



Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian Dollars)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GENESIS METALS CORP.

Condensed Interim Consolidated Statements of Financial Position as at,
(Expressed in Canadian dollars) - Unaudited

	Note	September 30, 2021	March 31, 2021
Assets			
Current assets:			
Cash		\$ 2,192,966	\$ 3,089,455
Receivables		197,635	210,488
Prepaid expenses		56,635	63,779
		2,447,236	3,363,722
Exploration and evaluation assets	4	1,492,368	1,492,368
Equipment	5	10,706	12,848
		\$ 3,950,310	\$ 4,868,938
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	6	\$ 300,764	\$ 337,293
Due to related parties	8	74,249	70,562
Flow-through premium liability	7	182,199	459,911
		557,212	867,766
Shareholders' equity:			
Share capital	9	28,372,591	27,548,329
Share-based payments reserve	9	4,541,011	4,300,040
Deficit		(29,520,504)	(27,847,197)
		3,393,098	4,001,172
		\$ 3,950,310	\$ 4,868,938

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

Approved on behalf of the Board on November 26, 2021:

<u>“Jeff Sundar”</u>	Director	<u>“Robert Scott”</u>	Director
Jeff Sundar		Robert Scott	

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

GENESIS METALS CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars) - Unaudited

		Three Months Ended September 30,		Six Months Ended September 30,	
	Note	2021	2020	2021	2020
Expenses					
Accounting and audit		26,670	28,120	46,130	38,280
Amortization	5	1,031	1,031	2,140	2,140
Consulting	8	84,915	72,748	168,539	147,321
Director fees	8	10,500	22,500	27,000	45,000
Exploration and evaluation expenditures	4	486,676	584,101	1,772,987	927,100
Insurance		3,681	2,980	8,446	6,085
Investor relations		2,621	154,236	67,480	396,859
Listing and filing fees		13,209	10,190	16,526	15,603
Office and sundry		22,638	8,899	32,565	19,636
Professional fees		13,149	8,974	13,149	10,617
Property investigation		(7,500)	-	-	10,100
Salaries and management fees	8	27,000	27,608	54,000	54,608
Share-based payments	8, 9(d)	20,234	429,056	216,576	429,056
Travel		2,123	12,104	4,246	18,007
		(706,947)	(1,362,547)	(2,429,784)	(2,120,412)
Interest income		4,722	7,593	11,052	12,508
Other income	7	113,613	300,909	587,961	390,047
Recovery of accounts payable		157,464	-	157,464	-
		275,799	308,502	756,477	402,555
Loss and comprehensive loss for the period		(431,148)	(1,054,045)	(1,673,307)	(1,717,857)
Loss per share – basic and diluted		(0.02)	(0.02)	(0.03)	(0.04)
Weighted average number of common shares outstanding		59,503,099	48,887,923	58,371,781	46,345,328

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

GENESIS METALS CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars) - Unaudited

	Number of Shares	Share Capital	Share-based Payments Reserve	Deficit	Total
Balance at March 31, 2020	43,756,566	\$ 24,878,186	\$ 3,797,431	\$ (24,704,060)	\$ 3,971,557
Shares issued for cash	8,047,355	3,010,399	-	-	3,010,399
Flow-through premium liability	-	(757,140)	-	-	(757,140)
Share issuance costs	-	(80,016)	27,417	-	(52,599)
Share-based payments	-	-	429,056	-	429,056
Warrants exercised	246,443	96,184	(33,654)	-	62,530
Loss for the period	-	-	-	(1,717,857)	(1,717,857)
Balance at September 30, 2020	52,050,364	\$ 27,147,613	\$ 4,220,250	\$ (26,421,917)	\$ 4,945,946
Balance at March 31, 2021	54,330,090	\$ 27,548,329	\$ 4,300,040	\$ (27,847,197)	\$ 4,001,172
Private Placement Flow-through	5,170,835	1,241,000	-	-	1,241,000
Shares issued for community relations (Note 4b)	100,000	10,500	500	-	11,000
Flow-through premium liability (Note 7)	-	(310,250)	-	-	(310,250)
Share issuance costs - cash	-	(93,093)	-	-	(93,093)
Share issuance costs - finder warrants	-	(23,895)	23,895	-	-
Share-based payments	-	-	216,576	-	216,576
Loss for the period	-	-	-	(1,673,307)	(1,673,307)
Balance at September 30, 2021	59,600,925	\$ 28,372,591	\$ 4,541,011	\$ (29,520,504)	\$ 3,393,098

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

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Genesis Metals Corp. (the “Company” or “Genesis”) was incorporated under the Business Corporations Act of British Columbia on April 26, 2010 and its principal activity is the acquisition and exploration of mineral property interests in Canada. The head office of the Company is located at #1020-800 West Pender Street, Vancouver, BC.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business.

The recoverability of the amounts shown for mineral property interests is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the mineral properties, obtaining necessary financing to explore and develop the mineral properties, entering into agreements with others to explore and develop the mineral properties, and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as mineral properties represent acquisition costs incurred to date, less amounts recovered from third parties and impairment charges, and do not necessarily represent present or future values.

The Company’s ability to continue operations is uncertain and is dependent upon the ability of the Company to obtain necessary financing to meet its liabilities and commitments as they become payable, and the ability to generate future profitable production or operations or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect adjustments, which could be material to the carrying values and classification of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have negatively affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, there have been no adverse effects on the Company’s business or ability to raise funds.

2. Basis of preparation and statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 - Interim Financial Reporting. In addition, these condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) in effect at September 30, 2021 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended March 31, 2021.

In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ending March 31, 2022.

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, the consolidated financial statements

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

have been prepared using the accrual basis of accounting, except for cash flow information. Unless otherwise stated, amounts are expressed in Canadian dollars.

3. Significant accounting policies

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Canadian subsidiary, Chevrier Metals Corp. All intercompany transactions and balances have been eliminated upon consolidation.

(b) Use of estimates and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgements and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include recoverability and impairment of mineral property interests, and valuation of share-based payments.

Significant assumptions and critical estimates exercised in applying accounting policies relate to, but are not limited to, the following:

- The carrying value and the recoverability of mineral property interests, which are included in the statements of financial position;
- The application of the inputs used in accounting for share-based compensation expense which is included in profit or loss. These estimates are derived using the Black-Scholes option pricing model or are based on the value of comparable goods and services. Inputs are determined using readily available market data.

The significant judgments, estimates and assumptions made by management in applying the Company's accounting policies were the same as those that applied to the Company's consolidated financial statements for the year ended March 31, 2021.

4. Exploration and evaluation assets and expenditures

Exploration and Evaluation Assets

The balance of exploration and evaluation assets consist of the following:

	Chevrier Gold Project, Quebec	
Balance, March 31, 2021	\$	1,492,368
Additions		-
Balance, September 30, 2021	\$	1,492,368

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

(a) Chevrier Gold Project, Quebec

During the year ended March 31, 2016, the Company acquired a 100% interest in the Chevrier Gold Property for total consideration of \$1,096,197. The Chevrier Gold Property consists of various contiguous mining claims, some of which are subject to royalties ranging from 7.5% - 10% on net profits of production and 0.5%-1% on the net smelter return royalties (“NSR”).

In 2017, the Company additionally acquired 100% right, title, and interest in and to certain mineral claims on the Chevrier Property from Doctors Investment Group Ltd (“Doctors”) by issuing 300,000 shares with a fair value of \$270,000 to Doctors and paying \$25,000 in claim acquisition costs. Doctors retained a 1% NSR, subject to the right of the Company to purchase 0.5% of the NSR for \$750,000, thereby reducing the NSR to 0.5%.

In February 2017, the Company consolidated its land position at Chevrier by acquiring a 100% interest in the Hygrade Property from Les Ressources Tectonic Inc. (“Tectonic”). The Hygrade Property is located within the boundaries of the Company’s Chevrier Gold Project. The Company made a cash payment of \$25,000, issued 33,333 common shares to Tectonic with a fair value of \$25,833, and granted a 2% NSR to Tectonic, which may be decreased to 1% at any time by paying Tectonic the sum of \$1,500,000.

During the year ended March 31, 2019, the Company expanded its Chevrier Gold Project land position by acquiring another block of mineral claims, known as the Trenholme Property, from Tectonic. The Company made a cash payment of \$15,000 and issued 40,000 shares to Tectonic with a fair value of \$16,000. Tectonic retained a 2% NSR, subject to the Company’s right to reduce it by 1% for \$1,000,000 cash payment.

During the year ended March 31, 2020, the Company made payments to the Quebec Ministry of Energy and Natural Resources to acquire additional claims expanding the Chevrier Gold Property. There have been no additional claim acquisitions during the year ended March 31, 2021 and the six months ended September 30, 2021.

(b) October Gold, Ontario

In 2011, the Company entered into an option agreement, subsequently amended, to acquire a 100% interest in mineral rights to the October Gold property located within the Abitibi belt in Ontario. Upon exercise of the option, the Optionors are entitled to a 3.0% NSR of which 2.0% can be repurchased by the Company on payment of \$500,000 for each 1% NSR. The Company has made all the necessary payments for the optioned property, but not all the claims have been officially transferred in the Company’s name yet. The Company is currently in the process of completing the official transfer of the remaining claims into the Company’s name.

During fiscal 2017, the Company wrote off the property. However, the Company resumed work on this property during the year ended March 31, 2021.

During the period ended September 30, 2021, the Company entered into a memorandum of understanding (MOU) with two First Nations regarding exploration activities on its October Gold project. The MOU sets out a framework to facilitate Genesis Metals’ exploration activities on the October Gold project. As a part of these agreements the Company has issued a total of 100,000 units consisting of 100,000 common shares and 100,000 common share purchase warrants which allow the holder to acquire an additional common share for \$0.30 for a period of two years. The fair value of shares at issuance date was \$10,500 and the fair value of the warrants at issuance date was \$500.

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

Exploration and Evaluation Expenses

Exploration and evaluation expenditures in the six months ended September 30, 2021 are as follows:

	Quebec, Chevrier	Ontario, October Gold	Total
Analysis	\$ 198,252	\$ -	\$ 198,252
Claim maintenance	1,142	11,473	12,615
Community Relations	-	11,000	11,000
Drilling	1,063,338	-	1,063,338
General field and camp costs	52,175	912	53,086
Geological consulting and contractors	317,692	101,832	419,525
Travel	1,741	13,431	15,172
Total as at September 30, 2021	\$ 1,634,339	138,648	\$ 1,772,987

Exploration and evaluation expenditures in the six months ended September 30, 2020 were as follows:

	Quebec, Chevrier	Ontario, October Gold	Total
Analysis	\$ 109,102	\$ -	\$ 109,102
Claim maintenance	-	-	-
Drilling	419,777	-	419,777
General field and camp costs	67,106	-	67,106
Geological consulting and contractors	415,138	-	415,138
Permitting	690	-	690
Travel	-	-	-
Tax recovery	(86,773)	-	(86,773)
Total as at September 30, 2020	\$ 927,100	\$ -	\$ 927,100

5. Equipment

	Computer Equipment	Furniture & Fixtures	Vehicles	Field Equipment	Total
Cost					
At March 31, 2020 and 2021 and September 30, 2021	\$ 3,261	\$ 6,798	\$ 26,542	\$ 7,400	\$ 44,001
Accumulated Amortization					
At March 31, 2020	\$ 2,896	\$ 3,538	\$ 17,136	\$ 3,589	\$ 27,159
Amortization	162	606	2,520	707	3,994
At March 31, 2021	\$ 3,058	\$ 4,144	\$ 19,656	\$ 4,296	\$ 31,153
Amortization	93	318	1,358	373	2,142
At September 30, 2021	\$ 3,151	\$ 4,462	\$ 21,014	\$ 4,669	\$ 33,295
Carrying Value					
At March 31, 2021	\$ 203	\$ 2,654	\$ 6,886	\$ 3,104	\$ 12,848
At September 30, 2021	\$ 110	\$ 2,336	\$ 5,528	\$ 2,731	\$ 10,706

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

6. Accounts payable and accrued liabilities

	September 30, 2021		March 31, 2021	
Accounts payable	\$	231,839	\$	256,721
Accrued liabilities		68,925		80,575
	\$	300,764	\$	337,293

7. Flow-through share premium liability

Flow-through share premium liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through shares issuance.

Balance at March 31, 2020	\$	600,388
Liability incurred on flow-through shares		757,140
Settlement of flow-through share liability on incurring expenditures		(897,617)
Balance at March 31, 2021	\$	459,910
Liability incurred on flow-through shares		310,250
Settlement of flow-through share liability on incurring expenditures		(587,961)
Balance at September 30, 2021	\$	182,199

On May 29, 2019, the Company completed a non-brokered private placement of 132,222 flow-through shares at a price of \$0.45 per share for gross proceeds of \$59,500. A premium of \$0.10 per unit was received for the flow-through shares resulting in an initial liability of \$13,222. This commitment has now been fulfilled.

On December 31, 2019, the Company completed a non-brokered private placement of 2,843,750 flow-through shares at a price of \$0.32 per share for gross proceeds of \$910,000. A premium of \$0.095 per unit was received for the flow-through shares resulting in an initial liability of \$270,156. This commitment has now been fulfilled.

On March 9, 2020, the Company completed a non-brokered private placement of 2,000,000 flow-through shares at a price of \$0.50 per share for gross proceeds of \$1,000,000. A premium of \$0.25 per unit was received for the flow-through shares resulting in an initial liability of \$500,000. This commitment has now been fulfilled.

On August 5, 2020, the Company completed a non-brokered private placement of 4,453,764 flow-through shares at a price of \$0.45 per share for gross proceeds of \$2,004,194. A premium of \$0.17 per unit was received for the flow-through shares resulting in an initial liability of \$757,140. This commitment has now been fulfilled.

On May 10, 2021, the Company completed a non-brokered private placement of 5,170,835 flow-through shares at a price of \$0.24 per share for gross proceeds of \$1,241,000. A premium of \$0.06 per unit was received for the flow-through shares resulting in an initial liability of \$310,250.

The flow-through liability is amortized to Other Income in the Statement of Loss and Comprehensive Loss, based on the percentage of the eligible expenditures incurred during the period. The Company has an obligation to spend \$728,796 in flow-through proceeds by December 31, 2022, by which time the outstanding flow-through share premium liability of \$182,199 will be settled when these flow-through expenditures are made.

8. Related party transactions

(a) Transactions:

Key management personnel consist of directors and senior management including the President and Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) or companies controlled by them.

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

The Company paid or accrued the following amounts to key management personnel:

	Six Months Ended September 30, 2021		Six Months Ended September 30, 2020	
Consulting and salaries	\$	148,500	\$	146,926
Director fees		27,000		45,000
Share-based compensation		91,319		-
	\$	266,819	\$	191,926

(b) Due to related parties:

	September 30, 2021		March 31, 2021	
Consulting, management fees and salaries	\$	19,324	\$	23,332
Director fees		54,925		47,230
	\$	74,249	\$	70,562

Amounts due to related parties are unsecured, have no fixed repayments, and are non-interest bearing.

(c) Other related party transactions:

The following are transactions with a company owned by close family of a director:

	Six Months Ended September 30, 2021		Six Months Ended September 30, 2020	
Consulting fees	\$	35,300	\$	33,000
Office rent		13,541		5,605
	\$	48,841	\$	38,605

9. Share capital and reserves

(a) Authorized:

Unlimited common shares without par value.

(b) Share issuances:

Six months ended September 30, 2021:

On May 6, 2021, the Company completed a non-brokered private placement for gross proceeds of \$1,241,000. The Company issued 5,170,835 flow-through common shares at \$0.24 per share. A premium of \$0.06 per unit was received for the flow-through shares resulting in an initial liability of \$310,250. The Company incurred cash finders' fees of \$93,093 and issued 285,250 finders' warrants. The warrants are exercisable at \$0.24 for a period of two years. The fair value of the finders' warrants as at issuance date was \$23,895.

During the period ended September 30, 2021, the Company entered into a memorandum of understanding (MOU) with two First Nations regarding exploration activities on its October Gold project. The MOU sets out a framework to facilitate Genesis Metals' exploration activities on the October Gold project. As a part of these agreements the Company has issued a total of 100,000 units consisting of 100,000 common shares and 100,000 common share purchase warrants which allow the holder to acquire an additional common share for \$0.30 for a period of two years. The fair value of shares at issuance date was \$10,500 and the fair value of the warrants at issuance date was \$500.

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

Six months ended September 30, 2020:

On August 5, 2020, the Company closed a non-brokered private placement pursuant to which the Company issued an aggregate of 3,593,591 units at a price of \$0.28 per unit and 4,453,764 flow-through shares at a price of \$0.45 per share for total gross proceeds of \$1,006,205 and \$2,004,194 respectively.

In connection with the private placement, the Company incurred share issuance costs totaling \$80,016. This amount included \$27,417 representing fair value of 70,448 finder's warrants issued in relation to the sale of units and 61,460 warrants issued in relation to the sale of flow-through shares. Each unit-related finder's warrant is exercisable to acquire one common share of the Company at a price of \$0.42 per share for a period of two years from the date of issuance and each warrant issued in relation to the sale of the flow-through shares is exercisable to acquire one common share of the Company at a price of \$0.45 per share for a period of two years from the date of issuance.

During the six months ended September 30, 2020, the Company issued 246,443 shares upon exercise of warrants for gross proceeds of \$62,530. A fair value of exercised warrants of \$33,654 was re-allocated from reserves to share capital

The change in warrants issued is as follows:

	Number of warrants	Weighted average exercise price
Balance, March 31, 2020	11,494,432	\$ 0.85
Granted	3,068,567	0.34
Exercised	(246,443)	0.33
Expired	(1,925,697)	1.08
Balance, March 31, 2021	12,390,859	\$ 0.08
Granted	385,250	0.19
Expired	(661,513)	0.23
Balance, September 30, 2021	12,114,596	\$ 0.08

Summary details of warrants outstanding as at September 30, 2021 are as follows:

Outstanding	Exercise Price	Expiry Date
8,075,000	\$0.33	December 20, 2021
542,029	\$0.25	December 20, 2021
8,750	\$0.32	December 20, 2021
35,000	\$0.50	March 9, 2022
61,460	\$0.45	August 5, 2022
70,448	\$0.42	August 5, 2022
1,796,796	\$0.42	August 5, 2022
1,139,863	\$0.30	March 5, 2023
285,250	\$0.24	May 6, 2023
100,000	\$0.30	September 28, 2023
12,114,596	\$0.34	

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

The fair value of finders' warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Six Months Ended September 30, 2021	Year ended March 31, 2021
Average risk-free interest rate	0.31%	0.27%
Expected dividend yield	0%	0%
Expected stock price volatility	110.95%	177.50%
Average expected option life in years	2.0	2.0
Average fair value per warrant issued	\$0.08	\$0.21

(d) Share-based payments:

The Company has a share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted have a maximum exercise timeline of ten years from date of grant or such lesser period as determined by the board of directors. The exercise price of an option is not less than the closing price on the TSX Venture Exchange on the last trading day preceding the grant date. Under the plan the Company is authorized to grant stock options of up to ten percent (10%) of the number of common shares issued and outstanding.

Options granted to directors, officers and consultants vest at the discretion of the board. Options granted to investor relations vest in the amount of 25% every three months from the date of grant over a period of twelve months.

During the six months ended September 30, 2021, the Company granted 1,625,000 common share purchase options to consultants, directors and officers. 400,000 options, granted on April 21, 2021, are exercisable at a price of \$0.24 for a period of three years, 1,075,000, granted on May 10, 2021, are exercisable at the same price of \$0.24 for a period of five years and 150,000, granted on July 5, 2021, are exercisable at the same price of \$0.24 for a period of five years.

A continuity of options outstanding is as follows:

	Number of options outstanding	Weighted average exercise price
Balance, March 31, 2020	3,755,000	\$ 0.38
Granted	1,720,000	0.30
Expired	(815,000)	0.28
Balance, March 31, 2021	4,660,000	\$ 0.45
Granted	1,625,000	0.24
Expired	(431,500)	0.50
Balance, September 30, 2021	5,853,500	\$ 0.39

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

The fair value of the options granted during the six months ended September 30, 2021 was determined using the Black-Scholes pricing model with the following assumptions:

	Six Months Ended September 30, 2021	Year Ended March 31, 2021
Average risk-free interest rate	0.48-0.88%	0.36%
Expected dividend yield	0%	0%
Expected stock price volatility	104-116.5%	142.91%
Average expected life in years	3-5	5.0
Average fair value per option granted	\$0.13-0.14	\$0.25

A summary of the details of options outstanding and exercisable at September 30, 2021 is as follows:

Expiry date	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
January 19, 2022	48,000	0.30	\$0.50	48,000
February 27, 2022	15,000	0.41	\$1.00	15,000
July 11, 2022	200,000	0.78	\$0.50	200,000
August 8, 2023	20,000	1.85	\$0.50	20,000
December 11, 2023	235,500	2.20	\$0.24	235,500
January 14, 2024	330,000	2.29	\$0.50	330,000
April 21, 2024	400,000	2.56	\$0.24	400,000
May 30, 2024	50,000	2.67	\$0.50	50,000
August 5, 2024	20,000	2.85	\$0.50	20,000
December 20, 2024	1,800,000	3.22	\$0.27	1,800,000
September 1, 2025	1,510,000	3.92	\$0.28	1,510,000
May 10, 2026	1,075,000	4.61	\$0.24	1,075,000
July 5, 2026	150,000	4.76	\$0.24	150,000
	5,853,500	3.43	\$0.29	5,853,500

10. Financial instruments

The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The carrying values of cash, receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to their short terms to maturity.

Financial instrument risk exposure and risk management:

(i) Credit risk:

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to cash and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk.

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions. The Company's cash is held through large Canadian financial institutions and receivables mainly consist of taxes receivable from the Government of Canada (Goods and Services Tax) and the province of Quebec (Quebec Sales Tax). Management believes that the credit risk related to its cash and receivables is low.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 12 of these financial statements. As at September 30, 2021 the Company had a working capital of \$1,890,024. The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company is exposed to liquidity risk.

(iii) Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing financial assets are comprised of cash which bears interest at fixed or variable rates. The Company is not exposed to material interest rate risk.

Foreign currency risk

The Company operates in Canada and is not exposed to any significant foreign currency risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

11. Capital management

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other mineral properties.
- To invest cash in demand deposits with high credit quality issuers, thereby minimizing the risk and loss of principal.
- To obtain the necessary financing to complete exploration, if and when it is required.

In the management of capital, the Company includes shareholders' equity in the definition of capital. The Company is not subject to externally imposed capital requirements. The Company manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets. In order to maximize ongoing operations, the Company does not pay dividends. Notwithstanding the risks described in Note 1 of the financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives. There were no changes to management approach to capital management during the six months ended September 30, 2021.

GENESIS METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Six Months Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars)

12. Segmented information

The Company operates in one reportable segment, being the acquisition and exploration of mineral projects. All of the Company's non-current assets and operations are within the mineral exploration sector in Canada.

13. Subsequent events

Subsequent to the period ended September 30, 2021, the following events took place:

- On October 12, 2021, the Company closed a non-brokered private placement consisting of 3,333,333 Flow-Through Units at \$0.12 per unit for aggregate proceeds of \$400,000. Each unit consists of 1 share and one-half of one common share purchase warrant. Each warrant amounts to one non-flow through common share at a price of \$0.18 until October 12, 2023. The Company also paid \$32,000 and issued 266,666 warrants for finder's fees. Each finder's warrants is exercisable to acquire one common share at \$0.12 per share until October 12, 2023.
- A total of 75,000 stock options were forfeited.