GRAPHITE ONE INC.

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020
(Expressed in United States dollars)

(Unaudited)

GRAPHITE ONE INC.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)

(Expressed in United States dollars)

As at	Note	**March 31, 2020**	**December 31, 2019**	**January 1, 2019**
			Note 4	**Note 4**
ASSETS				
Current assets				
Cash		$ 657,855	$ 168,608	$ 340,887
Prepayments and deposits		313,330	250,828	166,847
Amounts receivable		5,383	4,155	4,184
Total current assets		976,568	423,591	511,918
Non-current assets				
Equipment		150,386	150,549	26,442
Exploration and evaluation property	5	16,610,383	15,881,167	11,423,274
Total non-current assets		16,760,769	16,031,716	11,449,716
Total assets		$ 17,737,337	$ 16,455,307	$ 11,961,634
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other accounts payable		$ 220,374	$ 301,161	$ 68,293
Total current liabilities		220,374	301,161	68,293
Long term liabilities				
Loan payable	6	5,008,031	3,296,980	483,727
Total liabilities		5,228,405 0	3,598,141	552,020
Equity				
Share capital		26,369,451	26,369,451	24,394,887
Share option reserve		6,156,242	6,156,242	5,750,334
Cumulative translation adjustment		4,078,774	3,720,103	3,114,293
Deficit		(24,095,535)	(23,388,630)	(21,849,900)
Total equity		12,508,932	12,857,166	11,409,614
Total equity and liabilities		$ 17,737,337 0	$ 16,455,307	$ 11,961,634
Going concern	2			

Approved by the Board of Directors:

"Anthony Huston"
Director

"Douglas Smith"
Director

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

GRAPHITE ONE INC.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(unaudited)
(Expressed in United States dollars)

For the three month period ended March 31		2020		2019 Note 4
Expenses				
Management fees and salaries	$	161,612	$	141,007
Marketing, advisory and investor relations		40,578		60,279
Office and administration		27,868		64,947
Professional fees		4,369		26,712
		234,427		292,945
Other income (expenses)				
Foreign exchange loss		(355,305)		(5,597)
Interest expense		(117,173)		(9,984)
		(472,478)		(15,581)
Net loss for the period	$	706,905	$	308,526
Other comprehensive loss				
Foreign currency translation		(358,671)		(237,297)
Net loss and comprehensive loss for the year	$	348,234	$	71,229
Basic and diluted loss per common share	$	0.02	$	0.01
Weighted average number of common shares oustanding		40,609,143		32,656,576

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

GRAPHITE ONE INC.
Condensed Consolidated Interim Statements of Cash Flows
(unaudited)
(Expressed in United States dollars)

For the three month period ended March 31,	2020	2019
		Note 4
CASH DERIVED FROM (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	$ (706,905) $	$ (308,525)
Items not involving cash:		
Foreign exchange on loan payable	387,823	-
Interest on loan payable	111,051	-
Changes in non-cash working capital items		
Amounts receivable	(1,666)	(2,346)
Prepayments and deposits	(24,428)	(29)
Trade and other accounts payable	(17,694)	148,307
	(251,819)	(162,593)
FINANCING ACTIVITIES		
Issuance of shares	-	488,906
Loan payable	1,600,000	(496,352)
	1,600,000	(7,446)
INVESTING ACTIVITIES		
Exploration and evaluation property	(831,471)	(170,350)
Purchase of equipment	-	(3,064)
Changes in non-cash working capital items		
Prepayments and deposits	-	31,760
	(831,471)	(141,654)
Foreign exchange on cash	(27,463)	8,703
(Decrease) increase in cash	516,710	(311,693)
Cash at beginning of period	168,608	340,887
Cash at end of period	$ 657,855	$ 37,897
Supplemental cash flow information:		
Non-cash transactions eliminated from the consolidated statements of cash flows:		
Depreciation capitalized to exploration and evaluation property	(2,000)	(4,216)
Change in Accounts payable related to investing activities	58,659	57,454
	$ 56,659	$ 53,238

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

GRAPHITE ONE INC.

Condensed Consolidated Interim Statements of Changes in Equity

(unaudited)

(Expressed in United States dollars)

	Common Shares					
	Number	Amount $	Share Option Reserve $	Cumulative Translation Adjustment $	Deficit $	Total Equity $
January 1, 2019	32,612,243	24,394,887	5,750,334	3,114,293	(21,849,900)	11,409,614
Shares issued on settlement of debt	1,330,000	488,907	-	-	-	488,907
Change in cumulative translation adjustment	-	-	-	231,700	-	231,700
Net loss for the period	-	-	-	-	(308,526)	(308,526)
March 31, 2019	33,942,243	24,883,794	5,750,334	3,345,993	(22,158,426)	11,821,695
January 1, 2020	40,609,143	26,369,451	6,156,242	3,735,785	(23,388,630)	12,872,848
Change in cumulative translation adjustment	-	-	-	342,989	-	342,989
Net loss for the period	-	-	-	-	(706,905)	(706,905)
March 31, 2020	40,609,143	26,369,451	6,156,242	4,078,774	(24,095,535)	12,508,932

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

1. NATURE OF OPERATIONS

Graphite One Inc. ("Graphite One" or the "Company") was incorporated in Alberta and commenced operations on March 16, 2006 under the name Cedar Mountain Exploration Inc. ("Cedar Mountain"). Cedar Mountain changed its name to Graphite One Resources Inc. and adopted the symbol GPH on the TSX-V effective March 27, 2012. On February 27, 2019 the Company changed its name to Graphite One Inc. On June 11, 2012 the Company began trading in the over the counter market in the United States on the OTCQX under the symbol GPHOF and due to changes in the listing requirements of the OTCQX, the Company began trading on the OTCQB on April 1, 2017. The Company was continued into British Columbia on September 12, 2014. Graphite One is the parent company of the consolidated group.

Graphite One is engaged in the business of acquiring, exploring and evaluating graphitic material properties. Through its 100% owned subsidiary, Graphite One (Alaska) Inc., the Company is focussed on the Graphite Creek property near Nome, Alaska, (the "Graphite Creek Project").

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (SARS-CoV-2) causing COVID-19 as a pandemic, which continues to spread throughout North America. The spread of COVID-19 has caused significant volatility in North American and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19. The Company has and continues to take all prescribed steps to minimize the impact of the outbreak of the COVID-19 pandemic on the health of its employees, contractors and consultants. Working remotely, conducting virtual instead of in-person meetings, restricting travel and other measures for physical distancing are in place. Due to the uncertainty as to the duration of the pandemic and the impact on operations, the Company may find it challenging to complete its Graphite Creek Pre-Feasibility Study ("PFS") as expected or conduct any extensive field operations this year, which may delay progress on the Graphite Creek Project.

2. GOING CONCERN

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations 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 is not limited to, twelve months from the end of the reporting period.

As at March 31, 2020, the Company had a cash balance of $657,855 (December 31, 2019 - $168,608) and working capital (current assets minus current liabilities) of $756,194 (December 31, 2019 - $122,430). Current liabilities as at March 31, 2020 totaled $220,374 (December 31, 2019 - $301,161) and accumulated deficit totaled $24,095,535 (December 31, 2019 - $23,388,630). The Company has incurred losses since inception and does not generate any cash inflows from operations. In the three-month period ended March 31, 2020, cash used in operating activities totaled $251,819.

The Company's ability to continue to meet its obligations and carry out its planned exploration and development activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. The COVID-19 pandemic has created additional uncertainty in respect of the Company's ability to raise financing. Accordingly, there can be no assurance that the Company's financing initiatives will be successful and, as a result, this gives rise to material uncertainty that may cast significant doubt about the appropriateness of the going concern assumption. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material. Also refer to Note 1 for uncertainties in relation to COVID-19.

3. BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable to interim financial reports, including International Accounting Standard 34 ("Interim Financial Reporting"). These financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS as issued by IASB. The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2019.

The unaudited condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of the Company on May 29, 2020.

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis. The statements are presented in United States dollars unless otherwise noted.

3.1 Significant judgments, estimates and assumptions

The preparation of the Company's unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the unaudited condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Judgments:

<u>Exploration and evaluation property</u>: The Company is required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the right to explore the specific area has or will expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation property costs. If

any of these indicators are present, management would need to assess whether the exploration and evaluation property should be impaired.

Estimates and assumptions:

Share-based payments: Share-based payments are determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

4. SIGNIFICANT ACCOUNTING POLICIES

Refer to the Company's annual audited consolidated financial statements for the years ended December 31, 2019 and 2018 for a summary of significant accounting policies.

4.1 Foreign currency translation – Functional and Presentation currency

Effective January 1, 2020, the functional currency of the Company's subsidiary, Graphite One (Alaska) Inc. ("US Subsidiary"), has changed from Canadian dollars to United States dollars as financing for exploration operations are now substantially raised in USD. Exploration expenditures in the US subsidiary are also primarily incurred in USD. The change in functional currency has been accounted for prospectively from the date of change.

The Company has also changed its presentation currency from the Canadian dollar ("CAD") to the United States dollar ("$" or "USD")to better reflect the Company's business activities and to facilitate comparability to similar mining companies in the sector.

The Company retrospectively applied the change in presentation currency and restated the comparative financial information as if USD had always been the Company's presentation currency in accordance with the guidance in IAS 21 and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The financial statements of the entity with a functional currency of CAD have been translated in accordance with IAS 21, as follows:

• Assets and liabilities presented and previously reported in CAD have been translated into US dollars using period end exchange rates;

• For equity, Management has opted to translate the balance as at January 1, 2018 (Opening balance sheet) at the period end exchange rate. All equity transactions post January 1, 2019 are translated using prevailing historical exchange rates;

• Other components of equity have been translated using historical foreign exchange rates in effect on the date that transactions occurred;

• Consolidated statements of loss and other comprehensive loss have been translated using the applicable average foreign exchange rates prevailing during the periods presented; and

• Any resulting exchange differences have been recorded within the foreign currency translation reserve accounts.

(Expressed in United States dollars)

5. EXPLORATION AND EVALUATION PROPERTY

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation property:

	Graphite Creek
Balance, December 31, 2018	$ 11,423,274
Land management	71,228
Analysis	170,912
Geological consulting	627,471
Fieldwork	1,302,548
Drilling	297,188
Engineering	148,766
Technical assessments	370,191
Community consultation	141,304
Environmental studies	753,074
Translation adjustment	575,211
Balance, December 31, 2019	$ 15,881,167
Land management	40,050
Analysis	118,580
Geological consulting	86,286
Fieldwork	87,953
Drilling	77
Engineering	43,790
Technical assessments	124,979
Community consultation	42,160
Environmental studies	185,341
Balance, March 31, 2020	$ 16,610,383

5. EXPLORATION AND EVALUATION PROPERTY (cont'd)…

Graphite Creek Property Summary

The Graphite Creek Property consists of a number of Alaska state mining claims (the "GC Purchased Property") and Alaska state mining claims around the GC Option Property (the "GC Staked Property").

In May 2015, the Company executed a long-term lease agreement with Kougarok LLC, commencing effective January 1, 2014 with an initial term of twenty years, and with provisions to extend the lease for two successive twenty year periods and ultimately for as long as production continues from the property. An advance royalty in the amount of $30,000 was paid upon execution of the agreement, with annual payments of $30,000 due each year until January 2019, and then increasing by $10,000 each year until production commences. All required payments under the agreement have been made. The production royalties are to be calculated as follows: 5% from lands in 4 claims that were originally located in 1943, 2.5% from lands within 20 other claims, 5% from lands within state claims staked by the Company within the area of interest and 2.5% from state claims acquired by the Company within the area of interest. All advance royalties paid may be recouped from production royalties. The Company has the option to reduce the production royalties by up to 2% by paying $2 million for each 1% reduction of the Graphite Creek Royalty.

On January 24, 2012, the Company purchased from a private individual (the "Seller") the GC Purchased Property for CA$20,000 and a 2% production royalty on future production from the GC Purchased Property. The Company had the right to purchase the production royalty for CA$1 million until January 24, 2015 (the "Royalty Purchase Option"). The Company and the Seller entered into an extension agreement effective January 24, 2015 (the "2015 Extension Agreement") whereby the Royalty Purchase Option could have been exercised at any time on or before the earlier of (i) January 24, 2017, or (ii) the date that is six (6) months after the release by the Company of a feasibility study on the Graphite Creek Property. In connection with the 2015 Extension Agreement, the Company issued to the Seller 769,231 common shares of the Company at an issue price of CA$0.13 per share. In January 2017, the Company and the Seller agreed to further extend the terms of the Royalty Purchase Option and entered into an extension agreement effective January 24, 2017 (the "2017 Extension Agreement") whereby the Royalty Purchase Option may be exercised at any time on or before January 24, 2021. In connection with the 2017 Extension Agreement, the Company issued to the Seller 1,666,667 common shares of the Company at an issue price of CA$0.09 per share and 1,153,846 common share purchase warrants of the Company.

During June 2015, the Company purchased from another private individual the balance of the GC Purchased Property (28 Alaska state mining claims covering the same lands as the 28 Alaska state mining claims acquired in January 2012) for $50,000, the issuance of 3 million common shares of the Company at a fair value of CA$270,000 and a royalty interest equal to 1% of the Net Smelter Returns received by the Company on production from the claims. The Company has the right to purchase the royalty for $500,000 at any time within 36 months following the start of mine production.

6. LOAN PAYABLE

On December 26, 2018 the Company entered into a loan agreement with Taiga Mining, Inc. ("Taiga") to borrow $500,000. The loan was unsecured with a term of five years. Interest was calculated on a simple interest basis at a rate of 8% per annum. On March 28, 2019, the loan payable was settled through the issuance of 1,330,000 shares of the Company at a price of CA$0.50 per share and interest of CA$13,274 was paid on settlement.

On September 6, 2019 the Company entered into a new loan agreement with Taiga to borrow up to $4.8 million of which $4.8 million has been drawn down as at March 31, 2020. The loan is unsecured with a term of two years, with principal and interest owing repayable by September 6, 2021. The interest rate on the loan is 12% per annum, compounded annually. The Company has the option to extend the loan by an additional twelve (12) months upon 30 days notice to Taiga.

7. SHARE CAPITAL

7.1 Authorized

Unlimited number of common shares with no par value.

7.2 Shares Issued

The following share transactions occurred during the year ended December 31, 2019:

On March 28, 2019, the loan payable that was outstanding at December 31, 2018 (see Note 6: Loan payable) was settled through the issuance of 1,330,000 shares of the Company at a price of CA$0.50 per share.

On April 17, 2019 and May 14, 2019, the Company completed the first and second tranches of a private placement for total gross proceeds of CA$2,000,070. ("2019-1 Private Placement"). Pursuant to the 2019-1 Private Placement, the Company issued a total of 6,666,900 units (the "2019-1 Units") at a price of CA$0.30 per 2019-1 Unit. Each 2019-1 Unit consists of one common share and one transferable common share purchase warrant (a "2019-1 Warrant"). Each 2019-1 Warrant entitles the holder to purchase one additional common share of the Company at a purchase price of CA$0.30 per share during the 12 months from the date of issuance. Based on the residual valuation method, no value was attributed to the 2019-1 Warrants. The Company paid finder's fees in the amount of CA$1,601 and issued 5,336 non-transferrable warrants, each such warrant entitling the holder to acquire one additional common share of the Company at the same price as the 2019-1 Warrants described above.

7. SHARE CAPITAL (cont`d…)

7.3 Share based compensation

Pursuant to a stock option plan (the "Plan") for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, and the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, employee or consultant of the Company for reasons other than death, one year after the death of an optionee or on the fifth anniversary of the date the option was granted. Options granted under the plan may not exceed five years and vest at terms to be determined by the board of directors at the time of the grant, but shall not be less than the price determined by policy or policies of the stock exchange(s) on which the Company's common shares are then listed, or CA$0.05 per share. Occasionally, the Company issues stock options to agents which do not fall under the plan.

The following table summarizes activity related to stock options:

	Options		Weighted Average Exercise Price*
Balance, December 31, 2018	2,415,000	$	0.95
Granted	3,425,000	$	0.30
Expired	(2,080,000)	$	0.91
Forfeited	(225,000)	$	1.03
Balance, December 31, 2019	3,535,000	$	0.34
Balance, March 31, 2020	3,535,000	$	0.34

* in Canadian dollars

7. SHARE CAPITAL (cont`d…)

Options outstanding:

	As at March 31, 2020				As at December 31, 2019			
	Number of options outstanding #	Number of vested options #	Weighted average exercise price CA$#	Weighted average remaining contractual life years	Number of options outstanding #	Number of vested options #	Weighted average exercise price CA$#	Weighted average remaining contractual life years
*	50,000	50,000	0.30	0.0	50,000	50,000	0.30	0.3
	150,000	150,000	1.00	0.9	150,000	150,000	1.00	1.2
*	525,000	525,000	0.30	0.9	525,000	525,000	0.30	1.2
	30,000	30,000	1.00	1.6	30,000	30,000	1.00	1.9
*	275,000	275,000	0.30	1.6	275,000	275,000	0.30	1.9
	50,000	50,000	0.60	2.7	50,000	50,000	0.60	3.0
*	555,000	555,000	0.30	2.7	555,000	555,000	0.30	3.0
*	100,000	100,000	0.30	3.2	100,000	100,000	0.30	3.4
	1,800,000	1,800,000	0.30	4.1	1,800,000	1,800,000	0.30	4.4
	3,535,000	3,535,000	0.34	3.0	3,535,000	3,535,000	0.34	3.2

* Options repriced in May 2019.
# Option prices are in Canadian dollars.

On April 2, 2020, 50,000 options expired.

On May 15, 2019, 1,800,000 options were granted to directors, officers and consultants of the Company. Each option has an exercise price of CA$0.30, expiring 5 years from the date of grant and vested immediately. On June 19, 2019, 1,625,000 options that had been granted to certain directors, officers and consultants of the Company were repriced to CA$0.30. The fair value of the share options granted in the year ended December 31, 2019 was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	Year ended December 31, 2019
Exercise price (CA$)	$0.30
Market price (CA$)	$0.320
Risk free interest rate	1.56%
Expected option life	5 years
Expected stock price volatility	103%
Dividend payments during life of option	Nil
Expected forfeiture rate	Nil
Average fair value per option (CA$)	$0.25

7. SHARE CAPITAL (cont`d…)

7.4 Warrants

The following table summarizes activity related to warrants:

	Warrants	Weighted Average Exercise Price*	
Balance, December 31, 2018	9,400,753	$	1.17
Issued	6,666,900	$	0.30
Expired/cancelled	(782,323)		1.20
Balance, December 31, 2019	15,285,330	$	0.79
Balance, March 31, 2020	15,285,330	$	0.79

* in Canadian dollars

Warrants outstanding:

As at March 31, 2020			As at December 31, 2019		
Number of warrants outstanding #	Weighted average exercise price* CA$	Weighted average remaining contractual life years	Number of warrants outstanding #	Weighted average exercise price* CA$	Weighted average remaining contractual life years
115,385	1.30	0.8	115,385	1.30	1.1
969,714	1.20	2.4	969,714	1.20	2.6
1,414,371	1.00	2.7	1,414,371	1.00	2.9
3,061,501	1.20	3.2	3,061,501	1.20	3.4
3,057,459	1.20	3.3	3,057,459	1.20	3.6
6,231,867	0.30	0.0	6,231,867	0.30	0.3
435,033	0.30	0.1	435,033	0.30	0.4
15,285,330	0.79	1.7	15,285,330	0.79	2.0

* in Canadian dollars

7. SHARE CAPITAL (cont`d…)

7.5 Broker Warrants

The following table summarizes activity related to Broker Warrants:

	Warrants	Weighted Average Exercise Price*
Balance, December 31, 2018	30,191	$ 1.20
Issued	5,336	$ 0.30
Expired/cancelled	(7,471)	$ 1.20
Balance, December 31, 2019	28,056	$ 1.03
Balance, March 31, 2020	28,056	$ 1.03

* in Canadian dollars

Broker warrants outstanding:

As at March 31, 2020			As at December 31, 2019		
Number of warrants outstanding #	Weighted average exercise price* CA$	Weighted average remaining contractual life years	Number of warrants outstanding #	Weighted average exercise price* CA$	Weighted average remaining contractual life years
18,720	1.20	3.2	18,720	1.20	3.4
4,000	1.20	3.3	4,000	1.20	3.6
5,336	0.30	0.1	5,336	0.30	0.4
28,056	1.03	2.6	28,056	1.03	2.8

* in Canadian dollars

No broker warrants were issued in the three-month periods ended March 31, 2020 or March 31, 2019.

(Expressed in United States dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	**Nature of the relationship**
Huston and Huston Holdings Corp. ("Huston")	Huston and Huston Holdings Corp. is a private company controlled by Anthony Huston, an officer and director of the Company, which provides management services to the Company.
Rockford Resources, LLC ("Rockford")	Rockford is a private company controlled by Pat Smith, a director of the Company, which provides director services to the Company.
0897877 BC Ltd. ("0897877 BC")	0897877 BC is a private company controlled by Brian Budd, a director of the Company, which provides director services to the Company.
Beattie Battery Technology Innovations ("Beattie")	Beattie is a private company controlled by Dr. Shane Beattie, Chief Technology Officer of the Company,which provides technical services to the Company.
Taiga Mining Company, Inc. ("Taiga")	Taiga is a private company and a Control Person of the Company in accordance with Policy 4.1 of the TSX Venture Exchange Corporate Finance Manual.

8.1 Related party transactions

The above transactions relate to consulting fees incurred by the Company. Management services expenses are included in Management fees and salaries in the consolidated statements of financial position.

During the three months ended March 31, 2020, the Company accrued interest totalling $117,173 related to the loan from Taiga (see Note 6).

	Management Consulting and Directors' Fees	
For the three months ended March 31	**2020**	**2019**
Huston & Huston Holdings Corp.	$ 46,472	$ 47,010
Rockford Resources, LLC	4,461	4,513
0897877 BC Ltd.	4,461	4,513
Beattie Battery Technologies Innovations	20,076	-

Amounts owing to related parties are non-interest bearing, unsecured and due on demand. The transactions were in the normal course of operations. At March 31, 2020, the Company owed $124,468 (2019 - $116,926) to related parties.

(Expressed in United States dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES (cont'd)

8.2 Key management compensation

For the three months ended March 31,		2020		2019
Consulting and directors' fees	$	55,394	$	56,036
Salaries and benefits		127,496		128,336
Benefits		29,226		28,191
	$	212,116	$	212,563

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Executive Chairman, President & Chief Executive Officer, Directors, Chief Financial Officer, and Chief Operating Officer.

Geological services are capitalized to Exploration and evaluation properties in the consolidated statements of financial position.

9. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as equity.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the future. Also refer to Note 2.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements. There have not been any changes to the Company's capital management policy during the period.

10. RISK MANAGEMENT

10.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash.

10. RISK MANAGEMENT (cont'd…)

The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Company's cash is held with reputable financial institutions in Canada.

b. Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at March 31, 2020, the Company had working capital (current assets minus current liabilities) of $756,194, and long-term monetary liabilities of $5,008,031. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. Also refer to Note 2.

c. Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company had $657,855 in cash at March 31, 2020 on which it earns variable rates of interest and may therefore be subject to a certain amount of risk, though this risk is considered by management to be immaterial.

d. Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company maintains the majority of its cash reserves in United States dollars. A portion of the Company's funds are held in Canadian dollars and are therefore subject to fluctuations in foreign exchange rates.

At March 31, 2020, the Company has certain monetary items denominated in Canadian dollars. Based on these net exposures, a 10% appreciation or depreciation of the United States dollar against the Canadian dollar would result in an increase or decrease of $3,800 in the Company's net loss.

10.2 Fair Values

The carrying values of cash, refundable deposits and other receivables and trade and other accounts payable approximate fair values due to their short-term to maturity nature or the ability to readily convert to cash.