GRAPHITE ONE INC.

Condensed Interim Consolidated Financial Statements

June 30, 2023
(Unaudited)

Graphite One

GRAPHITE ONE INC.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in United States dollars)

	Note		June 30, 2023		December 31, 2022
ASSETS					
Current Assets					
Cash and cash equivalents	6	**$**	**3,215,914**	$	501,704
Receivables	7		**47,111**		75,241
Prepaids and deposits	8		**538,254**		328,816
Total current assets			**3,801,279**		905,761
Property and equipment	9		**935,028**		1,047,535
Exploration and evaluation property	10		**55,262,443**		50,133,500
Non-current advances and deposits	11		**1,450,000**		-
Intangible assets			**80,667**		98,444
Total assets		**$**	**61,529,417**	$	52,185,240
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	12	**$**	**2,511,456**	$	4,518,606
Lease obligations			**76,355**		156,536
Total current liabilities			**2,587,811**		4,675,142
SHAREHOLDERS' EQUITY					
Share capital	13		**85,319,473**		71,490,803
Reserves			**13,854,632**		12,029,896
Cumulative translation adjustment			**3,486,451**		3,469,087
Deficit			**(43,718,950)**		(39,479,688)
Total shareholders' equity			**58,941,606**		47,510,098
Total liabilities and shareholders' equity		**$**	**61,529,417**	$	52,185,240
Going concern	2				
Subsequent events	16				

Approved by the Board of Directors:

«Anthony Huston» — Director

«Douglas Smith» — Director

GRAPHITE ONE INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in United States dollars, except for shares)

	Note	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Expenses					
Management fees and salaries and benefits	14	**$ 281,807**	$ 257,582	**$ 607,450**	$ 518,814
Marketing and investor relations		**677,268**	217,999	**1,393,382**	414,693
Consulting and advisory fees		**115,945**	89,725	**195,714**	178,652
Office and administration		**182,935**	124,069	**290,649**	215,745
Professional fees		**117,194**	34,261	**149,307**	46,531
Share-based payments		**849,388**	-	**1,613,875**	-
		2,224,537	723,636	**4,250,377**	1,374,435
Other (income) expenses					
Foreign exchange loss (gain)		**(24,320)**	136,864	**(18,454)**	97,086
Gain on sale of asset		**-**	(8,076)	**-**	(8,076)
Interest income		**(12)**	(13,969)	**(30)**	(47,309)
Interest expense		**3,074**	173,299	**7,369**	374,363
		(21,258)	288,117	**(11,115)**	416,064
Net loss for the period		**2,203,279**	1,011,753	**4,239,262**	1,790,499
Other comprehensive loss					
Foreign currency translation		**(13,866)**	(4,352)	**(17,364)**	(32,921)
Net loss and comprehensive loss for the period		**$ 2,189,413**	$ 1,007,401	**$ 4,221,898**	$ 1,757,578
Basic and diluted loss per common share		**$ 0.02**	$ 0.01	**$ 0.04**	$ 0.02
Weighted average number of common shares outstanding		**125,235,328**	87,180,561	**120,664,315**	86,455,403

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

GRAPHITE ONE INC.

Condensed Interim Consolidated Statements of Shareholders' Equity

(Unaudited - Expressed in United States dollars, except for shares)

	Common Shares			Cumulative Translation		
		Amount	Reserves	Adjustment	Deficit	Total
	Number	$	$	$	$	$
Balance, January 1, 2023	**109,476,879**	**71,490,803**	**12,029,896**	**3,469,087**	**(39,479,688)**	**47,510,098**
Shares issued on warrant exercises	18,751,943	13,052,356	-	-	-	13,052,356
Shares issued on broker warrant exercises	262,965	329,702	(172,139)	-	-	157,563
Shares issued on buy back of NSR royalty	456,500	446,612	-	-	-	446,612
Share-based payments	-	-	1,996,875	-	-	1,996,875
Changes in cumulative translation adjustment	-	-	-	17,364	-	17,364
Net loss for the period	-	-	-	-	(4,239,262)	(4,239,262)
Balance, June 30, 2023	**128,948,287**	**85,319,473**	**13,854,632**	**3,486,451**	**(43,718,950)**	**58,941,606**

	Common Shares			Cumulative Translation		
		Amount	Reserves	Adjustment	Deficit	Total
	Number	$	$	$	$	$
Balance, January 1, 2022	**85,524,287**	**52,199,470**	**12,225,926**	**3,419,339**	**(33,781,154)**	**34,063,581**
Shares issued on warrant exercises	1,773,194	1,548,573	(33,194)	-	-	1,515,379
Changes in cumulative translation adjustment	-	-	-	32,921	-	32,921
Net loss for the period	-	-	-	-	(1,790,499)	(1,790,499)
Balance, June 30, 2022	87,297,481	53,748,043	12,192,732	3,452,260	(35,571,653)	33,821,382

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

GRAPHITE ONE INC.

Condensed Interim Consolidated Statements of Cash Flow

(Unaudited - Expressed in United States dollars)

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
OPERATING ACTIVITIES				
Net loss for the period	**$ (2,203,279)**	$ (1,011,753)	**$ (4,239,262)**	$ (1,790,499)
Items not involving cash:				
Share-based payments	**849,388**	-	**1,613,875**	-
Unrealized foreign exchange loss	**1,540**	53,324	**(2,520)**	79,808
Depreciation	**3,838**	488	**8,468**	980
Interest on loan payable	**-**	161,297	**-**	362,361
Interest on leases payable	**3,074**	10,841	**7,369**	10,841
Gain on disposal of asset	**-**	(8,076)	**-**	(8,076)
Changes in non-cash working capital items				
Receivables	**32,357**	(15,467)	**28,130**	(8,233)
Prepaids and deposits	**186,181**	15,408	**111,342**	(64,201)
Accounts payable and accrued liabilities	**143,075**	(36,947)	**(141,529)**	(82,277)
Cash used in operating activities	**(983,826)**	(830,885)	**(2,614,127)**	(1,499,296)
FINANCING ACTIVITIES				
Proceeds from issuance of common shares	**6,882,405**	992,217	**13,209,919**	1,515,379
Lease payments	**(42,925)**	(38,350)	**(87,550)**	(64,150)
Cash provided by financing activities	**6,839,480**	953,867	**13,122,369**	1,451,229
INVESTING ACTIVITIES				
Exploration and evaluation property expenditures	**(3,759,117)**	(2,178,772)	**(7,710,945)**	(3,202,300)
Purchase of equipment	**(86,941)**	(118,439)	**(93,782)**	(230,282)
Cash used in investing activities	**(3,846,058)**	(2,297,211)	**(7,804,727)**	(3,432,582)
Effect of foreign exchange on cash and cash equivalents	**13,005**	(20,392)	**10,694**	(45,958)
Increase (decrease) in cash and cash equivalents during the period	**2,022,601**	(2,194,622)	**2,714,209**	(3,526,607)
Cash and cash equivalents at beginning of period	**1,193,313**	5,044,064	**501,704**	6,376,049
Cash and cash equivalents at end of period	**$ 3,215,914**	$ 2,849,442	**$ 3,215,914**	$ 2,849,442
Supplemental cash flow information:				
Non-cash Investing and financing activities				
Depreciation capitalized to property	**$ 116,905**	$ 88,097	**$ 216,473**	$ 111,076
Shares issued for buy back of NSR royalty	**450,163**	-	**450,163**	-
Share-based payments capitalized to property	**116,132**	-	**190,040**	-
	$ 683,200	$ 88,097	**$ 856,676**	$ 111,076

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

1. NATURE OF OPERATIONS

Graphite One Inc. ("Graphite One" or the "Company") is a Canadian publicly traded mineral exploration company headquartered in Vancouver, British Columbia and its common shares trades on the TSX Venture Exchange (TSX-V) under the symbol GPH and the over-the-counter market exchange (OTCQX) in the United States under the symbol GPHOF. The Company's registered office is located at Suite 600 – 777 Street Hornby, Vancouver, B.C. V6Z 1S4.

The Company is focused on developing its Graphite One Project (the "Project") with a plan to mine graphite from the Company's Graphite Creek Property, process the graphite into concentrate at a mineral processing plant located adjacent to the proposed mine, and shipped to the Company's proposed manufacturing plant in Washington State where anode materials and other value-added graphite products would be produced.

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 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 to operate 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 June 30, 2023, the Company had a cash and cash equivalents of $3,215,914 (December 31, 2022: $501,704), working capital of $1,213,468 (December 31, 2022: $3,769,381 working capital deficit), and an accumulated deficit of $43,718,950 (December 31, 2022: $39,479,688). The Company has incurred losses since inception and does not generate any cash inflow from operations. For the six months ended June 30, 2023, cash used in operating activities was $2,614,127 (2022: $1,499,296) and $7,804,727 (2022: $3,432,582) was spent on project related expenditures of which $1,667,898 were for the settlement of accrued but unpaid 2022 project expenditures and $1,770,780 of project deposits and advances in preparation for the 2023 drilling program. Subsequent to June 30, 2023, the Company was awarded a U.S. Department of Defense Technology Investment Agreement grant of $37.5 million to fund 50% of the estimated cost to complete its Graphite Creek feasibility study and has entered into an unsecured, $5.0 million loan agreement with Taiga Mining Company Inc., a related party, which is due in one-year (Note 15(b)).

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. Based on projected administrative and project expenditures for the next twelve months, the Company will require additional financings to continue to operate. There can be no assurance that the Company will be successful in securing adequate funding through additional financings, which gives rise to material uncertainty that 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. The condensed 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.

3. BASIS OF PRESENTATION

These unaudited 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") applicable to interim financial reports, including International Accounting Standard 34 (Interim Financial Reporting). The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022.

These unaudited condensed interim consolidated financial statements were approved for issuance by the Board of Directors of the Company on August 20, 2023.

a) Presentation currency

The functional currency of the Company is Canadian Dollars (CA$) and its wholly owned subsidiary is United States dollars (US$). The presentation currency of the Company is the United States dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in the consolidated statements of loss and comprehensive loss for the period.

b) Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for those assets and liabilities that are measured at revalued amounts or fair values at the end of each reporting period.

c) Basis of Consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned US subsidiary, Graphite One (Alaska) Inc. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when we have existing rights that give us the ability to direct the activities that significantly affect the investee's returns. The financial statements of subsidiaries are included in the consolidated financial statement from the date that control commences until the date that control ceases.

d) Significant accounting policies

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in Note 4 of the Company's consolidated financial statements for the year ended December 31, 2022 with the addition of:

Government Assistance

The Company recognizes government grants at fair value when there is reasonable assurance the Company will comply with the conditions of any grant assistance and the funding for the Grant will be received. Government grants related to the purchase of long-lived assets are recorded against the carrying value of the long-lived asset.

(Unaudited – All amounts are expressed in US dollars, except for shares and per share amounts)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING THE ACCOUNTING POLICIES

Critical accounting estimates and judgment that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 5 of the Company's consolidated financial statements for the year ended December 31, 2022, with the addition of:

Grant Reimbursement

The Company exercises judgement and makes certain assumptions on whether certain feasibility study expenditures may qualify for reimbursement under the DoD's Technology Investment Agreement Grant, which will impact the carrying value of the exploration and evaluation asset.

5. CHANGES IN ACCOUNTING STANDARDS

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted.

Presentation of Financial Statements (Amendment to IAS 1)

The amendments to IAS 1, clarifies the presentation of liabilities. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendment issued in October 2022 also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The implementation of this amendment is not expected to have a material impact on the Company.

6. CASH AND CASH EQUIVALENTS

		June 30, 2023		December 31, 2022
Cash	**$**	**3,208,361**	$	494,321
Cash equivalents		**7,553**		7,383
	$	**3,215,914**	$	501,704

7. RECEIVABLES

		June 30, 2023		December 31, 2022
GST receivables	**$**	**33,515**	$	47,110
Other receivables		**13,595**		28,131
	$	**47,111**	$	75,241

(Unaudited – All amounts are expressed in US dollars, except for shares and per share amounts)

8. PREPAIDS AND DEPOSITS

		June 30, 2023		December 31, 2022
Deposits and advances	$	**352,824**	$	32,044
Prepaid marketing		**-**		200,000
Prepaid expenses		**185,430**		96,772
	$	**538,254**	$	328,816

9. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

Cost	Field Equipment $	Computers $	ROU Assets $	Total $
As at December 31, 2021	693,735	14,877	220,297	928,909
Additions	660,611	17,098	237,750	915,459
Disposals	(144,369)	(5,441)	(174,657)	(324,467)
Effect on changes in foreign exchange rate	-	(623)	-	(623)
As at December 31, 2022	1,209,977	25,911	283,390	1,519,278
Additions	70,737	23,045	-	93,782
Effect on changes in foreign exchange rate	-	150	-	150
As at June 30, 2023	**1,280,714**	**49,106**	**283,390**	**1,613,210**

Accumulated depreciation	Field Equipment $	Computers $	ROU Assets $	Total $
As at December 31, 2021	341,178	8,301	46,826	396,305
Depreciation	131,607	6,470	140,527	278,604
Disposals	(138,928)	(5,441)	(58,219)	(202,588)
Effect on changes in foreign exchange rate	-	(578)	-	(578)
As at December 31, 2022	333,857	8,752	129,134	471,743
Depreciation	118,203	5,206	82,931	206,340
Effect on changes in foreign exchange rate	-	99	-	99
As at June 30, 2023	**452,060**	**14,057**	**212,065**	**678,182**

Net book value	Field Equipment $	Computers $	ROU Assets $	Total $
As at December 31, 2022	876,120	17,159	154,256	1,047,535
As at June 30, 2023	**828,654**	**35,049**	**71,325**	**935,028**

(Unaudited – All amounts are expressed in US dollars, except for shares and per share amounts)

10. 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, 2021	**$ 34,089,017**
Land management	215,595
Assays and metallurgy	243,918
Geological consulting	1,330,471
Drilling and fieldwork	10,414,864
Engineering	10,405
Community consultation and meetings	164,720
Environmental studies	1,131,862
Capitalized depreciation	283,812
Project management and administration	1,000,191
Pre-feasibility study	1,248,645
Balance, December 31, 2022	**50,133,500**
Acquisition of NSR royalty	450,163
Assays and metallurgy	68,072
Geological consulting	145,464
Site Preparation, drilling and camp operations	2,571,323
Community consultation and meetings	80,175
Environmental studies	417,085
Capitalized depreciation	216,473
Capitalized share-based payments	190,040
Project management and administration	564,459
Secondary Treatment Plant Project costs	413,613
Other costs	12,076
Balance, June 30, 2023	**$ 55,262,443**

Property Summary

The Graphite Creek 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 performing the required annual assessment work on or for the benefit of the State Claims; timely recording of the Affidavits of Annual Labor attesting to the performance of the required assessment work and by making timely annual rental payments to the Alaska Department of Natural Resources. The SS Claims only require an initial deposit and do not require any annual labor obligations or rental payments.

On June 21, 2023, the Company completed the buy back of a 1% net smelter returns ("NSR") payable on certain mining claims by issuing to the vendor 456,500 common shares of the Company at a price of CA$1.30 or CA$593,450 ($450,163).

(Unaudited – All amounts are expressed in US dollars, except for shares and per share amounts)

10. EXPLORATION AND EVALUATION PROPERTY (Cont'd)

Two NSRs remain outstanding on the Graphite Creek Property: a 5% and a 2.5% NSR on certain Alaska state claims, of which 2% of each NSR can be purchased for a total of $4.0 million, leaving a 3.0% and a $0.5% NSR on their respective claims and the Taiga option to acquire a one percent (1%) NSR on 133 Alaska state claims owned or leased by the Company.

11. NON-CURRENT ADVANCES AND DEPOSITS

Non-current advances and deposits are comprised of advance payments to contractors for project related expenditures that are expected to be settled before December 31, 2023. Upon settlement, the advance payments are reclassified to exploration and evaluation assets.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2023		December 31, 2022
Accounts payable - Trade	$	**194,336**	$	267,069
Accounts payable - Project		**1,675,791**		3,293,689
Payroll		**641,329**		764,562
Other liabilities		-		193,286
	$	**2,511,456**	$	4,518,606

13. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Shares Issued

The following share transactions occurred during the six months ended June 30, 2023:

The Company issued 18,751,943 common shares in connection with the exercise of warrants at an average exercise price of $0.70 (CA$0.94) per share.

The Company issued 262,965 common shares in connection with the exercise of broker warrants at an average exercise price of $0.54 (CA$0.72) per share.

The Company issued 456,500 common shares in connection with the exercise of an option to buy back a 1% NSR on certain mining claims at a price of CA$1.30 or CA$593,450 ($446,162).

(Unaudited – All amounts are expressed in US dollars, except for shares and per share amounts)

13. SHARE CAPITAL (Cont'd)

c) Share-based compensation

The following table summarizes the amount of share-based compensation recognized during the three and six months ended June 30, 2023 and 2022:

	Three months ended June 30, 2023			Three months ended June 30, 2022		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	$ 51,185	$ 202,658	$ 253,843	$ -	$ -	$ -
Restriced share units	64,947	646,730	711,677	-	-	-
	$ 116,132	$ 849,388	$ 965,520	$ -	$ -	$ -

	Six months ended June 30, 2023			Six months ended June 30, 2022		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	$ 92,673	$ 388,430	$ 481,103	$ -	$ -	$ -
Restriced share units	97,367	1,225,445	1,322,812	-	-	-
	$ 190,040	$ 1,613,875	$ 1,803,915	$ -	$ -	$ -

Stock Options
Pursuant to the Company's stock option plan for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, the exercise price to be determined on the date of issuance of the options.

The following table summarizes activity related to stock options:

	Number of Options	Weighted Average Exercise Price (CA$)
Balance, December 31, 2021	**8,352,429**	**$ 0.93**
Granted	1,463,157	1.08
Exercised	(945,000)	0.35
Expired and forfeited	(910,000)	0.88
Balance, December 31, 2022	**7,960,586**	**1.03**
Granted	1,517,743	1.00
Balance, June 30, 2023	**9,478,329**	**1.03**

On January 19, 2023, the Company granted 1,517,743 stock options to its employees and officers with an exercise price of CA$1.00 per share, expiring 5 years from the date of grant. The stock options vest one third each year on the first, second and third anniversaries from the date of grant.

(Unaudited – All amounts are expressed in US dollars, except for shares and per share amounts)

c) Share-based compensation (Cont'd)

Stock Options (Cont'd)

The fair values of the stock options granted during the six months ended June 30, 2023 and for the year ended December 31, 2022 were estimated on the date of grant using the Black-Scholes Option Pricing Model with the following assumptions:

	June 30, 2023	December 31, 2022
Exercise price (CA$)	$1.00	1.08
Share price	$1.08	1.08
Risk-free interest rate	2.80%	3.07%
Expected life	5 years	5 years
Expected stock price volatility	92.7%	93.2%
Dividend payments	Nil	Nil
Expected forfeiture rate	Nil	Nil
Fair value per option (CA$)	$0.79	0.78

The expected life is based on current expectations. The expected volatility reflects the assumption that the historical volatility will be similar to the future volatility.

Stock options outstanding:

As at June 30, 2023				**As at December 31, 2022**			
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)
1,100,000	1,100,000	0.30	0.9	1,100,000	1,100,000	0.30	1.4
455,000	455,000	0.35	2.0	455,000	455,000	0.35	2.5
2,005,000	2,005,000	1.02	2.7	2,005,000	2,005,000	1.02	3.1
2,937,429	2,937,429	1.39	3.5	2,937,429	2,937,429	1.39	4.0
1,463,157	-	1.08	4.5	1,463,157	-	1.08	5.0
1,517,743	-	1.00	4.6	-	-	-	-
9,478,329	6,497,429	1.03	3.3	7,960,586	6,497,429	1.03	3.5

(Unaudited – All amounts are expressed in US dollars, except for shares and per share amounts)

Omnibus Incentive Plan

Security-based awards under the Omnibus Incentive Plan (the "Omnibus Plan") consist of deferred share units, restricted share and restricted share units and performance share units for directors, officers, employees and consultants. The maximum number of security-based awards to be granted under the Omnibus Plan is 12,500,000 and any adjustments are subject to approval by the TSXV and the shareholders of the Company.

The following table summarizes the issued and outstanding restricted share units:

	Grant Date	Security Based Award	Number of Awards	Vesting Date
Directors	January 19, 2023	RSU	1,319,101	Note 1
Officers	January 19, 2023	RSU	1,400,000	Note 2
Directors	December 27, 2022	RSU	1,131,323	December 27, 2023
Officers	December 27, 2022	RSU	2,637,943	Note 3
			6,488,367	

[1] One-quarter or 329,775 RSUs vest on January 19, 2024 and 329,775 RSUs on each of April 6, 2024, July 6, 2024, and October 6, 2024.
[2] One-quarter or 350,000 RSUs vest on the first and second anniversaries and 700,000 RSUs on the third anniversary of grant date.
[3] One-third or 879,981 RSUs vest on the first, second and third anniversary of grant date

On January 19, 2023, the Company granted 2,719,101 restricted share units to its officers and directors at a price of $0.80 (CA$1.08) per RSU. The fair value of the restricted share units granted on January 19, 2023 was $2,179,802 (CA$2,936,629) which will be amortized over the vesting period of between one year and three years.

d) Warrants

The following table summarizes the activity related to warrants:

	Number of Warrants	Weighted Average Exercise Price (CA$)
Balance, December 31, 2021	30,538,111	$ 1.07
Issued	9,322,986	1.50
Exercised	(3,777,528)	1.13
Expired	(71,498)	1.00
Balance, December 31, 2022	36,012,071	1.20
Exercised	(18,751,943)	0.94
Expired	(7,548,739)	1.48
Balance, June 30, 2023	9,711,389	$ 1.48

(Unaudited – All amounts are expressed in US dollars, except for shares and per share amounts)

d) Warrants (Cont'd)

Warrants outstanding:

As at June 30, 2023			As at December 31, 2022		
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
-	-	-	2,329,238	1.20	0.4
558,402	1.20	0.1	2,819,030	1.20	0.6
-	-	-	9,498,400	0.61	0.1
-	-	-	1,612,436	0.98	0.1
-	-	-	9,431,981	1.50	0.4
-	-	-	998,000	1.50	0.4
8,762,071	1.50	1.2	8,762,071	1.50	1.7
390,916	1.50	1.4	560,915	1.50	1.9
9,711,389	1.48	1.1	36,012,071	1.20	0.7

e) Broker Warrants

The following table summarizes the activity related to Broker Warrants:

	Number of Warrants		Weighted Average Exercise Price (CA$)
Balance, December 31, 2021	875,351	$	0.94
Issued	356,022		1.50
Exercised	(610,750)		1.00
Balance, December 31, 2022	620,623		1.21
Exercised	(262,965)		0.72
Balance, June 30, 2023	357,658	$	1.50

No broker warrants were issued during the six months ended June 30, 2023. The fair value of the broker warrants granted in the year ended December 31, 2022 was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	June 30, 2023	December 31, 2022
Exercise price (CA$)	-	$1.50
Share price (CA$)	-	$1.26 - $1.29
Risk-free interest rate	-	3.59% - 3.92%
Expected life	-	2 years
Expected stock price volatility	-	85.63% - 93.01%
Dividend payments	-	Nil
Expected forfeiture rate	-	Nil
Fair value per broker warrant (CA$)	-	$0.54 - $0.60

(Unaudited – All amounts are expressed in US dollars, except for shares and per share amounts)

e) Broker Warrants (Cont'd)

Broker warrants outstanding:

As at June 30, 2023			As at December 31, 2022		
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)
-	1.20	-	18,720	1.20	0.4
1,636	1.20	0.1	1,636	1.20	0.5
-	0.61	-	134,543	0.61	0.1
-	0.98	-	109,702	0.98	0.1
316,758	1.50	1.2	316,758	1.50	1.7
39,264	1.50	1.4	39,264	1.50	1.9
357,658	1.50	1.2	620,623	1.21	1.0

14. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	**Nature of the relationship**
Huston and Huston Holding Corp.	Huston and Huston Holdings Corp. is a private company controlled by Anthony Huston, an officer and director of the Company which provides director and management services to the Company.
Rockford Resources LLC	Rockford is a private company controlled by Patrick Smith, a director of the Company which provides Patrick Smith's services as a director to the Company.
SSP Partners LLC	SSP Partners LLC is a private company controlled by Scott Packman, a director of the Company which provides Scott Packman's services as a director to the Company.
Taiga Mining Company, Inc.	Taiga is a private company that owns more than 20% of the common shares of Graphite One, the owners are Jerry Birch and Kevin Greenfield.

(Unaudited – All amounts are expressed in US dollars, except for shares and per share amounts)

14. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

a) Related party transactions

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Huston & Huston Holding Corp.	**$ 112,500**	$ 75,000	**$ 225,000**	$ 150,000
Rockford Resources LLC	**7,500**	7,500	**15,000**	15,000
0897877 B.C. Ltd.	**-**	-	**-**	15,000
SSP Partners LLC	**7,500**	-	**15,000**	-
	$ 127,500	$ 82,500	**$ 255,000**	$ 180,000

Amounts owing to related parties are non-interest bearing, unsecured and due on demand. At June 30, 2023, no amounts were owed (December 31, 2022 - $25,000) to related parties.

During the six months ended June 30, 2023, Taiga Mining Company, Inc. exercised 6,059,230 warrants at an average exercise price of $0.99 (CA$1.32) for gross proceeds of $5,977,635 (CA$8,021,550).

b) Key management compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, Executive Chair, Chief Financial Officer, three (3) Vice-Presidents and the directors. Compensation paid to key personnel, which include the fees referenced in the above related party transactions table is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Management fees	**$ 112,500**	$ 75,000	**$ 225,000**	$ 150,000
Director fees	**30,000**	15,000	**60,000**	30,000
Salaries and benefits	**415,833**	196,391	**628,833**	438,500
Share-based payments	**1,015,357**	-	**1,751,380**	-
	$ 1,573,690	$ 286,391	**$ 2,665,213**	$ 618,500

15. 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 and cash equivalents and receivables.

15. FINANCIAL RISK MANAGEMENT (Cont'd)

a) Credit risk (Cont'd)

The Company has assessed its exposure to credit risk on its cash and cash equivalents and receivable from the US Government and has determined that such risk is minimal. The majority of the Company's cash are held with a chartered bank in Canada.

b) Liquidity risk (Note 2)

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at June 30, 2023, the Company had working capital of $1,213,468 (December 31, 2022 - $3,769,381 working capital deficit). Subsequent to June 30, 2023, the Company was awarded a $37.5 million Department of Defense Grant to accelerate the completion of its Graphite Creek feasibility study and has entered into an unsecured, $5.0 million loan agreement with Taiga Mining Company, LLC, a related party, which matures in one year from first drawdown. The Company will submit for monthly reimbursements for DoD's share of the feasibility study expenditures. The Grant and proceeds from any debt or equity financings will be used to fund the ongoing operations and the Graphite Creek project. There can be no assurance that the Company can obtain additional financing on terms acceptable to the Company or at all.

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 $3,215,914 in cash and cash equivalents at June 30, 2023 (December 31, 2022: $501,704), 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 June 30, 2023, the Company has certain monetary items denominated in Canadian dollars. Based on these net exposures, a 10% appreciation or depreciation of the Canadian Dollar against the United States dollar would result in an increase or decrease the Company's net loss by $9,198 (December 31, 2022: $18,002).

Fair Values

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

16. SUBSEQUENT EVENTS

Subsequent to June 30, 2023, the Company:

a) On July 17, 2023, its wholly owned subsidiary, Graphite One (Alaska) Inc. ("G1 Alaska") was awarded a Department of Defense ("DoD") Technology Investment Agreement grant of $37.5 million under Title III of the Defense Production Act, funded through the Inflation Reduction Act.

   The funding objective of the DoD-G1 Alaska Technology Investment Agreement is to perform an accelerated Feasibility Study to modernize and expand domestic production capacity and a domestic supply chain for graphite battery anodes for electric vehicles and alternative energy batteries. The total amount covered under the Technology Investment Agreement is approximately $75.0 million of which the DoD's share is $37.5 million and G1 Alaska's share is $37.5 million. The term of the Agreement ends on November 30, 2024 and, if funds are available for drawdown from the grant, the Company may request an extension to the term end date.

b) On July 19, 2023, the Company announced that Graphite One (Alaska) Inc., its wholly owned subsidiary had entered into an unsecured loan agreement for advances of up to $5.0 million (the "Loan") with Taiga Mining Company ("Taiga"), a related party of the Company.

   The Loan matures in one year and the interest on the Loan will accrue on the outstanding balance at a rate of twelve percent (12%) per annum. The Loan can be drawn from time to time or all at once. As consideration for the Loan being accessible to the Company, Graphite One (Alaska) granted Taiga an option to acquire a NSR in 0.25% increments for every $1,250,000 advance up to the maximum of one percent (1%) on the 133 Alaska state claims owned or leased by the Company, which the Company bought back on June 21, 2023.

   The option may be exercised at any time prior to maturity and, if exercised, the outstanding balance of the Loan and accrued interest will be deemed to be the consideration paid for the purchase of the NSR. The NSR would commence on the first day of the month in which the first concentrate is produced from certain of the mineral claims for a period of twenty (20) years. The full amount of the Loan has been drawn.