



Geomega Resources Inc.

Unaudited Condensed Interim Consolidated Financial Statements

Six month ended November 30, 2018

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 November 30 2018 \$	As at May 31 2018 \$
Assets			
Current assets			
Cash		106,453	726,786
Accounts receivable		27,203	15,519
Sales tax receivable		21,007	9,637
Tax credits and government grant receivable		115,092	43,690
Prepaid expenses and others		32,757	24,498
Current assets		302,512	820,130
Non-current assets			
Investment in an associate	4	2,269,379	1,662,610
Property and equipment		133,127	132,752
Non-current assets		2,402,506	1,795,362
Total assets		2,705,018	2,615,492
Liabilities			
Current liabilities			
Trade and other payables		354,888	383,179
Tax credits payable		-	84,999
Liability related to share exchange rights		500,000	500,000
Convertible debentures	5	98,606	-
Total current liabilities		953,494	968,178
Non-current liabilities			
Convertible debentures		-	91,120
Total Liabilities		953,494	1,059,298
Equity			
Share capital		29,133,500	29,133,500
Equity component of convertible debentures		3,300	3,300
Warrants	6	308,359	680,489
Stock options	7	303,005	315,460
Contributed surplus		4,237,434	3,780,142
Deficit		(32,205,018)	(32,335,402)
Equity attributable to Geomega Resources Inc.'s shareholders		1,780,580	1,577,489
Non-controlling interests		(29,056)	(21,295)
Total equity		1,751,524	1,556,194
Total liabilities and equity		2,705,018	2,615,492

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)

		Three months ended November 30		Six months ended November 30	
	Note	2018	2017	2018	2017
Operating Expenses					
Salaries, employee benefits, settlement and share-based compensation		38,748	37,650	61,743	71,730
Directors fees		8,750	8,750	17,500	(27,500)
Exploration and evaluation expenses, net of tax credits	8	(2)	87,795	113,374	156,058
Professional fees		49,484	66,797	140,586	176,656
Travel, conference and investor relations		1,784	517	13,418	1,203
Administration		9,410	3,204	14,846	5,869
Filing fees		12,278	16,276	17,442	20,986
Rent		13,914	6,063	27,828	18,126
Insurance, taxes and permits		5,068	8,310	14,074	17,416
Operating loss		(139,434)	(235,362)	(420,811)	(440,544)
Other income (expenses)					
Interest expense		(3,193)	(7,177)	(6,343)	(7,177)
Finance costs	5	(3,797)	(16,365)	(7,486)	(27,234)
Share of loss of associate	4	(375,731)	(172,834)	(668,146)	(256,146)
Net gain on dilution of investment in an associate	4	19,218	106,457	1,274,915	106,457
		(363,503)	(89,919)	592,940	(184,100)
Net and comprehensive income (loss)		(502,937)	(325,281)	172,129	(624,644)
Net income (loss) attributable to:					
Geomega Resources Inc. shareholders		(500,900)	(321,512)	179,890	(617,592)
Non-controlling interests		(2,037)	(3,769)	(7,761)	(7,052)
Basic results per share	9	(0.006)	(0.004)	0.002	(0.008)
Diluted results per share	9	(0.006)	(0.004)	0.002	(0.008)

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 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		-	-	-	-	-	-	-	(617,592)	(617,592)	(7,052)	(624,644)
Issuance of convertible debentures	6	-	-	7,049	49,489	-	-	-	-	56,538	-	56,538
Shared-based compensation		-	-	-	-	-	44,880	-	-	44,880	-	44,880
Expired and forfeited stock options		-	-	-	-	-	(93,108)	93,108	-	-	-	-
Extended warrants	7	-	-	-	5,211	-	-	-	(5,211)	-	-	-
Expired broker options	8	-	-	-	-	(8,195)	-	8,195	-	-	-	-
Balance at November 30, 2017		78,258,049	28,210,935	7,049	746,279	-	365,376	3,544,184	(32,181,033)	692,790	(15,413)	677,377

	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 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 income (loss)		-	-	-	-	-	-	-	179,890	179,890	(7,761)	172,129
Shared-based compensation		-	-	-	-	-	34,938	-	-	34,938	-	34,938
Expired and forfeited stock options	7	-	-	-	-	-	(47,393)	35,656	-	(11,737)	-	(11,737)
Expired warrants	6	-	-	-	(421,636)	-	-	421,636	-	-	-	-
Extended warrants	6	-	-	-	49,506	-	-	-	(49,506)	-	-	-
Balance at November 30, 2018		90,072,634	29,133,500	3,300	308,359	-	303,005	4,237,434	(32,205,018)	1,780,580	(29,056)	1,751,524

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	Six months ended November 30	
		2018	2017
		\$	\$
Operating activities			
Net income (loss)		172,129	(624,644)
Adjustments for:			
Share-based compensation		34,938	44,880
Expiration and forfeiture of stock options		(11,737)	-
Depreciation		27,376	31,387
Finance costs		7,486	27,234
Share of loss of an associate	4	668,146	256,146
Net gain on dilution of investment in an associate	4	(1,274,915)	(106,457)
Changes in non-cash working capital items	10	(216,005)	193,131
Cash flows used in operating activities		(592,582)	(23,631)
Investing activities			
Additions of property and equipment		(27,751)	(11,400)
Cash flows used in investing activities		(27,751)	(11,400)
Financing activities			
Financing convertible debentures, net of transaction fees		-	235,000
Cash flows from financing activities		-	235,000
Net change in cash		(620,333)	199,969
Cash – beginning		726,786	80,690
Cash – ending		106,453	280,659

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

Six months ended November 30, 2018
(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 January 29, 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 six months ended November 30, 2018, the Corporation reported a net income of \$172,129 and has accumulated a deficit of \$32,205,018 up to that date. As at November 30, 2018, the Corporation had a negative working capital of \$650,982.

Management estimates that the negative working capital will not be sufficient to meet the Corporation's obligations and commitments and budgeted expenditures through November 30, 2019. 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.

Geomega Resources Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Six months ended November 30, 2018
(Unaudited, in Canadian Dollars)

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 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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Notes to the Condensed Interim Consolidated Financial Statements

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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, except for the new judgements and estimates described below.

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 common shares, which are held directly by the Corporation. Kintavar is incorporated in Canada, where its exploration and evaluation activities, 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 November 30, 2018 is \$2,321,429 (17,857,143 shares at \$0.13, closing price on the Exchange). The Corporation categorized the fair value measurement in Level 1, as it is derived from quoted prices in active markets. As a result of the issuance of 17,297,007 Kintavar shares, the Corporation's interest in Kintavar was diluted from 28.76% to 22.49%.

	Six months ended November 30, 2018	Year ended May 31, 2018
	\$	\$
Balance at beginning of period	1,662,610	1,537,681
Share of net loss	(668,146)	(514,867)
Net gain from dilution of the interest	1,274,915	639,796
Balance at end of period	2,269,379	1,662,610

During the quarter ended November 30, 2018, 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

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited, in Canadian Dollars)

5. CONVERTIBLE DEBENTURES

	Six months Ended November 30, 2018	Year ended May 31, 2018
	\$	\$
Balance at beginning of period	91,120	-
Addition, net	-	171,462
Conversion	-	(97,922)
Accretion expense	7,486	17,580
Balance at end of period	98,606	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:

	Six months ended November 30, 2018			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	(3,926,638)	(421,636)	0.23	(4,996,429)	(145,705)	0.09
Cancelled	-	-	-	(1,000,000)	-	0.15
	7,092,778	308,359	0.16	11,019,416	680,489	0.18

Warrants outstanding as at November 30, 2018 are as follows:

Number of warrants	Exercise price \$	Expiry date
164,000	0.21	December 3, 2018
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)
7,092,778		

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Notes to the Condensed Interim Consolidated Financial Statements

Six months ended November 30, 2018

(Unaudited, in Canadian Dollars)

6. WARRANTS (CONT'D)

On June 14, 2018, the 1,302,778 warrants due to expire on June 19, 2018 have been extended for 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:

	Six months ended November 30, 2018		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	1,800,000	0.08	1,445,000	0.09
Expired	(225,000)	0.17	(1,072,500)	0.23
Forfeited	(500,000)	0.085	(292,500)	0.09
Balance, end	5,605,000	0.10	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 November 30, 2018 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
120,000	120,000	0.30	January 23, 2019
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	-	0.085	August 28, 2023
400,000	-	0.08	September 14, 2023
1,000,000	-	0.085	November 20, 2023
5,605,000	3,340,000		

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.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited, in Canadian Dollars)

7. STOCK OPTIONS (CONT'D)

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, 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.

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.

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited, in Canadian Dollars)

8. EXPLORATION AND EVALUATION EXPENSES

Montviel	Three months ended November 30		Six months ended November 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Acquisition and maintenance	3,076	833	9,162	1,731
Exploration				
Salaries and benefits	-	5,898	-	5,898
Share-based compensation	2,398	5,092	4,879	9,497
Geology	-	119	-	119
Transport and lodging	(203)	379	(745)	732
Geophysics and Geochemistry	-	1,610	-	14,882
Depreciation of property and equipment	3,114	2,808	5,923	5,617
Taxes, permits and insurances	576	283	1,189	1,559
Billing - rental	(13,375)	(7,375)	(27,750)	(22,870)
Total exploration	(7,490)	8,814	(16,504)	15,434
Evaluation				
Salaries and benefits - Metallurgy and processing	72,945	57,298	147,145	129,127
Separation process	27,433	11,998	64,982	23,032
Depreciation of property and equipment	10,776	12,885	21,453	25,770
Total Evaluation	111,154	82,181	233,580	177,929
Gross E&E expenses	106,740	91,828	226,238	195,094
Government grants	(106,742)	(4,033)	(112,864)	(39,036)
Net E&E expenses - Montviel	(2)	87,795	113,374	156,058

9. RESULTS PER SHARE

	Three months ended November 30		Six months ended November 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Net Income (loss) attributable to Geomega Resources inc. shareholders	(500,900)	(321,512)	179,890	(617,592)
Weighted average number of basic outstanding shares	90,072,634	78,258,049	90,072,634	78,258,049
Dilutive effect of options	-	-	570,000	-
Weighted average number of diluted outstanding shares	90,072,634	78,258,049	90,642,634	78,258,049
Basic Results per share	(0.006)	(0.004)	0.002	(0.008)
Diluted results per share	(0.006)	(0.004)	0.002	(0.008)

Geomega Resources Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited, in Canadian Dollars)

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

Changes in non-cash working capital items

	Six months ended November 30	
	2018	2017
	\$	\$
Accounts receivable	(11,684)	175,358
Sales tax receivable	(11,370)	(11,578)
Tax credits receivable	(71,402)	8,390
Prepaid expenses and other	(8,259)	(815)
Trade and other payables	(28,291)	21,776
Tax credits payable	(84,999)	-
	(216,005)	193,131

Non-cash transactions

	Six months ended November 30	
	2018	2017
	\$	\$
Convertible debenture issuance costs included in trade and other payables	-	7,000

11. SUBSEQUENT EVENTS

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 day of the grant.