GRAPHITE ONE INC.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2021

(Unaudited)

Graphite One

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3) (a), we report that the accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's external auditor has not performed a review of these consolidated interim financial statements.

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

As at	Note		September 30, 2021		December 31, 2020
ASSETS					
Current assets					
Cash		$	10,163,917	$	14,586
Prepayments and deposits			481,466		103,372
Amounts receivable			28,130		16,760
Total current assets			10,673,513		134,718
Non-current assets					
Equipment			346,235		125,610
Right of Use Assets			299,046		-
Exploration and evaluation property	6		30,093,416		20,646,057
Total non-current assets			30,738,697		20,771,667
Total assets		$	41,412,210	$	20,906,385
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other accounts payable		$	1,965,109	$	1,489,285
Loans payable - current			6,135,730		-
Leases payable - current			144,587		-
Total current liabilities			8,245,426		1,489,285
Long term liabilities					
Loans payable	7		31,397		5,653,815
Leases payable - long term			152,865		-
Total liabilities			8,429,688		7,143,100
Equity					
Share capital			48,038,789		27,934,781
Share option reserve			11,134,666		7,844,306
Cumulative translation adjustment			3,420,126		3,500,581
Deficit			(29,611,060)		(25,516,383)
Total equity			32,982,521		13,763,285
Total equity and liabilities		$	41,412,209	$	20,906,385
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 nine month period ended September 30 2021	For the nine month period ended September 30 2020	For the three month period ended September 30 2021	For the three month period ended September 30 2020
Expenses					
Management fees and salaries		$ 935,286	$ 942,979	$ 199,157	$ 285,822
Marketing, advisory and investor relations		501,051	128,672	279,882	46,859
Office and administration		166,652	55,013	39,353	14,989
Professional fees		39,238	31,250	200	6,618
Share-based payments	7	1,969,538	199,532	(51,027)	7,678
		3,611,765	1,357,446	467,565	361,966
Other (income) expenses					
Foreign exchange (gain)/loss		110,960	81,587	230,245	(102,220)
Interest income		(103,224)	-	(103,224)	-
Interest expense		524,176	412,743	175,423	158,636
(Gain) on disposal of equipment		(49,000)	-	(49,000)	-
		482,912	494,330	253,444	56,416
Net loss for the period		$ 4,094,677	$ 1,851,776	$ 721,009	$ 418,382
Other comprehensive loss					
Foreign currency translation		80,455	(287,083)	(243,475)	58,269
Net loss and comprehensive loss for the year		$ 4,175,132	$ 1,564,693	$ 477,534	$ 476,651
Basic and diluted loss per common share		$ 0.05	$ 0.05	$ 0.01	$ 0.01
Weighted average number of common shares oustanding		77,569,612	40,609,143	65,597,886	40,609,143

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 nine month period ended September 30,	2021	2020
CASH DERIVED FROM (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	$ (4,094,677)	$ (1,851,776)
Items not involving cash:		
Share-based payments	2,017,458	-
Foreign exchange on loan payable	(20)	299,216
Depreciation	1,507	-
Interest on loan payable	513,332	408,354
Interest on leases payable	11,150	-
Changes in non-cash working capital items		
Amounts receivable	(11,370)	(11)
Prepayments and deposits	(413,342)	(2,630)
Trade and other accounts payable	(721,966)	462,607
	(2,697,928)	(684,240)
FINANCING ACTIVITIES		
Issuance of shares	22,782,735	-
Share issuance costs	(1,405,825)	-
Loan payable	-	1,733,351
Leases payable	333,452	-
Lease payments	(47,150)	-
	21,663,212	1,733,351
INVESTING ACTIVITIES		
Exploration and evaluation property	(8,137,802)	(1,139,004)
Purchase of equipment	(254,669)	(112)
Acquisition of right-of-use assets	(342,977)	-
Changes in non-cash working capital items		
Prepayments and deposits	-	-
	(8,735,448)	(1,139,116)
Foreign exchange on cash	(80,505)	(4,705)
Increase (decrease) in cash	10,229,836	(90,005)
Cash at beginning of period	14,586	168,608
Cash at end of period	$ 10,163,917	$ 73,898
Supplemental cash flow information:		
Non-cash transactions eliminated from the consolidated statements of cash flows:		
Depreciation capitalized to exploration and evaluation property	76,519	(18,467)
Change in Accounts payable related to investing activities	1,197,790	294,349
	$ 1,274,309	$ 275,882

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, 2020	40,609,143	26,369,451	6,156,242	3,720,103	(23,388,630)	12,857,166
Shares issued on purchase of net smelter royalty	2,500,000	1,573,340	-	-	-	1,573,340
Cost of share issuance	-	(8,010)	-	-	-	(8,010)
Warrants issued on extension of royalty purchase option	-	-	199,579	-	-	199,579
Warrants issued on net smelter royalty purchase	-	-	1,480,475	-	-	1,480,475
Change in cumulative translation adjustment	-	-	8,010	(219,522)	-	(211,512)
Net loss for the year	-	-	-	-	(2,127,753)	(2,127,753)
December 31, 2020	43,109,143	27,934,781	7,844,306	3,500,581	(25,516,383)	13,763,285
January 1, 2021	43,109,143	27,934,781	7,844,306	3,500,581	(25,516,383)	13,763,285
Shares issued on private placement	29,790,685	16,940,716	-	-	-	16,940,716
Shares issued on option exercise	1,015,000	328,968	(89,163)	-	-	239,805
Shares issued on warrant exercise	9,440,892	5,601,923	-	-	-	5,601,923
Shares issued on broker warrant exercise	8,764	5,350	(5,059)	-	-	291
Cost of share issuance	-	(1,405,825)	-	-	-	(1,405,825)
Share-based payments	-	-	2,017,458	-	-	2,017,458
Broker warrants issued on private placement	-	(1,367,124)	1,367,124	-	-	-
Change in cumulative translation adjustment	-	-	-	(80,455)	-	(80,455)
Net loss for the period	-	-	-	-	(4,094,677)	(4,094,677)
September 30, 2021	83,364,484	48,038,789	11,134,666	3,420,126	(29,611,060)	32,982,521

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"). In 2012, Cedar Mountain changed its name to Graphite One Resources Inc. and adopted the symbol GPH on the TSX-V effective March 27, 2012. The Company began trading in the over-the-counter market in the United States on the OTCQX under the symbol GPHOF on June 11, 2012. The Company was continued into British Columbia on September 12, 2014. Due to changes in the listing requirements of the OTCQX, the Company began trading on the OTCQB on April 1, 2017. In May 2021, the Company's application to move back to the OTCQX was accepted. On February 27, 2019 the Company changed its name to Graphite One Inc. Graphite One is the parent company of the consolidated group.

Graphite One is evaluating its graphite materials supply chain project with the objective of becoming an American producer of advanced graphite products that is integrated with a domestic graphite resource. Proposed is a vertically integrated enterprise to mine, process and manufacture high grade Coated Spherical Graphite ("CSG"), primarily for the lithium-ion electric vehicle battery and energy storage systems markets, with significant additional production of a range of value-added graphite products. Through its 100% owned subsidiary, Graphite One (Alaska) Inc., the Company is evaluating the graphite resources on its Graphite Creek property near Nome, Alaska (the "Property"). It is also evaluating the establishment of a graphite product manufacturing facility to produce advanced graphite products using graphite from the Property (collectively, the "Project"). A preliminary feasibility study ("PFS") to evaluate the Project began in 2019. Its work continues with final results expected in Q4 2021.

The ability of the Company to proceed with the evaluation and development of the Project depends on a number of factors, the key ones including obtaining the necessary financing to complete the evaluation and development, and ultimately upon future profitable production or proceeds from disposition of the 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 September 30, 2021, the Company had a cash balance of $10,163,917 (December 31, 2020 - $14,586) and working capital (current assets minus current liabilities) of $2,428,087 (December 31, 2020 - working capital deficit $1,354,567). Current liabilities as at September 30, 2021 totaled $8,245,426 (December 31, 2020 - $1,489,285) and accumulated deficit totaled $29,611,060 (December 31, 2020 - $25,516,383). The Company has incurred losses since inception and does not generate any cash inflows from operations. In the nine-month period ended September 30, 2021, cash used in operating activities totaled $2,697,928.

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 ongoing COVID-19 pandemic has continued to add uncertainty in respect of the Company's ability to raise financing. During the nine months ended September 30, 2021 the Company completed three financings, raising gross proceeds of $27,934,781 (see Note 8). Based on projected administrative and project expenditures for 2021, the Company expects that it will have sufficient funding to continue in operation at the currently planned activity levels into 2022. However, there can be no assurance that any initiatives to secure additional financing will be able to raise sufficient funding which gives rise to material uncertainties which may cast significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. 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 3 for uncertainties in relation to COVID-19.

3. COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, with outbreaks of the virus continuing throughout North America. The spread of COVID-19 has caused significant volatility in North America and international markets and there continues to be 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, testing of field personnel, conducting virtual instead of in-person meetings, restricting travel and other measures for physical distancing are in place. As part of the 2021 field program in Alaska, the Company implemented its Community and Workplace Protection Plan (CWPP) which details COVID-19 protocols that meet all State of Alaska and City of Nome requirements for detecting and mitigating the spread of COVID-19. The CWPP defines protocols to be followed by all field program personnel to ensure appropriate measures are in place to detect and minimize the spread of COVID-19 to protect the local communities and our workforce. Due to the uncertainty as to the continuing impact of the pandemic with the ongoing threat of virus variants, the Company may find that there are further delays in completing the PFS in the time expected or there are unexpected delays, which may affect progress on the Project.

4. 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, 2020, 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, 2020.

The unaudited condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of the Company on November 1, 2021.

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 indicated.

4.1 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:

<u>Share-based payments</u>: 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.

(Expressed in United States dollars unless otherwise indicated)

4. BASIS OF PRESENTATION (cont`d) …

Refer to the Company's annual audited consolidated financial statements for the years ended December 31, 2020 and 2019 for a summary of significant accounting policies.

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, 2019	$	15,881,167
Land management		101,930
Net smelter royalty purchase		3,009,834
Analysis		262,738
Geological consulting		360,401
Fieldwork		256,914
Engineering		45,377
Technical assessments		323,265
Community consultation		68,796
Environmental studies		335,635
Balance, December 31, 2020	$	20,646,057
Land management		126,813
Analysis		63,427
Geological consulting		156,599
Fieldwork		560,539
Engineering		36,609
Technical assessments		762,220
Community consultation		52,245
Environmental studies		304,751
Feasibility study		7,379,551
Balance, September 30, 2021	$	30,093,416

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

Property Summary

The Property consists of 135 State of Alaska mining claims ("State Claims") and 41 state selected claims ("SS Claims"). The Company maintains the State Claims by: annually performing the required assessment work on or for the benefit of the State Claims; timely recording Affidavits of Annual Labor attesting to the performance of the required assessment work; and, making timely and sufficient annual rental payments to the Alaska Department of natural Resources. SS Claims do not require any annual labor obligations or rental payments, only an initial deposit.

Effective January 1, 2014, the Company executed a long-term lease agreement with Kougarok LLC which now covers 13 State Claims. The initial term is twenty years, with provisions to extend the lease for two successive twenty-year periods and ultimately for as long as production, if any, continues from the Property. Advanced royalties have progressed to $50,000 January 1, 2021. Each January 1st thereafter, they increase by $10,000 until production commences. All required payments under the Lease have been made to date. The production royalties are based on annual production and calculated once production begins as follows: 5% from lands in 4 former federal claims originally located in 1943; 2.5% from lands within 20 other federal 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 paid advance royalties may be recouped from production royalties. The Company has the option to reduce the production royalties by up to 2% by paying US$2 million for each 1% reduction of the production royalties.

On January 24, 2012, the Company purchased from a private individual (the "Seller") 28 of the State Claims for $20,000 and a 2% production royalty on future production, if any, from those claims. The Company had the right to purchase the production royalty for $1 million until January 24, 2015 (the "Royalty Purchase Option"). The Company and the Seller entered into extension agreements effective January 24, 2015 and again on January 24, 2017 whereby the Royalty Purchase Option may be exercised at any time on or before January 24, 2021. In October 2020, the Company exercised the Royalty Purchase Option and acquired the 2% production royalty. In settlement of this purchase, the Company issued 2,500,000 Common Shares at a price of CA$0.82 per share (Fair value $) and 2,500,000 Warrants at a value of CA$0.77 per warrant (the "Warrants") (Fair value $). (see Note 7). The Warrants included an accelerated exercise clause whereby, in the event the common shares trade at a volume of CA$0.65 or more on the TSXV or the Toronto Stock Exchange (if so listed at such time) for 10 consecutive trading days, the Company may, at its option, issue a press release and a notice to the warrantholders for the expiry of the warrants on the date that is 45 days from the press release and notice and the warrantholder may exercise the warrants during this 45 day period but no later than the expiry date. On March 15, 2021, the Company exercised its right and accelerated the expiry date of the Warrants, if not exercised, to April 29, 2021. All of these warrants were exercised in the second quarter of 2021.

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

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

6. LOANS PAYABLE

On September 6, 2019 the Company entered into a loan agreement with Taiga to borrow up to $4.8 million of which $4.8 million has been drawn down by December 31, 2020. The loan is unsecured and had 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 had the option to extend the loan by an additional twelve (12) months upon 30 days notice to Taiga. On July 23, 2021, the Company provided notice to Taiga and Taiga accepted the notice to extend the maturity date of the loan to September 6, 2022.

On June 8, 2020 the Company entered into a loan agreement with Taiga to borrow up to $156,000 of which $156,000 has been drawn down by December 31, 2020. The loan is unsecured with a term of two years, with principal and interest owing repayable by June 8, 2022. 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.

In May 2020 the Company applied for and received approval for a CA$40,000 Canada Emergency Business Account ("CEBA") and in late May and in early June drew the full amount. The CEBA provides an interest-free loan of up to CA$40,000. Provided the loan is repaid on or before December 31, 2022, then 25% of the loan will be forgiven. No interest applies until January 1, 2023, at which time interest will be assessed at 5% per annum. The Government of Canada has updated the program details such that after January 20, 2022, any outstanding loan balance will be converted into a non-revolving 5-year term loan (where is previously was after December 31, 2020), maturing on December 31, 2025, at which time the balance is to be repaid in full.

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 nine-month period ended September 30, 2021:

During the nine-month period ended September 30, 2021, the Company completed three financings, raising total gross proceeds of CA$21.2 million. These financings undertaken under the following terms.

7. SHARE CAPITAL (cont`d) …

On February 23, 2021, the Company completed a private placement for total gross proceeds of CA$8,000,000. Pursuant to this private placement, the Company issued a total of 16,000,000 units (the "2021-1 Units") at a price of CA$0.50 per 2021-1 Unit. Each 2021-1 Unit consists of one common share and one transferable common share purchase warrant (a "2021-1 Warrant"). Each 2021-1 Warrant entitles the holder to purchase one additional common share of the Company at a purchase price of CA$0.61 per share during the 2 years from the date of issuance. The warrants include an accelerated exercise clause whereby, in the event the common shares trade at a volume of CA$0.90 or more on the TSXV or the Toronto Stock Exchange (if so listed at such time) for 10 consecutive trading days, the Company may, at its option, issue a press release and a notice to the warrant holders for the expiry of the warrants on the date that is 45 days from the press release and notice and the warrantholder may exercise the warrants during this 45 day period but no later than the expiry date. Based on the residual valuation method, no value was attributed to the 2021-1 Warrants.

The Company paid finder's fees in the amount of CA$614,400 and issued 1,228,800 transferrable broker warrants, each such warrant entitling the holder to acquire one additional common share of the Company at the same price as the 2021-1 Warrants described above.

Also on February 23, 2021, the Company completed a private placement for total gross proceeds of CA$2,000,000. Pursuant to this private placement, the Company issued a total of 2,564,104 units (the "2021-2 Units") at a price of CA$0.78 per 2021-2 Unit. Each 2021-2 Unit consists of one common share and one transferable common share purchase warrant (a "2021-2 Warrant"). Each 2021-2 Warrant entitles the holder to purchase one additional common share of the Company at a purchase price of CA$0.98 per share during the 2 years from the date of issuance. The warrants include an accelerated exercise clause whereby, in the event the common shares trade at a volume of CA$1.45 or more on the TSXV or the Toronto Stock Exchange (if so listed at such time) for 10 consecutive trading days, the Company may, at its option, issue a press release and a notice to the warrant holders for the expiry of the warrants on the date that is 45 days from the press release and notice and the warrantholder may exercise the warrants during this 45 day period but no later than the expiry date. Based on the residual valuation method, no value was attributed to the 2021-2 Warrants.

The Company paid finder's fees in the amount of CA$153,600 and issued 196,924 transferrable broker warrants, each such warrant entitling the holder to acquire one additional common share of the Company at the same price as the 2021-2 Warrants described above.

On April 22, 2021, the 2,500,000 warrants held by the warrantholder pursuant to the Royalty Purchase option (Note 6) where the Company invoked the accelerated expiry clause of the warrant agreement, were exercised.

7. SHARE CAPITAL (cont`d) …

On August 12, 2021, the Company completed the first tranche of a brokered private placement ("2021-3 First Tranche Financing"), raising gross proceeds of CA$7,727,000 through the issuance of 7,727,000 units ("2021-3 Units") at a price of CA$1.00 per 2021-3 Unit consisting of one common share and one share purchase warrant ("2021-3 Warrant"). Each 2021-3 Warrant entitles the holder thereof to acquire one common share of the Company upon payment of CA$1.50 for a period of 12 months from the closing date of the closing of the 2021-3 First Tranche Financing, subject to adjustment in certain circumstances. The 2021-3 First tranche Financing was conducted pursuant to the terms of an agency agreement entered into between the Company and Canaccord Genuity Corp. (the "Agent"). The Company has paid the Agent a cash fee of CA$540,890 which is equal to 7% of the gross proceeds of the 2021-3 First Tranche Financing and issued 540,890 compensation warrants ("Compensation Warrants") equal to 7% of the number of 2021-3 Units sold under the 2021-3 First Tranche Financing. Each Compensation Warrant will be exercisable for a period of 12 months from the date of the closing of the 2021-3 First Tranche Financing at an exercise price of CA$1.00, subject to adjustment in certain circumstances. (see Financial Statement Note 8: Share capital).

Concurrent with the 2021-3 First Tranche Financing, Taiga Mining Company, Inc. purchased 2,501,581 2021-3 Units for gross proceeds of CA$2,501,581. On September 24, 2021, the Company completed the second tranche of the brokered private placement ("2021-3 Second Tranche Financing"), raising gross proceeds of CA$998,000 through the issuance of 998,000 units ("2021-3 Units"). Total gross proceeds raised from the 2021-3 First Tranche Financing, the 2021-3 Second Tranche Financing and the Taiga investment amounts to CA$11,226,581.

Including the warrants pursuant to the Royalty Purchase option, options, warrants and broker warrants exercised during the nine-month period ended September 30, 2021 raised CA$7.5 million.

The following share transactions occurred during the year ended December 31, 2020:

On October 8, 2020, 2,500,000 shares were issued pursuant to the Royalty Purchase Option (see Note 6) at a fair value of CA$2,050,000.

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.

7. SHARE CAPITAL (cont`d) …

The following table summarizes activity related to stock options:

	Options		Weighted Average Exercise Price*
Balance, December 31, 2019	3,535,000	$	0.34
Granted	575,000	$	0.35
Expired	(50,000)	$	0.30
Balance, December 31, 2020	4,060,000	$	0.34
Granted	2,105,000	$	1.02
Exercised	(1,015,000)	$	0.41
Expired	(10,000)	$	1.00
Balance, September 30, 2021	5,140,000	$	0.61

* in Canadian dollars

Options outstanding:

	As at September 30, 2021				**As at December 31, 2020**			
	Number of options outstanding #	Number of vested options #	Weighted average exercise price#	Weighted average remaining contractual life years	Number of options outstanding #	Number of vested options #	Weighted average exercise price#	Weighted average remaining contractual life years
	-	-	-	-	150,000	150,000	1.00	0.2
*	-	-	-	-	525,000	525,000	0.30	0.2
	25,000	25,000	1.00	0.1	30,000	30,000	1.00	0.9
*	150,000	150,000	0.30	0.1	275,000	275,000	0.30	0.9
	30,000	30,000	0.60	1.2	50,000	50,000	0.60	2.0
*	505,000	505,000	0.30	1.2	555,000	555,000	0.30	2.0
*	100,000	100,000	0.30	1.7	100,000	100,000	0.30	2.4
	1,700,000	1,700,000	0.30	2.6	1,800,000	1,800,000	0.30	3.4
	525,000	525,000	0.35	3.7	575,000	575,000	0.35	4.5
	2,105,000	2,105,000	1.02	4.4	-	-	-	-
	5,140,000	5,140,000	0.61	3.2	4,060,000	4,060,000	0.34	2.6

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

On February 23, 2021, 2,105,000 options were granted to directors, officers and consultants of the Company. Each option has an exercise price of CA$1.02, expiring 5 years from the date of grant and vested immediately. During the nine-month period ended September 30, 2021, 1,015,000 options were exercised totaling proceeds of $337,491 and 10,000 options expired.

7. SHARE CAPITAL (cont`d) …

On June 26, 2020, 575,000 options were granted to directors, officers and consultants of the Company. Each option has an exercise price of CA$0.35, expiring 5 years from the date of grant and vested immediately.

The fair value of the share options granted in the nine-month period ended September 30, 2021 and the year ended December 31, 2020 was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	Nine months ended September 30, 2021	Year ended December 31, 2020
Exercise price (CA$)	CA$1.02	CA$0.35
Market price (CA$)	CA$1.28	CA$0.50
Risk free interest rate	0.64%	0.36%
Expected option life	5 years	5 years
Expected stock price volatility	165%	161%
Dividend payments during life of option	Nil	Nil
Expected forfeiture rate	Nil	Nil
Average fair value per option (CA$)	CA$1.20	CA$0.47

7.4 Warrants

The following table summarizes activity related to warrants:

	Warrants	Weighted Average Exercise Price*
Balance, December 31, 2019	15,285,330	$ 0.79
Issued	2,500,000	$ 0.61
Expired/cancelled	(6,666,900)	0.30
Balance, December 31, 2020	11,118,430	$ 1.04
Issued	29,790,685	$ 0.98
Exercised	(9,440,895)	0.75
Expired/cancelled	(115,385)	1.30
Balance, September 30, 2021	31,352,835	$ 1.07

* in Canadian dollars

During the nine-month period ended September 30, 2021, 29,790,685 warrants were issued pursuant to the financings (Note 8.2) and 9,440,895 warrants were exercised totaling proceeds of CA$7.5 million.

7. SHARE CAPITAL (cont`d) …

Warrants outstanding:

As at September 30, 2021			As at December 31, 2020		
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	0.1
71,499	1.20	0.9	969,714	1.20	1.6
127,943	1.00	1.2	1,414,371	1.00	1.9
2,984,237	1.20	1.6	3,061,501	1.20	2.4
2,995,459	1.20	1.8	3,057,459	1.20	2.6
-	-	-	2,500,000	0.61	4.8
11,884,800	0.61	1.4	-	-	-
2,062,316	0.98	1.4	-	-	-
10,228,581	1.50	0.9	-	-	-
998,000	1.50	0.9	-	-	-
31,352,835	1.07	1.3	11,118,430	1.04	2.8

* in Canadian dollars

7.5 Broker Warrants

The following table summarizes activity related to Broker Warrants:

	Warrants	Weighted Average Exercise Price*
Balance, December 31, 2019	28,056	$ 1.03
Expired/cancelled	(5,336)	$ 0.30
Balance, December 31, 2020	22,720	$ 1.20
Issued	2,036,474	$ 0.46
Exercised	(8,764)	$ 0.32
Balance, September 30, 2021	2,050,430	$ 0.47

* in Canadian dollars

During the six-month period ended September 30, 2021, 2,036,474 broker warrants were issued pursuant to the financings (Note 8.2) and 8,764 broker warrants were exercised totaling proceeds of $5,488.

7. SHARE CAPITAL (cont`d) …

Broker warrants outstanding:

As at September 30, 2021			As at December 31, 2020		
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	1.6	18,720	1.20	2.4
1,636	1.20	1.8	4,000	1.20	2.5
1,222,400	0.61	1.4	-	-	-
196,924	0.98	1.4	-	-	-
540,890	1.00	0.9	-	-	-
69,860	1.00	0.9	-	-	-
2,050,430	0.77	1.2	22,720	1.20	2.4

* in Canadian 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 provided technical services to the Company, until Dr. Beattie’s death in July 2020.
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.
ROTAK LLC (”ROTAK”)	ROTAK is one of the providers to the Company of helicopter support services in Alaska. One of Taiga’s principals is also a manager in the entity that controls ROTAK.

(Expressed in United States dollars unless otherwise indicated)

8. RELATED PARTY TRANSACTIONS AND BALANCES (cont`d) …

	Management Consulting and Directors' Fees		Project Services	
For the nine months ended September 30	**2021**	**2020**	**2021**	**2020**
Huston & Huston Holdings Corp.	$ 374,897	$ 328,645	$ -	$ -
Rockford Resources, LLC	48,010	13,297	-	-
0897877 BC Ltd.	48,002	13,297	-	-
Beattie Battery Technologies Innovations	-	33,199	-	-
ROTAK Helicopter Services	-	-	1,088,665	-
For the three months ended September 30	**2021**	**2020**	**2021**	**2020**
Huston & Huston Holdings Corp.	$ 74,964	$ 74,769	$ -	$ -
Rockford Resources, LLC	7,548	4,505	-	-
0897877 BC Ltd.	7,540	4,505	-	-
Beattie Battery Technologies Innovations	-	3,378	-	-
ROTAK Helicopter Services	-	-	787,317	-

8.1 Related party transactions

The above transactions relate to consulting fees and project-related costs incurred by the Company. Management services expenses are included in management fees and salaries and marketing, advisory and investor relations in the consolidated statements of financial position. Geological services and Project Services are capitalized to Exploration and evaluation property in the consolidated statements of financial position.

During the nine months ended September 30, 2021, the Company accrued interest totaling $1,179,730 related to the loan from Taiga (see Note 6).

Amounts owing to related parties other than Taiga are non-interest bearing, unsecured and due on demand. The transactions were in the normal course of operations. At September 30, 2021, the Company owed $6,152,527 (December 31, 2020 - $5,980,749) to related parties.

(Expressed in United States dollars unless otherwise indicated)

8. RELATED PARTY TRANSACTIONS AND BALANCES (cont`d) …

8.2 Key management compensation

For the nine months ended September 30,		2021		2020
Consulting and directors' fees	$	470,910	$	355,239
Salaries		624,776		641,911
Benefits		67,806		62,883
Stock-based compensation		1,912,435		151,630
	$	3,075,927	$	1,211,663

For the three months ended September 30,		2021		2020
Consulting and directors' fees	$	90,052	$	83,778
Salaries		167,379		167,327
Benefits		19,119		17,555
Stock-based compensation		-		-
	$	276,550	$	268,660

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.

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 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. FINANCIAL RISK MANAGEMENT

11.1 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 counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash.

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 September 30, 2021, the Company had a cash balance of $10,163,917 and working capital (current assets minus current liabilities) of $2,428,087. Current liabilities as at September 30, 2021 totaled $8,245,426. The Company will 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. See Note 2, Going Concern.

As at September 30, 2021 there are no loan covenants.

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 $10,163,917 in Cash at September 30, 2021, on which it may earn 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. A portion of the Company's funds are held in Canadian dollars and are therefore subject to fluctuations in foreign exchange rates.

At September 30, 2021, the Company has certain monetary items denominated in Canadian dollars. Based on these net exposures at September 30, 2021 a 10% appreciation or depreciation of the Canadian Dollar against the United States dollar would result in an increase or decrease of $1.04 million in the Company's net loss.

10. FINANCIAL RISK MANAGEMENT (cont'd) …

11.2 Fair Values

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