



Geomega Resources Inc.

Unaudited Condensed Interim Consolidated Financial Statements

Nine months ended February 28, 2019

The attached financial statements have been prepared by Management of Geomega Resources Inc. and have not been reviewed by the auditors

Geomega Resources Inc.
Consolidated Statements of Financial Position
(Unaudited, in Canadian Dollars)

	Note	As at February 2019 \$	As at May 31 2018 \$
Assets			
Current assets			
Cash		21,151	726,786
Accounts receivable		8,377	15,519
Sales tax receivable		20,867	9,637
Tax credits and government grant receivable		70,156	43,690
Prepaid expenses and others		21,521	24,498
Current assets		142,072	820,130
Non-current assets			
Investment in an associate	4	2,113,238	1,662,610
Property and equipment		129,676	132,752
Non-current assets		2,242,914	1,795,362
Total assets		2,384,986	2,615,492
Liabilities			
Current liabilities			
Trade and other payables		350,558	383,179
Tax credits payable		-	84,999
Liability related to share exchange rights		500,000	500,000
Convertible debentures	5	102,511	-
Total current liabilities		953,069	968,178
Non-current liabilities			
Convertible debentures		-	91,120
Total liabilities		953,069	1,059,298
Equity			
Share capital		29,133,500	29,133,500
Equity component of convertible debentures		3,300	3,300
Warrants	6	290,189	680,489
Stock options	7	310,885	315,460
Contributed surplus		4,279,526	3,780,142
Deficit		(32,553,396)	(32,335,402)
Equity attributable to Geomega Resources Inc.'s shareholders		1,464,004	1,577,489
Non-controlling interests		(32,087)	(21,295)
Total equity		1,431,917	1,556,194
Total liabilities and equity		2,384,986	2,615,492

Subsequent events (note 10)

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

Geomega Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Unaudited, in Canadian Dollars)

	Note	Three months ended February 28		Nine months ended February 28	
		2019 \$	2018 \$	2019 \$	2018 \$
Operating Expenses					
Salaries, employee benefits, settlement and share-based compensation		33,575	34,446	95,318	106,176
Directors fees		16,250	8,750	33,750	(18,750)
Exploration and evaluation expenses, net of tax credits	8	60,508	42,402	173,882	198,460
Professional fees		25,931	54,515	166,517	231,171
Travel, conference and investor relations		14,685	5,256	28,103	6,459
Administration		9,827	5,078	24,673	10,947
Filing fees		9,363	14,070	26,805	35,056
Rent		13,230	9,813	41,058	27,939
Insurance, taxes and permits		4,776	6,586	18,850	24,002
Operating loss		(188,145)	(180,916)	(608,986)	(621,460)
Other income (expenses)					
Interest expense		(3,217)	(4,713)	(9,560)	(11,890)
Finance costs	5	(3,905)	(36,039)	(11,391)	(63,273)
Share of loss of associate	4	(178,519)	(122,848)	(846,665)	(378,994)
Net gain on dilution of investment in an associate	4	22,378	8,858	1,297,293	187,315
		(163,263)	(82,742)	429,677	(266,842)
Net and comprehensive loss		(351,408)	(263,658)	(179,279)	(888,302)
Net loss attributable to:					
Geomega Resources Inc. shareholders		(348,377)	(260,677)	(168,487)	(878,269)
Non-controlling interests		(3,031)	(2,981)	(10,792)	(10,033)
Basic results per share		(0.004)	(0.003)	(0.002)	(0.003)
Diluted results per share		(0.004)	(0.003)	(0.002)	(0.003)

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

Geomega Resources Inc.
Consolidated Statements of Changes in Equity
(Unaudited, in Canadian Dollars)

	Note	Number of shares outstanding	Capital stock	Equity component of convertible debentures	Warrants	Broker Options	Stock Options	Contributed surplus	Deficit	Equity attributable to Geomega Resources Inc.	Non-controlling interest	Total equity
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at May 31, 2018		90,072,634	29,133,500	3,300	680,489	-	315,460	3,780,142	(32,335,402)	1,577,489	(21,295)	1,556,194
Net and comprehensive loss		-	-	-	-	-	-	-	(168,488)	(168,488)	(10,792)	(179,280)
Shared-based compensation		-	-	-	-	-	66,740	-	-	66,740	-	66,739
Expired and forfeited stock options	7	-	-	-	-	-	(71,315)	59,578	-	(11,737)	-	(11,737)
Expired warrants	6	-	-	-	(439,806)	-	-	439,806	-	-	-	-
Extended warrants	6	-	-	-	49,506	-	-	-	(49,506)	-	-	-
Balance as at February 28, 2019		90,072,634	29,133,500	3,300	290,189	-	310,885	4,279,526	(32,553,396)	1,464,004	(32,087)	1,431,917

	Note	Number of shares outstanding	Capital stock	Equity component of convertible debentures	Warrants	Broker Options	Stock Options	Contributed surplus	Deficit	Equity attributable to Geomega Resources Inc.	Non-controlling interest	Total equity
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at May 31, 2017		78,258,049	28,210,935	-	691,579	8,195	413,604	3,442,881	(31,558,230)	1,208,964	(8,361)	1,200,603
Net and comprehensive loss		-	-	-	-	-	-	-	(878,269)	(878,269)	(10,033)	(888,302)
Issuance of convertible debentures		-	-	7,049	49,489	-	-	-	-	56,538	-	56,538
Shares issued in debt settlement		948,299	85,347	-	-	-	-	-	-	85,347	-	85,347
Conversion of debentures		1,250,000	128,749	(3,749)	-	-	-	-	-	125,000	-	125,000
Shared-based compensation		-	-	-	-	-	74,076	-	-	74,076	-	74,076
Expired, cancelled and forfeited stock options		-	-	-	-	-	(195,616)	195,616	-	-	-	-
Exercise warrants		714,286	85,116	-	(20,830)	-	-	-	-	64,286	-	64,286
Extended warrants		-	-	-	5,211	-	-	-	(5,211)	-	-	-
Expired warrants		-	-	-	(145,705)	-	-	145,705	-	-	-	-
Expired broker options		-	-	-	-	(8,195)	-	8,195	-	-	-	-
Balance as at February 28, 2018		81,170,634	28,510,147	3,300	579,744	-	292,064	3,792,397	(32,441,710)	735,942	(18,394)	717,548

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

Geomega Resources Inc.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian Dollars)

	Note	Nine months ended February 28	
		2019	2018
		\$	\$
Operating activities			
Net loss		(179,280)	(888,302)
Adjustments for:			
Share-based compensation		66,740	74,076
Expiration and forfeiture of stock options		(11,737)	-
Depreciation		38,371	47,081
Finance costs		11,391	63,273
Share of loss of an associate	4	846,665	378,994
Net gain on dilution of investment in an associate	4	(1,297,293)	(187,315)
Changes in non-cash working capital items	9	(145,197)	299,458
Cash flows used in operating activities		(670,340)	(212,735)
Investing activities			
Additions of property and equipment		(35,295)	(11,400)
Cash flows used in investing activities		(35,295)	(11,400)
Financing activities			
Financing convertible debentures, net of transaction fees		-	235,000
Exercise of warrants		-	64,286
Cash flows from financing activities		-	299,286
Net change in cash		(705,635)	75,151
Cash – beginning		726,786	80,690
Cash – ending		21,151	155,841

Non-cash transactions (note 9)

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

Geomega Resources Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Nine months ended February 28, 2019
(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Geomega Resources Inc. (the "Corporation" or "Company") is incorporated under the Canada Business Corporations Act and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under symbol GMA. The address of the Corporation's registered office and principal place of business is 75, de Mortagne Boulevard, Boucherville, Quebec, Canada, J4B 6Y4. These unaudited condensed interim consolidated financial statements (the "Financial Statements") were approved by the Corporation's Board of Directors on April 24, 2019.

The Corporation has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation ("E&E") assets is dependent upon the ability of the Corporation to obtain necessary financing to pursue the exploration and evaluation on its mining properties.

These Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. 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 twelve months from the end of the reporting period. For the nine months ended February 28, 2019, the Corporation reported a net loss of \$179,280 and has accumulated a deficit of \$32,553,396 up to that date. As at February 28, 2019, the Corporation had a negative working capital of \$810,997.

Management estimates that the negative working capital will not be sufficient to meet the Corporation's obligations and commitments and budgeted expenditures through February 28, 2020. These circumstances lend a significant doubt as to the ability of the Corporation to ensure its continuity of operation and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Corporation's ability to continue as a going concern as described in the preceding paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Financial Statements do not reflect the adjustment 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.

Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity or debt financing. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in the Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB") applicable to the preparation of interim financial statements, including *International Accounting Standard* ("IAS") 34, *Interim Financial Reporting*. Accordingly, the Financial Statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Presentation

The Financial Statements should be read in conjunction with the annual financial statements for the year ended May 31, 2018, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in the Financial Statements are consistent with those of the previous financial year ended May 31, 2018, except for the new policy described below.

IFRS 9, Financial Instruments, (“IFRS 9”)

The Corporation has elected to early adopt the requirements of *IFRS 9, Financial Instruments* with a date of initial application of June 1, 2018. This standard replaces *IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”)*. IFRS 9 eliminates the classification of financial instruments as “available-for-sale” and “held to maturity” and the requirement to bifurcate embedded derivatives with respect to hybrid financial assets. This standard incorporates a new hedging model, which increases the scope of hedged items eligible for hedge accounting and aligns hedge accounting more closely with risk management. This standard also amends the impairment model by introducing a new “expected credit loss” model for calculating impairment. This new standard also increases required disclosures about an entity’s risk management strategy, cash flows from hedging activities, and the impact of hedge accounting on the financial statements.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in the IAS 39 for classification and measurement of financial liabilities and for the derecognition of financial assets were carried forward in IFRS 9.

The following table summarizes the classification and measurement changes for the Corporation’s financial assets and financial liabilities as a result of the adoption of IFRS 9.

	IAS 39	IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Sales tax receivable	Loans and receivables	Amortized cost
Tax credits and government grants receivable	Loans and receivables	Amortized cost
Financial liabilities		
No change	-	-

The measurement for these instruments and the line item in which they are included in the statement of financial position were unaffected by the adoption of IFRS 9.

In accordance with the transitional provision of IFRS 9, the financial assets and liabilities held on June 1, 2018 were reclassified retrospectively without prior period restatement based on the new classification requirements taking into account the business model under which they are held at June 1, 2018 and the cash flow characteristics of the financial assets at their date of initial recognition.

No measurement adjustments were required to the opening balances as at June 1, 2018.

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3. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of Financial Statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the Financial Statements, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended May 31, 2018.

4. INVESTMENT IN AN ASSOCIATE CORPORATION

Kintavar Exploration Inc. ("Kintavar") is the Corporation's only associate and it is material to the group. Kintavar's share capital consists solely of ordinary shares, which are held directly by the Corporation. Kintavar is incorporated in Canada where are its exploration and evaluation activities on bearing properties, which are not strategic to the Corporation's own activities, are carried out. The proportion of ownership interest is the same as the proportion of voting rights held. The investment in Kintavar is accounted for under the equity method. Its fair value as at February 28, 2019 is \$4,285,714 (17,857,143 shares at \$0.24, closing price on the Exchange). The Corporation categorizes the fair value measurement in Level 1, as it is derived from quoted prices in active markets. As a result of the issuance of 18,206,007 Kintavar shares, the Corporation's interest in Kintavar was diluted from 28.76% to 22.24%.

	Nine months ended February 28, 2019	Year ended May 31, 2018
	\$	\$
Balance at beginning of period	1,662,610	1,537,681
Share of net loss	(846,665)	(514,867)
Net gain from dilution of the interest	1,297,293	639,796
Balance at end of period	2,113,238	1,662,610

During the nine months ended February 28, 2019, the net gain on dilution of the interest included an adjustment of \$129,682 which related to the year ended May 31, 2018.

The following common shares issued by Kintavar to the Corporation are subject to resale restriction periods as follows:

- 9,821,427 common shares, released;
 - 2,678,571 common shares, will be released on March 31, 2019;
 - 2,678,571 common shares, will be released on September 30, 2019; and
 - 2,678,574 common shares will be released on March 31, 2020.
- 17,857,143 total common shares

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5. CONVERTIBLE DEBENTURES

	Nine months ended February 28, 2019	Year ended May 31, 2018
	\$	\$
Balance at beginning of period	91,120	-
Addition, net	-	171,462
Conversion	-	(97,922)
Accretion expense	11,391	17,580
Balance at end of period	102,511	91,120

The convertible debentures were issued on August 11, 2017, with a two-year maturity date. In fiscal year 2019, they were reclassified as current liabilities.

6. WARRANTS

Changes in the Corporation's warrants are as follow:

	Nine months ended February 28, 2019			Year ended May 31, 2018		
	Number of warrants	Carrying Value	Weighted average exercise price	Number of warrants	Carrying Value	Weighted average exercise price
		\$	\$		\$	\$
Opening	11,019,416	680,489	0.18	12,104,131	691,579	0.16
Issued	-	-	-	5,626,000	152,113	0.14
Issuance Costs	-	-	-	-	(1,879)	-
Extended	-	49,506	-	-	5,211	-
Exercised	-	-	-	(714,286)	(20,830)	0.09
Expired	(4,090,638)	(439,806)	0.23	(4,996,429)	(145,705)	0.09
Cancelled	-	-	-	(1,000,000)	-	0.15
	6,928,778	290,189	0.16	11,019,416	680,489	0.18

Warrants outstanding As at February 28, 2019 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
1,175,000	Year 1: 0.10 / Year 2: 0.12	August 11, 2019
825,000	0.15	May 2, 2020
2,300,000	0.15	May 14, 2020
1,326,000	0.15	May 18, 2020
1,302,778	0.23	June 19, 2020 (extended)
6,928,778		

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6. WARRANTS (CONT'D)

On June 14, 2018, the 1,302,778 warrants due to expire on June 19, 2018 have been extended by two years. The total cost of the warrant extension is \$49,506 which has been recorded under warrants and the offsetting entry is recorded in the deficit. The fair value of the warrants extension was estimated using the Black-Scholes model calculated for the difference between the extended period and the remaining period when the decision was taken to extend the warrants. The assumptions used were as follow for the two periods respectively: no expected dividend yield, 89.73% and 0.82% expected volatility, 1.93% and 1.25% risk-free interest rate and 2.02 and 0.02 years warrant expected life.

7. STOCK OPTIONS

Changes in the Corporation's stock options are as follow:

	Nine months ended February 28, 2019		Year ended May 31, 2018	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
		\$		\$
Balance, beginning	4,530,000	0.11	4,450,000	0.14
Granted	2,150,000	0.08	1,445,000	0.09
Expired	(345,000)	0.21	(1,072,500)	0.23
Forfeited	(500,000)	0.085	(292,500)	0.09
Balance, end	5,835,000	0.095	4,530,000	0.11
Balance, end exercisable	3,340,000	0.11	3,060,000	0.12

The number of options outstanding as of February 28, 2019 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
265,000	265,000	0.26	September 17, 2019
30,000	30,000	0.14	January 23, 2020
300,000	300,000	0.09	September 13, 2020
570,000	570,000	0.07	November 22, 2020
1,590,000	1,590,000	0.095	November 29, 2021
930,000	465,000	0.09	October 19, 2022
400,000	100,000	0.085	August 28, 2023
400,000	-	0.08	September 14, 2023
1,000,000	-	0.085	November 20, 2023
350,000	-	0.08	December 10, 2023
5,605,000	3,320,000		

On November 20, 2018, the shareholders of the Corporation renewed the stock option plan which provides that the maximum number of common shares in the capital of the Corporation that may be reserved for issuance under the plan is limited to a maximum of 10% of the common shares outstanding.

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7. STOCK OPTIONS (CONT'D)

On December 10, 2018, the Corporation granted to two consultants a total of 350,000 options exercisable at \$0.08, valid for 5 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$15,750 for an estimated fair value of \$0.045 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 88% expected volatility, 2.01% risk-free interest rate and 3.75 years options expected life.

On August 28, 2018, the Corporation granted to a consultant 400,000 options exercisable at \$0.085, valid for 5 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$20,000 for an estimated fair value of \$0.05 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 91% expected volatility, 2.20% risk-free interest rate and 3.75 years options expected life.

On September 14, 2018, the Corporation granted to an employee 400,000 options exercisable at \$0.08, valid for 5 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$20,000 for an estimated fair value of \$0.05 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 89% expected volatility, 2.217% risk-free interest rate and 3.75 years options expected life.

On November 20, 2018, the Corporation granted to its directors, officers, employees and consultants 1,000,000 options exercisable at \$0.085, valid for 5 years. Those options were granted at an exercise price equal to the market value of the shares at the time of the grant. Total stock-based compensation costs amount to \$53,000 for an estimated fair value of \$0.053 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 88% expected volatility, 2.2569% risk-free interest rate and 3.75 years options expected life.

All options granted bear the same conditions. From the date of the grant, the options vest at a rate of 25% every 6 months, are valid for 5 years and have been granted at a value equal to or greater than that of the market at the close before the grant.

The expected life of stock options was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

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8. EXPLORATION AND EVALUATION EXPENSES

Montviel	Three months ended February 28		Nine months ended February 28	
	2019	2018	2019	2018
	\$	\$	\$	\$
Acquisition and maintenance	-	-	9,162	1,731
Exploration				
Salaries and benefits	-	-	-	5,898
Share-based compensation	2,205	5,159	7,084	14,656
Geology	-	120	-	239
Transport and lodging	2,445	-	1,700	-
Geophysics and Geochemistry	-	-	-	14,882
Depreciation of property and equipment	3,114	2,809	9,037	8,426
Taxes, permits and insurances	1,561	-	2,750	1,559
Billing - rental	(6,206)	(3,375)	(33,956)	(26,245)
Total exploration	3,119	5,433	(13,385)	20,867
Evaluation				
Salaries and benefits - Metallurgy and processing	76,096	62,991	223,241	192,118
Separation process	24,100	10,025	89,082	33,057
Depreciation of property and equipment	7,881	12,885	29,334	38,655
Total Evaluation	108,077	85,901	341,657	263,830
Gross E&E expenses	111,196	91,334	337,434	286,428
Government grants	(50,688)	(35,828)	(117,170)	(74,864)
Refundable tax credits	-	(13,104)	(46,382)	(13,104)
Net E&E expenses - Montviel	60,508	42,402	173,882	198,460

9. ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	Nine months ended February 28	
	2019	2018
	\$	\$
Accounts receivable	7,142	195,902
Sales tax receivable	(11,230)	3,035
Tax credits receivable	(26,466)	25,828
Prepaid expenses and others	2,977	2,821
Trade and other payables	(32,621)	71,872
Tax credits payable	(84,999)	-
	(145,197)	299,458

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9. ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Non-cash transactions

	Nine months ended	
	February 28	
	2019	2018
	\$	\$
Convertible debenture issuance costs included in trade and other payables	-	7,000

10. SUBSEQUENT EVENTS

On March 13, 2019, the Corporation granted to a consultant a total of 400,000 options exercisable at \$0.09, valid for 5 years. Those options were granted at an exercise price equal to the closing market value of the shares the day before the grant.

On April 11, 2019, the Corporation granted to a consultant a total of 500,000 options exercisable at \$0.16, valid for 5 years. Those options were granted at an exercise price higher than the closing market value of the shares the day before the grant.