, end of period/year	3,598,698	3,189,635

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

10. Exploration and evaluation assets (continued):

Exploration and evaluation assets by properties are detailed as follows:

	July 31 2022	Exploration costs	Tax credits	Impairment	Disposition	October 31 2022
	\$	\$	\$	\$	\$	\$
Gold Properties:						
Sakami - QC	2,857,931	700,113	(293,834)	-	-	3,264,210
Iserhoff - QC	266,792	-	-	-	-	266,792
Meaghers - NS	2,051	-	-	-	-	2,051
Blockhouse - NS	44,794	1,300	-	-	-	46,094
Total Gold Properties	3,171,568	701,413	(293,834)	-	-	3,579,147
Base Metals:						
A Lake - NB	-	12,565	-	(12,565)	-	-
A Lake Extension - NB	-	994	-	-	-	994
Total Base Metals	-	13,559	-	(12,565)	-	994
Industrials & High-Tech Metals:						
Dissimieux Lake - QC	17,938	405	-	-	-	18,343
KM381 - QC	129	150	(65)	-	-	214
Total Industrials & High-Tech Metals	18,067	555	(65)	-	-	18,557
Grand total	3,189,635	715,527	(293,899)	(12,565)	-	3,598,698
	July 31 2021	Exploration costs	Tax credits	Impairment	Disposition	July 31 2022
	\$	\$	\$	\$	\$	\$
Gold Properties:						
Sakami - QC	1,575,629	1,463,592	(181,290)	-	-	2,857,931
Iserhoff - QC	277,241	188	(64)	(10,573)	-	266,792
Meaghers - NS	2,051	-	-	-	-	2,051
Blockhouse - NS	44,794	-	-	-	-	44,794
Kemptville - NS	6,198	-	-	(6,198)	-	-
Chocolate Lake - NS	3,575	-	-	(3,575)	-	-
Gold River - NS	231	-	-	(231)	-	-
Total Gold Properties	1,909,719	1,463,780	(181,354)	(20,577)	-	3,171,568
Base Metals:						
A Lake - NB	125,840	73,054 ⁽¹⁾	-	(198,894)	-	-
Total Base Metals	125,840	73,054	-	(198,894)	-	-
Industrials & High-Tech Metals:						
Dissimieux Lake - QC	16,338	1,600	-	-	-	17,938
KM381 - QC	129	-	-	-	-	129
Total Industrials & High-Tech Metals	16,467	1,600	-	-	-	18,067
Grand total	2,052,026	1,538,434	(181,354)	(219,471)	-	3,189,635

(1) A contribution of \$ 10,471 from the Government of New Brunswick has been recorded as a reduction of exploration and evaluation assets (\$10,471 against prospecting activity).

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

11. 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:

2022:

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. (Note 13 (c)).

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 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 883,333 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 (Note 13 (c)). 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.

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. (Note 13 (c)).

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 \$280,964 after deducting share issuance costs of \$19,036. 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. (Note 13 (c)).

(c) Warrants:

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

	October 31 2022		July 31 2022	
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
Outstanding at beginning	14,995,333	\$ 0.35	16,004,683	\$ 0.33
Granted	-	-	10,445,833	0.35
Expired	(3,399,500)	0.35	(11,455,183)	0.32
Outstanding at end	11,595,833	0.35	14,995,333	0.35

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

11. Share capital and warrants (continued):

(c) Warrants (continued):

The following table provides outstanding warrants information as at October 31, 2022:

Expiry date	Number of outstanding warrants	Outstanding warrants	
		Exercise price	Remaining life
		\$	(years)
January 6, 2023	1,150,000	0.35	0.2
February 27, 2023	7,062,500	0.35	0.3
February 27, 2023	883,333	0.40	0.3
March 10, 2023	1,000,000	0.35	0.4
March 17, 2023	1,500,000	0.35	0.4
	11,595,833	0.35	0.3

The following table provides outstanding warrants information as at July 31, 2022:

Expiry date	Number of outstanding warrants	Outstanding warrants	
		Exercise price	Remaining life
		\$	(years)
October 16, 2022	2,050,000	0.35	0.2
October 29, 2022	1,349,500	0.35	0.3
January 6, 2023	1,150,000	0.35	0.4
February 27, 2023	7,062,500	0.35	0.6
February 27, 2023	883,333	0.40	0.6
March 10, 2023	1,000,000	0.35	0.6
March 17, 2023	1,500,000	0.35	0.6
	14,995,333	0.35	0.5

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

	October 31 2022	July 31 2022
Weighted average fair value of warrants granted	\$ -	\$ 0.0459

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:

	October 31 2022	July 31 2022
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

12. 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 4,600,000 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.

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

12. Share-based compensation (continued):

(a) Share option plan (continued):

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

	October 31 2022		July 31 2022	
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		\$		\$
Outstanding at beginning	4,380,000	0.29	2,500,000	0.27
Granted	-	-	1,880,000	0.31
Outstanding at end	4,380,000	0.29	4,380,000	0.29
Exercisable at end	4,380,000	0.29	4,267,500	0.29

The following table provides outstanding share options information as at October 31, 2022:

	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	0.8
March 6, 2024	1,025,000	1,025,000	0.25	1.4
March 23, 2024	225,000	225,000	0.25	1.4
May 18, 2024	100,000	100,000	0.25	1.6
September 16, 2024	320,000	320,000	0.30	1.9
September 16, 2024	450,000	450,000	0.35	1.9
August 31, 2025	870,000	870,000	0.30	2.8
September 16, 2026	1,110,000	1,110,000	0.30	3.9
	4,380,000	4,380,000	0.29	2.4

The following table provides outstanding share options information as at July 31, 2022:

	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	1.1
March 6, 2024	1,025,000	1,025,000	0.25	1.6
March 23, 2024	225,000	225,000	0.25	1.7
May 18, 2024	100,000	100,000	0.25	1.8
September 16, 2024	320,000	320,000	0.30	2.1
September 16, 2024	450,000	337,500	0.35	2.1
August 31, 2025	870,000	870,000	0.30	3.1
September 16, 2026	1,110,000	1,110,000	0.30	4.1
	4,380,000	4,267,500	0.29	2.6

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

	October 31 2022	July 31 2022
	\$	\$
Weighted average fair value of share options granted	-	0.1388

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

12. Share-based compensation (continued):

(a) Share option plan (continued):

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:

	October 31 2022	July 31 2022
Weighted average expected dividend yield	-	0%
Weighted average share price at grant date	-	\$0.23
Weighted average expected volatility ⁽¹⁾	-	93.35%
Weighted average risk-free interest rate	-	0.73%
Weighted average exercise price at grant date	-	\$0.312
Weighted average vesting period	-	0.24 years
Weighted average expected life	-	4.18 years

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

An amount of \$1,716 of share-based compensation was accounted for in the statement of loss and comprehensive loss for the three-month period ended October 31, 2022 (\$207,518 for the three-month period ended October 31, 2021). As at October 31, 2022, there was no amount (\$1,716 for the year ended July 31, 2022) remains to be amortized related to the grant of stock options not vested.

13. Supplemental cash flow information:

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

	Three-month period ended	
	October 31 2022	October 31 2021
	\$	\$
Non-cash financing activities:		
Shares issued as payment of expenses	-	6,175
Non-cash investing activities:		
Mining properties in trade accounts payable and accrued liabilities	75	5,341
Exploration and evaluation assets in trade accounts payable and accrued liabilities	660,668	41,901

14. Related party transactions:

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

	Three-month period ended	
	October 31 2022	October 31 2021
	\$	\$
Management and consulting fees	24,000	24,000
Salaries and director's fees	63,862	60,516
Share-based compensation	-	148,150
	87,862	232,666

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 October 31, 2022, trade accounts payable and other liabilities include an amount of \$1,368 (\$Nil as at July 31, 2022) due to this related party. The following table provides a summary of the expenses charged from the law firm:

	Three-month period ended	
	October 31 2022	October 31 2021
	\$	\$
Legal fees	4,196	30,338
Share issuance cost	-	13,782
	4,196	44,120

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

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14. Related party transactions (continued):

A company controlled by the Vice-President Exploration offers consulting services to Genius Metals. As at October 31, 2022, trade accounts payable and other liabilities include an amount of \$5,749 (\$5,749 as at July 31, 2022) due to this related party. The following table provides a summary of the services charged from the company controlled by the Vice-President Exploration:

	Three-month period ended	
	October 31 2022	October 31 2021
	\$	\$
Management and consulting fees	4,200	5,173
Exploration and evaluation assets	10,800	9,827
	15,000	15,000

A company which two of its directors are also directors of the Company, offers back-office services to Genius Metals. As at October 31, 2022, there was no accounts payable and other liabilities due to this related party (\$28,169 as at July 31, 2022). The following table provides a summary of the services charged from the company to Genius Metals:

	Three-month period ended	
	October 31 2022	October 31 2021
	\$	\$
Salaries	-	5,935
Supplies and office expenses	15,000	3,509
	15,000	9,444

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

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

15. Financial assets and liabilities:

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

	October 31 2022		July 31 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Fair value through profit or loss (FVTPL)				
Marketable securities - Equities	-	-	5,000	5,000
	-	-	5,000	5,000
Financial assets				
Amortized cost				
Cash	73,970	73,970	373,265	373,265
Short-term investments	30,000	30,000	30,000	30,000
	103,970	103,970	403,265	403,265
Financial liabilities				
Amortized cost				
Trade accounts payable and accrued liabilities	700,534	700,534	184,504	184,504
	700,534	700,534	184,504	184,504

The fair values of the marketable securities are \$Nil as at October 31, 2022 (\$5,000 as at July 31, 2022) and are determined by using the closing price as at October 31, 2022 and July 31, 2022 (see Note 7).

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

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

15. Financial assets and liabilities (continued):

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

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

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

	October 31 2022		
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	-	-	-
	-	-	-
	July 31 2022		
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	5,000	-	-
	5,000	-	-

16. Capital management policies and procedures:

The Company considers the items included in equity as capital components.

The Company's capital management objectives are:

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

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

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

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which the amount should be used for exploration work. As at October 31, 2022, the Company has fulfilled all of its obligations by incurring the required amount of eligible exploration and evaluation expenditures in order to comply with the requirements of all its flow-through private placements concluded before October 31, 2022 (see Note 5).

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

	October 31 2022	July 31 2022
	\$	\$
Equity	4,843,897	5,086,669
	4,843,897	5,086,669

GENIUS METALS INC.

Notes to Condensed Interim Financial Statements (continued)

Three-month periods ended October 31, 2022 and 2021

(in Canadian dollars)

17. 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 short-term investment is considered negligible, since the counterparty which holds the cash 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 reporting periods, 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 as at October 31, 2022 will not be sufficient to meet the Company's needs for cash during the coming year (see Note 2).

Contractual maturities of financial liabilities are as follows:

				October 31
				2022
	Less than	1-5 years	More than	\$
	1 year		5 years	Total
	\$	\$	\$	\$
Trade accounts payable and accrued liabilities	700,534	-	-	700,534

				July 31
				2022
	Less than	1-5 years	More than	\$
	1 year		5 years	Total
	\$	\$	\$	\$
Trade accounts payable and accrued liabilities	184,504	-	-	184,504

18. Subsequent events:

In November and early December 2022, the Company concluded two private placements by issuing 6,250,500 units at a price of \$0.05 per unit and 6,300,339 flow-through shares at a price of \$0.06 per share for proceeds of \$312,500 and \$378,020 respectively. Each unit consists of one common share and one warrant for a total of 6,250,500 common shares and 6,250,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.15 for a period of twenty-four months.

On December 6, 2022, the Company has entered into an option agreement with Clarity Gold Corp. ("Clarity") to acquire 50% of the KM381 Property in Québec. Following the exercise of the option for the acquisition of the 50% interest by Clarity, a joint venture will be created by the Company and Clarity as per a 50% share each.