
GREAT LAKES GRAPHITE INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2018 AND 2017
(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Great Lakes Graphite Inc. (the "Company") were prepared in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 to the consolidated financial statements.

Management has established processes, which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the years presented by the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the consolidated financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Independent Auditors' Report

To the Shareholders of Great Lakes Graphite Inc.:

We have audited the accompanying consolidated financial statements of Great Lakes Graphite Inc., which comprise the consolidated statements of financial position as at October 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Great Lakes Graphite Inc. as at October 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes the material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Toronto, Ontario
March 7, 2019

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

MNP

Great Lakes Graphite Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at October 31,	2018	2017
ASSETS		
Current		
Restricted cash (Note 14)	\$ 14,440	\$ 21,150
Marketable securities (Note 4)	26,250	-
HST and QST recoverable	65,509	18,905
Prepaid expenses	2,619	-
	108,818	40,055
Other Assets		
Exploration and evaluation assets (Note 4)	-	342,665
TOTAL ASSETS	\$ 108,818	\$ 382,720
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 16)	\$ 2,667,960	\$ 3,010,335
Flow-through share premium	-	147,059
NOHFC Loan facility (Note 9)	205,637	397,908
Shareholder loan payable (Note 6)	657,074	-
Convertible debentures (Note 7(ii))	963,656	-
Debenture payable (Note 8)	2,806,302	-
	7,300,629	3,555,302
Long-term		
Convertible debentures (Note 7(ii))	-	730,023
	7,300,629	4,285,325
EQUITY (DEFICIENCY)		
Equity portion of convertible debt (Note 7)	898,607	898,607
Share capital (Note 10)	6,410,534	6,130,534
Units and shares to be issued (Note 10(c))	98,577	18,577
Reserve for warrants (Note 12)	2,148,605	2,173,094
Reserve for share-based payments (Note 11)	1,222,264	844,226
Contributed surplus	777,236	575,286
Cumulative transition adjustment	(24,096)	-
Deficit	(18,723,538)	(14,542,929)
	(7,191,811)	(3,902,605)
TOTAL LIABILITIES AND EQUITY(DEFICIENCY)	\$ 108,818	\$ 382,720

Nature of Business and Going Concern (Note 1)

Commitments and Contingencies (Note 17)

Subsequent Event (Note 22)

Approved on Behalf of the Board:

"Paul Ferguson"

Director

"Brett Clark"

Director

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

Great Lakes Graphite Inc.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)**

For the year ended October 31,	2018	2017
REVENUE		
Graphite Sales	\$ 614	\$ 302,171
Cost of sales	-	(530,197)
Gross margin	\$ 614	\$ (228,026)
EXPENSES		
Professional fees	\$ 177,204	\$ 298,924
Management and consulting fees (Note 16)	1,397,274	846,778
Part XII.6 tax, interest, penalties and flow-through liability (Note 15)	409,958	502,825
Transfer agent, regulatory and filing fees	44,565	20,758
Corporate development and administration	392,022	273,455
Shareholder information	50,625	139,333
Insurance	57,582	40,766
Interest and bank charges	5,900	3,133
Interest income	(9,841)	-
Finance fees (Note 9)	7,729	45,758
Share-based payments	378,038	136,687
Interest on loans (Notes 7 and 8)	393,143	143,939
Accretion on loans (Notes 7 and 8)	262,140	97,210
Operating loss before the following	(3,565,725)	(2,777,592)
Gain on settlement of debt	17,524	-
Impairment of receivables (Note 4)	(319,792)	-
Loss on marketable securities (Note 4)	(7,500)	-
Recovery of tax credits	-	(171,050)
Write-down of leasehold improvements (Note 9)	-	(822,964)
Impairment of mineral property interests (Note 4)	(53,733)	(2,120,691)
Impairment of inventory	(182,260)	(190,698)
Loss on disposal of exploration and evaluation asset (Note 4)	(69,123)	-
Net loss	(4,180,609)	(6,082,995)
Foreign currency translation differences	(24,096)	-
NET LOSS AND COMPREHENSIVE LOSS	\$(4,204,705)	\$(6,082,995)
Basic and diluted loss per share (Note 13)	\$ (0.03)	\$ (0.05)
Weighted average number of shares outstanding - basic and diluted	128,238,797	124,073,868

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

Great Lakes Graphite Inc.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY) (EXPRESSED IN CANADIAN DOLLARS)

		Equity Portion of Convertible Debt	Share Capital	Shares to be Issued	Warrant Reserve	Share-based Payment Reserve	Contributed Surplus	Cumulative Translation Adjustment	Deficit	Total
Balance, October 31, 2016	\$	898,607	\$5,727,329	\$ -	\$ 2,091,358	\$ 707,539	\$ 575,286	\$ -	\$ (8,459,934)	\$ 1,540,185
Issued for cash under private placement		-	677,000	-	-	-	-	-	-	677,000
Fair value of warrants issued		-	(66,818)	-	66,818	-	-	-	-	-
Shares to be issued		-	-	18,577	-	-	-	-	-	18,577
Share issue cost		-	(59,918)	-	14,918	-	-	-	-	(45,000)
Share-based payments		-	-	-	-	136,687	-	-	-	136,687
Flow-through share premium		-	(147,059)	-	-	-	-	-	-	(147,059)
Net loss for the year		-	-	-	-	-	-	-	(6,082,995)	(6,082,995)
Balance, October 31, 2017	\$	898,607	\$6,130,534	\$ 18,577	\$ 2,173,094	\$ 844,226	\$ 575,286	\$ -	\$ (14,542,929)	\$(3,902,605)
Expiry of warrants		-	-	-	(201,950)	-	201,950	-	-	-
Shares issued on settlement with OGL (Note 17(ii))		-	280,000	-	-	-	-	-	-	280,000
Fair value of warrants issued		-	-	-	177,461	-	-	-	-	177,461
Share-based payments		-	-	-	-	378,038	-	-	-	378,038
Shares to be issued (Note 10(c))		-	-	80,000	-	-	-	-	-	80,000
Cumulative translation adjustment		-	-	-	-	-	-	(24,096)	-	(24,096)
Net loss for the year		-	-	-	-	-	-	-	(4,180,609)	(4,180,609)
Balance, October 31, 2018	\$	898,607	\$ 6,410,534	\$ 98,577	\$ 2,148,605	\$ 1,222,264	\$ 777,236	\$ (24,096)	\$ (18,723,538)	\$(7,191,811)

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

Great Lakes Graphite Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

For the year ended October 31,	2018	2017
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss for the year	\$ (4,180,609)	\$ (6,082,995)
Items not affecting cash:		
Share-based payments	378,038	136,687
Accretion of convertible debenture and debenture payable	262,140	97,210
Accrued interest on convertible debenture and debenture payable	393,143	143,939
Accrued interest on NOHFC loan facility	7,729	-
Flow-through share premium	-	(42,097)
Impairment of inventory	182,260	190,698
Change in value of marketable securities	7,500	-
Impairment of receivables	319,792	-
Unrealized foreign exchange	65,099	-
Gain on settlement with OGL	(35,000)	-
Loss on disposal of exploration and evaluation assets	69,123	-
Write-down of exploration and evaluation expenses	53,733	2,120,691
Write-down of tax credits and duties receivable	-	171,050
Write-down of leasehold improvements	-	822,964
Net change in non-cash working capital:		
HST/QST recoverable	(46,604)	(8,029)
Accounts receivable	-	167,732
Inventory	(182,260)	-
Prepaid expenses	(2,619)	3,730
Accounts payable and accrued liabilities	(238,176)	1,817,926
	(2,946,711)	(460,494)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(53,733)	(5,137)
Restricted cash	6,710	47,186
Leasehold improvements	-	(225,292)
	(47,023)	(183,243)
FINANCING ACTIVITIES		
Proceeds from debenture payable	2,536,660	-
NOHFC loan facility	(200,000)	(6,840)
Shareholder loan payable	657,074	-
Issuance of common shares, net of share issuance costs	-	632,000
Proceeds from units to be issued	-	18,577
	2,993,734	643,737
CHANGE IN CASH	-	-
CASH, BEGINNING OF YEAR	-	-
CASH, END OF YEAR	\$ -	\$ -
SUPPLEMENTARY CASH FLOW INFORMATION:		
Fair value of warrants issued	\$ 177,461	\$ 74,656

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

Great Lakes Graphite Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2018 AND 2017
(EXPRESSED IN CANADIAN DOLLARS)

1. NATURE OF BUSINESS AND GOING CONCERN

Great Lakes Graphite Inc. (the "Company") is an industrial minerals company focused on bringing carbon properties and products to a well defined market. To date the Company has not earned significant revenue and is considered to be in the exploration stage. Great Lakes Graphite Inc. is a TSX Venture Tier 2 Company listed under the symbol "GLK". In January 2015, the Company's shares were listed for trading on the Frankfurt Stock Exchange, under the symbol "8GL". The Company's registered office is at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

On January 18, 2018, the Company's shares approved for trading on the OTCQB Market in the United States, with trading commencing at the opening on January 16, 2018, under the ticker symbol "GLKIF".

On February 28, 2018, the Company announced it would be seeking shareholder approval for a change in business. Accordingly, a special meeting of the shareholders will be convened to seek approval for a Change of Business in accordance with its shift away from mining and towards the high purity processing, marketing and sales of clean technology minerals.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes the Company will continue in operation for the foreseeable future and it will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, as explained in the following paragraph.

The Company has incurred a loss of \$4,204,705 during the year ended October 31, 2018 (2017 - a loss of \$6,082,995). The Company has \$1,498,323 in unspent flow-through commitments. The Company has not met the required spending requirements within the prescribed period. As at October 31, 2018, the Company has an accumulated deficit of \$18,723,538 (2017 - \$14,542,929). The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations, exploration, and development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

The Company currently does not have sufficient cash on hand to meet operational expenses for the 2019 fiscal year. The Company plans to raise additional capital to execute its business plan, however the Company may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material.

Great Lakes Graphite Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2018 AND 2017
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2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB") as of March 7, 2019.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 7, 2019.

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the presentation and functional currency of the Company.

Critical Accounting Judgments and Estimates

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

Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: impairment of exploration and evaluation assets; inputs used in the valuation of share-based payments, options and warrants; value of the gross overriding royalty; and provision for deferred income tax, including the effects of flow-through shares.

Judgments

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Share-based payment - The Company uses the fair value based method of accounting for stock options granted to employees and others and broker's warrants. Under this method, the fair value of the stock options at the date of the grant, as determined using the Black-Scholes option pricing model, is recognized to expense over the vesting period. The fair value of the broker's warrants at the date of issuance, as determined using the Black-Scholes model, is recognized as share issuance costs, with the offsetting credit to reserve for warrants. If the stock options or broker's warrants are exercised, the proceeds are credited to share capital and the fair value of the options or warrants exercised is reclassified from share-based payments reserve or reserve for warrants to share capital. When warrants are issued in conjunction with another security ("Unit") the Company attributes fair value of the warrants using the Black-Scholes option pricing model, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

Great Lakes Graphite Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2018 AND 2017
(EXPRESSED IN CANADIAN DOLLARS)

2. BASIS OF PRESENTATION (Continued)

Critical Accounting Judgments and Estimates (Continued)

Exploration and evaluation assets - The Company capitalizes mineral exploration costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's mineral properties is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at fair value less costs to sell.

Title to exploration and evaluation assets - Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Leasehold improvements - The Company capitalizes facility improvement costs with respect to the Matheson facility which are to be amortized when production is commenced or the balance thereof written off should the Matheson facility be abandoned.

Deferred income tax - Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Going concern - Significant judgments are used in the Company's assessment of its ability to continue as a going concern as described in note 1.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Restricted cash balances include unspent cash committed to be expended on prescribed resource expenditures pursuant to flow-through common share agreements.

Share Capital

Share capital issued for non-monetary consideration is recorded at an amount based on the quoted trading price of those shares on the TSX Venture at the grant date, less associated share issue costs.

Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note 9. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Upon exercise of the options, consideration paid by the option holder together with the fair value amount previously recognized in the reserve for share-based payments account is recorded as an increase to share capital. For those options that expire after vesting, the recorded fair value is transferred to contributed surplus.

Valuation of Equity Instruments in Private Placements

The Company has adopted a residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of the warrants using the Black-Scholes option pricing model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

The proceeds from the issue of units are allocated between share capital and reserve for warrants. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital. For those warrants that expire after vesting, the recorded value is transferred to contributed surplus.

Broker Warrants

The Company uses the fair value method based on the Black-Scholes pricing model to determine the fair value of the warrants issued to brokers and records a debit to share issue costs with a corresponding credit to reserve for warrants.

Great Lakes Graphite Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclamation Obligations

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of an exploration and evaluation interest.

The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. No such obligations existed as at October 31, 2018 or 2017.

Flow-Through Shares

Canadian tax legislation permits the Company to issue flow-through shares. Flow-through shares are securities whereby the deductions for tax purposes related to exploration and evaluation expenditures may be claimed by the investors rather than the Company, subject to a renouncement process. Renouncement may occur prospectively (the flow-through shares are issued, renouncement then occurs and eligible expenditures are incurred subsequently) or retrospectively (the flow-through shares are issued, eligible expenditures are then incurred and renouncement occurs subsequently).

The issue of flow-through shares is treated as an issue of shares and the sale of tax deductions. The Company uses the residual method to measure the sale of tax deductions. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as a flow-through share premium liability on the statement of financial position. When the Company fulfills its obligation to pass on the tax deduction to the investors, the sale of tax deductions is recognized as other income in the statement of comprehensive loss and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base. To the extent that the Company has deferred tax assets that were not recognized in prior periods, a deferred tax recovery is recorded as an offsetting recovery in profit or loss. As the qualifying expenditures are incurred the flow-through share premium liability is reduced and recognized on the statement of loss and comprehensive loss.

If the renouncement is prospective, the obligation is fulfilled when eligible expenditures are incurred. If the renouncement is retrospective, the obligation is fulfilled when the paperwork to renounce is filed.

Loss Per Share

Basic loss per share is computed by dividing the net loss for the year available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings per share. Diluted earnings per share are calculated giving effect to the potential dilution that could occur if securities or other contracts to common shares were exercised or converted to such shares at the later of the beginning of the year or the issuance date. The computation of diluted loss per share assumes the conversion or the exercise of securities only when such conversion or exercise would have a dilutive effect on earnings per share. All convertible debt, options and warrants described below have been excluded from the calculation of diluted loss per share since they have an anti-dilutive effect and therefore basic and diluted loss per share is the same for the years ended October 31, 2018 and October 31, 2017.

Current and Deferred Income Tax

Income tax expense comprises current and deferred tax and is recognized in the statement of comprehensive loss/income except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current and Deferred Income Tax (Continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Exploration Credits

The Company is entitled to refundable mineral exploration tax credits and refundable mining duties as a result of incurring mineral exploration expenses in Quebec. The Company recognizes these amounts when the amount to be received can be reasonably estimated and collection is reasonably assured. In addition, once recovered, these amounts are treated as a reduction of the carrying value of exploration and evaluation assets.

Impairment of Non-Financial Assets

The Company reviews its long lived assets within its cash generating units, consisting primarily of exploration and evaluation assets and leasehold improvements, at each reporting period end, for any indicators of impairment whenever events or changes in circumstances indicate that such carrying value may not be recoverable.

To determine whether a long lived asset may be impaired, the recoverable amount is compared to the carrying value of the individual asset. If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down and the impairment loss is recognized in the Statements of Loss and Comprehensive Loss. Where it is not possible to estimate the recoverable amount of a specific non-financial asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

A previously recognized impairment loss may be reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount and is recognized in the Statements of Loss and Comprehensive Loss. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

Inventory

Inventory consists primarily of raw materials. The Company values inventory at the lower of cost and net realizable value. The inventory value is determined using the first-in first-out method. Obsolete inventories are written down to their estimated net realizable value.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain variable benefits from its power over the entity's activities. Subsidiaries are included in the unaudited condensed interim consolidated financial results of the Company from the effective date of acquisition of control up to the effective date of disposal or loss of control. The Company's subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Ownership Percentage	Functional Currency
Novocarbon Inc..	USA	100%	US Dollar

Revenue Recognition

Revenue consists of the sale of raw minerals which are negotiated with third parties. The following specific conditions must all be met before revenue is recognized:

- The title, specific risks and rewards of ownership have been transferred to the purchaser;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the sale can be measured reliably.

Financial Instruments

a) Recognition

Fair Value Through Profit or Loss

Financial assets and liabilities classified as fair value through profit or loss are initially recorded at fair value. Subsequent to initial recognition, they are measured at fair value and changes are recognized in profit or loss.

b) Classification

Below is a summary showing the classification and measurement bases of the financial instruments as at February 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	IAS 39	IFRS 9
Restricted cash	Loans & receivables	Amortized cost
Accounts receivable	Loans & receivables	Amortized cost
Marketable securities	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Convertible debentures	Other financial liabilities	Amortized cost
Debenture payable	Other financial liabilities	Amortized cost
NOHFC loan facility	Other financial liabilities	Amortized cost

There was no impact on the Company's consolidated financial statements as result of adopting IFRS 9.

c) Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

d) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

e) Amortized Cost Measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

f) Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

f) Fair Value Measurement (Continued)

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Company believes a third-party market participant would take them into account in pricing a transaction.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The gross overriding royalty ("GOR") associated with the convertible debentures described in note 7 is classified as a level three financial instrument and is carried at fair value. As at October 31, 2018 and 2017, the GOR had a fair value of \$nil. See Note 7.

Marketable securities are classified as a level one financial instrument and is carried at fair value.

The Company does not carry any other financial instruments at fair value.

g) Identification and Measurement of Impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired.

A financial asset or a group of financial assets is (are) impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognized through the unwinding of the discount.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

g) Identification and Measurement of Impairment (Continued)

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Company writes off certain loans and receivable when they are determined to be uncollectible. The Company recorded an impairment loss of \$319,792 of receivables during the year (Note 4).

Provisions

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

As at October 31, 2018, the Company has recorded a provision for Part XII tax, penalties and flow-through indemnity of \$1,174,868 (2017 - \$650,616). (See Note 15).

Accounting Pronouncements

The following standard was adopted during year:

IFRS 9 – Financial instruments (“IFRS 9”) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value through profit or loss and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting. However, there is no impact to the Company from these amendments as it does not apply hedge accounting. On February 1, 2018, the Company adopted these amendments.

The new hedge accounting guidance had no impact on the Company's consolidated financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements (Continued)

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's consolidated financial statements.

- (ii) In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.
- (iii) Leases In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined.
- (iv) IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), was issued in May 2014, and replaces IAS 11, "Construction Contracts", IAS 18, "Revenue Recognition", IFRIC 13, "Customer Loyalty Programmes", IFRIC 15, "Agreements for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers", and SIC-31, "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 provides a single, principles-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17 "Leases"; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, "Consolidated Financial Statements", and IFRS 11, "Joint Arrangements". In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The adoption of IFRS 15 will not have an impact on the Company's consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

Accumulated exploration and evaluation assets have been incurred as follows:

	Balance, November 1, 2017	Acquisition	Exploration	Impairment	Disposal	Balance, October 31, 2018
Lochaber	\$ 342,665	\$ -	\$ 53,733	\$ (53,733)	\$ (342,665)	\$ -

	Balance, November 1, 2016	Acquisition	Exploration	Recoveries	Impairment	Balance, October 31, 2017
Lochaber	\$ 2,458,219	\$ -	\$ 5,137	\$ -	\$ (2,120,691)	\$ 342,665

Great Lakes Graphite Inc.

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4. EXPLORATION AND EVALUATION ASSETS (Continued)

Sale of the Lochaber Property

On May 16, 2018, the Company completed a definitive agreement ("the agreement") with Saint Jean Carbon Inc., ("SJC" TSX-V : SJL) to sell its stake in its Lochaber Graphite Deposit. Under the terms of the agreement, the consideration was as follows:

- i) Issuance of 3,000,000 common shares of SJC to the Company. SJC consolidated its common shares at a rate of 1:4 on June 12, 2018. On July 19, 2018, SJC issued the Company 750,000 common shares, ascribed a fair market value of \$33,750. The resulting shares have been classified as held-for-sale, with any corresponding change in market value being recognized through the Company's statements of loss and comprehensive loss. As at October 31, 2018, the fair market value of these shares was \$26,250, and a loss of \$7,500 was recorded.
- ii) SJC entered into an offtake agreement to provide the Company with a first right of refusal to purchase up to 10,000 metric tons per year for the life of the Lochaber mine.
- iii) Payment of \$425,000 cash payable in four yearly installments of \$106,250 with the first payment due on May 7, 2018 and the following three installments on May 7, 2019, May 7, 2020 and May 7, 2021. The Company recorded this receivable at its net present value of \$319,792. To date, the Company has not received first installment payment payable under the agreement. As the timing and ultimate collectibility of the amounts receivable under the terms of the contract are uncertain, the Company recorded a \$319,792 loss on impairment of this receivable.

The Company has recognized a loss on disposal of its Lochaber property of \$69,123.

5. CONVERTIBLE NOTE RECEIVABLE

On November 27, 2017, the Company entered into a USD\$75,000 (\$96,270) convertible promissory note with a vendor for working capital purposes. The convertible promissory note bears interest at a rate of 12%, compounded annually and is secured by a commercial security agreement.

Optional Conversion

If, at any time prior to the Maturity Date or repayment, the vendor had issued and sold shares of any class of its capital stock (the "New Stock") to investors (the "Investors") in a Qualified Financing (as defined below), then the Company would have had the right and option for a period of 30 days after receipt of notice from the vendor of the closing of the Qualified Financing (or if later, at the election of the Company, the first anniversary of the date of this Note) to apply all but not less than all of the outstanding principal balance of this Note and all accrued but unpaid interest thereon (such principal amount and interest, the "Conversion Amount"), for shares of the New Stock at a conversion price (the "Conversion Price") calculated based on the lower of (a) a valuation of the Company immediately prior to the Qualified Financing of \$25,000,000 or (b) the price paid per share of common capital stock (or equivalents) in the Company's first Qualified Financing.

Qualified financing was defined as a round of debt or equity financing in a single transaction or a series of related transactions with one or more investors which raises gross proceeds to Chasm of at least \$15,000,000.00 in the aggregate or such lower number as may be established by the Payor in its sole discretion. The number of shares of the New Stock to be issued upon such conversion shall be equal to the quotient obtained by dividing (x) the Conversion Amount, by (y) an amount equal to the price per share of the New Stock, rounded to the nearest whole share.

This note was fully repaid during the period with interest earned of \$9,841.

6. SHAREHOLDER LOAN PAYABLE

During the year ended October 31, 2018, a shareholder advanced \$657,074 (2017 - \$nil) to the Company for working capital purposes. The loan is non-interest bearing, due on demand, and has no fixed terms of repayment.

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7. CONVERTIBLE DEBENTURES

- i) On June 25, 2015, the Company entered into an agreement with F2 Capital of Lincoln, Massachusetts to provide project funding for the recommissioning of the Matheson Graphite Micronization Facility. The financing has been structured as a debenture that provides the Company with debt financing of \$750,000. The terms of Note 1 with F2 Capital are: an interest rate of 8.5% per annum, for a term of four years; a 4% Gross Overriding Royalty on the gross sales price received by the Company on the first 30,000 tons produced from the micronization plant; the option of either the Company or the lender to convert the principal amount under Note 1 into common shares of GLK at a conversion price of \$0.10. The Company also has the option to convert the interest into common shares of the Company. In addition, the lender has also been issued 1,875,000 warrants, with each warrant exercisable into a common share of the Company at an exercise price of \$0.10 per share for a period of four years.

As at October 31, 2018, the Gross Overriding Royalty was assigned a fair value of \$nil (2017 - \$nil). Operations at the Matheson facility were discontinued during fiscal 2017, at which time it had not reached the point where it was commissioned.

As the debenture was considered to be an equity instrument, the face value of \$750,000, less costs of \$11,752 and \$137,813 allocated to warrants, has been allocated to the conversion option and is included in shareholders' equity in the Company's statement of financial position. During the year ended October 31, 2018, the Company recorded interest expense of \$79,026 (2017 - \$63,750) which is included in accounts payable and accrued liabilities.

In connection with this financing, 1,875,000 warrants, issued under the terms of the agreement were assigned an aggregate fair value of \$137,813 using the Black-Scholes valuation model with the following assumptions: share price \$0.08 dividend yield 0%, expected volatility 178.78%, risk-free rate of return 0.68% and expected life of 4 years.

- ii) On October 20, 2015, the Company closed a convertible debenture financing to provide project funding for the recommissioning of the Matheson Graphite Micronization Facility. The financing raised gross proceeds of \$933,631.

The convertible debentures have the following terms: maturity date of September 15, 2019; an interest rate of 8.5% per annum, which will be accrued and become payable on maturity of the Note; 4% Gross Overriding Royalty on the first \$90,000,000 in revenues produced from the Matheson Micronization Facility; and, the option of the lenders to convert the principal amount under Note 2 into common shares of GLK at a conversion price of \$0.10. In addition, the convertible debenture holders have been issued a total of 2,334,078 warrants with each warrant exercisable into a common share of the Company at an exercise price of \$0.10 per share until September 15, 2019. In addition the Company incurred costs of issue of \$10,775 and issued 70,000 finder's warrants, with each warrant exercisable into a common share of the Company at an exercise price of \$0.10 per share for a period of two years. As at October 31, 2018, the Gross Overriding Royalty was assigned a fair value of \$nil (2017 - \$nil). Operations at the Matheson facility were discontinued during fiscal 2017, at which time it had not reached the point where it was commissioned.

As the debenture was considered to be a compound financial instrument, the liability component and the equity components (the conversion right and the warrants) were presented separately, as determined at October 20, 2015 (date of issue), using the residual method. The liability component was determined by discounting the future stream of interest and principal repayments at the prevailing market rate of 32.5% for a comparable liability that does not have an associated equity component. The balance of \$502,280 was allocated to the conversion option and warrants using their relative fair values and are included in shareholders' equity in the Company's statement of financial position. A deferred tax liability of \$107,497 was recorded on the conversion option on the date of issue.

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7. CONVERTIBLE DEBENTURES (Continued)

ii) Continued

The debenture is being accreted to its face value at maturity over the term of the debt, plus accrued and unpaid interest by way of a charge to interest expense.

A summary of the movement is as follows:

Balance, liability component, October 31, 2016	\$	553,624
Add: accretion charges for the year ended October 31, 2017		97,210
Add: interest on face value accrued for the year ended October 31, 2017		79,189
Balance, liability component, October 31, 2017	\$	730,023
Add: accretion charges for the year ended October 31, 2018		154,607
Add: interest on face value accrued for the year ended October 31, 2018		79,026
Balance, liability component, October 31, 2018	\$	963,656

8. DEBENTURE PAYABLE

On November 10, 2017, the Company closed an interest-bearing secured non-convertible debenture for US\$2 million (\$2,536,660) to fund the Company's operations and expansion plans. The debenture bears interest at 10% per annum and matures May 10, 2019 and is subordinate to any and all other indebtedness of the Company, current or contemplated, but remains senior to any future debt of the Company.

The Company granted 3,386,667 warrants to the Lender, a face value equal to 10% of the aggregate amount of the loan. The warrants shall be exercisable by the holder thereof, for a period of 36 months from the Closing Date to purchase one common share at \$0.075 per share. During the year ended October 31, 2018, accretion of \$107,533 and interest of \$250,367 were recorded in the Company's statement of operations.

In connection with this financing, 3,386,667 warrants, issued under the terms of the loan were assigned an aggregate fair value of \$177,461 using the Black-Scholes valuation model with the following assumptions: share price \$0.075 dividend yield 0%, expected volatility 117.68%, risk-free rate of return 1.51% and expected life of 3 years.

Balance, liability component, October 31, 2017	\$	-
Add: initial debenture funding		2,536,660
Less: fair value of warrants issued to lender		(177,461)
Add: accretion charges for the year ended October 31, 2018		107,533
Add: interest on face value accrued for the year ended October 31, 2018		250,367
Add: foreign exchange		89,203
Balance, October 31, 2018	\$	2,806,302

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9. NOHFC LOAN FACILITY

On December 31, 2015, the Company received approval for financial assistance from the Northern Ontario Heritage Fund Corporation ("NOHFC") for an aggregate of \$412,360 provided by way of:

- a) a term loan of \$288,652; and
- b) a conditional contribution in an amount not to exceed \$123,708

The total amount of the financial assistance may not exceed 50% of the actual eligible project costs related to the refurbishment of the Company's Matheson facility.

A General Security Agreement, ranking in first priority with respect to prior encumbrances has been provided in favour of the NOHFC on all property, except consumer goods.

The term loan is pre-payable in whole or in part at any time, bearing interest at a rate of 3.7% per annum. The Company is required to make interest-only monthly payments on the outstanding principal balance of the loan until such time as the loan is fully drawn down, after which the Company was required to make 108 consecutive monthly blended payments of \$3,146.

On May 3, 2017, the Company announced a mutual agreement with Northfil Resources Limited to conclude all contractual arrangements stated in the Facilities Use Agreement for the use and operation of the Matheson Micronization Facility. As a result of this agreement, the Company concluded operations at the Matheson Facility, resulting in a write-down of leasehold improvements of \$822,964, and has accrued \$140,000, due on settlement.

On October 10, 2017, the Company and the NOHFC entered into a forbearance agreement conditional upon the Company making three payments of \$100,000 on November 15, 2017, December 15, 2017 and February 15, 2018, followed by a final payment of \$96,485 to be made on April 15, 2018. During the year ended October 31, 2018, the Company remitted the first two installments as stipulated in the agreement. The February 15, 2018 and the April 15, 2018 installments have not been paid to date, leaving the Company in default of the agreement. The Company was granted forbearance to December 31, 2018 under two separate forbearance agreements dated June 14, 2018 and October 26, 2018 and has undertaken negotiations with the NOHFC with respect to extending the term of forbearance as the Company remains in default of its final two payments.

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10. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares

Unlimited number of preferred shares, issuable in series and classes as may be determined by the Directors of the Company.

Unlimited number of special, non-voting shares, issuable in series and classes as may be determined by the Directors of the Company.

(b) ISSUED

	Shares	Amount
Balance, October 31, 2016	117,561,978	\$ 5,727,329
Issued for cash under private placements	8,094,852	677,000
Fair value of warrants issued	-	(66,818)
Share issue cost - cash	-	(59,918)
Flow-through share premium	-	(147,059)
Balance - October 31, 2017	125,656,830	\$ 6,130,534
Shares issued on settlement with OGL (Note 17(ii))	7,000,000	280,000
Balance - October 31, 2018	132,656,830	\$ 6,410,534

On November 24, 2016, the Company closed a non-brokered private placement consisting of 5,882,352 Flow-through shares at a price of \$0.085 per share, for gross proceeds of \$500,000. A finder's fee of \$40,000, equal to a cash commission of 8% of the aggregate gross proceeds from the Shares sold was paid to the finder, in addition to 470,588 finder's warrants (the "Finder's Warrants"). The Finder was also paid a \$5,000 settlement fee. Each Finder's Warrant will entitle the holder to purchase one additional Great Lakes common share at a price of \$0.085 for a period of twenty-four (24) months after the closing of the Offering. All securities issued by the Offering were subject to a hold period of four months plus one day. The 470,588 finder's warrants were ascribed a fair value of \$14,918 using the Black-Scholes pricing model with the following assumptions: share price of \$0.06 expected dividend yield of 0%; expected volatility from 118.50%; a risk-free interest rate of 0.68% and an expected life of 2 years.

On May 13, 2017, the Company closed a non-brokered private-placement offering for a total of 2,212,500 units of Company equity. The private placement consisted of an offering of 2,212,500 units (a "Unit") at a price of \$0.08 per Unit, for gross proceeds of \$177,000. Each Unit consisted of one common share of the Company and one common share-purchase warrant (the "Warrants"); each Warrant entitles the holder to purchase one additional common share at a price of \$0.10 for a period of twenty-four (24) months after the closing of the Offering.

The Warrants are subject to an acceleration provision that states if, at any time, the Company's common shares have a closing price on the Exchange at or above a price of \$0.14 per share for a period of 10 consecutive trading days, the Company may give notice by news release that expiration of the warrants will be accelerated to 21 days from the date of providing such notice. The 2,212,500 warrants were ascribed a fair value of \$66,818 using the Black-Scholes pricing model with the following assumptions: share price of \$0.07; expected dividend yield of 0%; expected volatility from 98.45%; a risk-free interest rate of 1.31% and an expected life of 2 years.

(c) SHARES TO BE ISSUED

The Company is committed to issue the equivalent of \$80,000 in common shares for certain Lochaber land access rights and \$18,577 pertaining to funds received for a future share issuance.

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11. STOCK OPTIONS

The shareholders have approved a Stock Option Plan (the "Plan") that provides for the issue of up to 10% (the "Threshold") of the number of issued and outstanding common shares of the Company to eligible employees, directors, officers and consultants of the Company ("Participants"). The issuance of stock options may exceed the Threshold if the Company receives the permission of the stock exchange.

The Plan authorizes the granting of options to purchase common shares of the Company at a price that is not less than that permitted under the rules of any stock exchange or exchanges on which the Company's shares are then listed. The vesting of options is determined by the board of directors, but cannot exceed a maximum term of 10 years.

The number of options granted to any one consultant in a twelve month period shall not exceed 2% of the total number of issued and outstanding common shares.

The aggregate number of common shares reserved for issuance to any one Participant of the Plan shall not exceed 5% of the total number of issued and outstanding common shares of the Company in any twelve month period unless the Company receives the permission of the stock exchange.

The aggregate number of options granted to persons employed to provide investor relations activities shall not exceed 2% of the total number of issued and outstanding Shares in any twelve month period.

The following table reflects the continuity of stock options for the years ended October 31, 2018 and 2017:

	Number of Stock Options Outstanding	Weighted Average Exercise Price
Balance, October 31, 2016	3,826,740	\$ 0.11
Granted (i)	5,685,000	\$ 0.08
Expired/cancelled	(3,401,740)	\$ 0.10
Balance - October 31, 2017	6,110,000	\$ 0.09
Granted (ii)	5,450,000	\$ 0.075
Balance - October 31, 2018	11,560,000	\$ 0.08

- (i) On January 17, 2017, the Company granted 5,685,000 incentive stock options to officers, directors and consultants of the Company. The options are exercisable at \$0.08 per share, expire January 17, 2022. 3,450,000 of the options vest at a rate of one third on each post grant anniversary date, and the remaining 2,235,000 options vest over a period of one year from the grant date. The resulting fair value of \$417,279 was estimated using the Black-Scholes option pricing model with the following assumptions: share price of \$0.08; expected dividend yield of 0%; expected volatility from 153.88%; a risk-free interest rate of 1.09% and an expected life of 5 years. For the year ended October 31, 2018, \$92,458 (2017 - \$136,687) was charged to the consolidated statement of loss and comprehensive loss with respect to this grant.
- (ii) On November 7, 2017, the Company granted 5,450,000 stock options to officers, directors and consultants of the Company. The options are exercisable at \$0.075 per share, expire November 7, 2020, and vest immediately upon grant. The resulting fair value of \$285,580 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 117.68%; a risk-free interest rate of 1.45% and an expected life of 3 years.

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11. STOCK OPTIONS (Continued)

The following table reflects the stock options outstanding as at October 31, 2018:

Expiry Date	Exercise Price	Weighted Average Life Remaining	Options Outstanding
August 6, 2019	\$ 0.12	0.76 years	700,000
May 16, 2019	0.10	0.54 years	250,000
November 7, 2020	0.075	2.02 years	5,450,000
January 26, 2021	0.10	2.24 years	1,450,000
January 17, 2022	0.08	3.22 years	3,710,000
	\$ 0.08	3.15 years	11,560,000

As at October 31, 2018, 9,260,000 of the 11,560,000 issued and outstanding stock options were fully vested and exercisable.

12. WARRANTS

The following table reflects the continuity of warrants for the years ended October 31, 2018 and 2017:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, October 31, 2016	33,072,609	\$ 0.11
Warrants issued	2,212,500	\$ 0.10
Finders warrants issued	470,588	\$ 0.085
Expired	(9,172,000)	\$ 0.12
Balance - October 31, 2017	26,583,697	\$ 0.10
Warrants issued (Note 8)	3,386,667	\$ 0.075
Expired	(6,722,396)	\$ 0.100
Balance - October 31, 2018	23,247,968	\$ 0.09

The following table reflects the warrants outstanding as at October 31, 2018:

Expiry Date	Exercise Price	Weighted Average Life Remaining	Warrants Outstanding
July 2, 2019	0.100	0.67 years	48,000
September 15, 2019	0.100	0.87 years	2,334,078
June 24, 2019	0.075	0.65 years	406,880
November 24, 2018	0.085	0.07 years	470,588
April 17, 2019	0.100	0.44 years	14,389,255
May 17, 2019	0.080	0.54 years	2,212,500
November 10, 2020	0.075	2.03 years	3,386,667
	\$ 0.090	0.72 years	23,247,968

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12. WARRANTS (Continued)

During the year ended October 31, 2017, the Company extended the expiry date of an aggregate of 14,389,255 common share purchase warrants issued to subscribers (the "Subscriber Warrants") pursuant to the Company's private placement financing, which closed on April 14, 2015.

The expiry dates of 14,389,255 Subscriber Warrants issued pursuant to the private placement have been extended from April 17, 2017 until April 17, 2019.

During the extension period, the Warrants will be subject to an acceleration provision that states if, at any time, the Company's common shares have a closing price on the Exchange at or above a price of \$0.14 per share for a period of 10 consecutive trading days, the Company may give notice by news release that expiration of the warrants will be accelerated to 21 days from the date of providing such notice.

The exercise price of \$0.10 and all other terms of the Subscriber Warrants and Subscriber Flow-Through Warrants remain unchanged for the extended exercise period.

13. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of warrants, stock options, and convertible debentures is the same as basic loss per share for the years ended October 31, 2018 and 2017, as it would be anti-dilutive.

14. RESTRICTED CASH

As of October 31, 2018, the Company was committed to spend \$1,498,323 (2017 - \$1,031,450), representing the remaining proceeds of flow-through share issuances resulting from private placements completed through fiscal 2017. As of December 31, 2017, the required date the funds were to be spent, the expenditure commitment had not been met.

15. FLOW-THROUGH SHARE LIABILITY

The Company was committed to spend \$500,000 in regards to the November 2016 flow-through private placement consisting of 5,882,352 flow through units at \$0.085 per unit by December 31, 2017. The Company was committed to spend \$631,450 in regards to the June 2016 flow-through private placement consisting of 8,419,333 flow through units at \$0.075 per unit by December 31, 2017. As at October 31, 2018, the Company had an unspent amount of \$1,031,458.

The Company was committed to spend a total of \$522,750 in regards to the April 2015 flow-through private placement consisting of 7,700,000 flow through units at \$0.05 and the December 2015 flow-through private placement consisting of 3,253,570 flow-through units at \$0.07 per unit by December 31, 2016. The Company had an unspent amount of \$466,865.

As of October 31, 2018 Company has recorded an accrual of \$1,174,868 (2017 - \$650,616) for Part XII.6 tax, interest, penalties and potential indemnifications of shareholders, of which \$409,958 is included in the consolidated statement of operations for the year ended October 31, 2018 (2017 - \$502,825).

There is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-bank Rule, in accordance with Canadian taxation authorities flow-through regulations. When applicable, this tax is accrued as Part XII.6 expense until paid.

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16. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the consolidated financial statements during the year ended October 31, 2018 and 2017:

For the year ended October 31,	2018	2017
Management fees charged by the Chief Financial Officer	\$ 24,491	\$ 24,562
Management fees charged by a company controlled by the Chief Executive Officer	180,000	180,000
Consulting fees charged by the former Chief Marketing Officer who is a Director	231,678	144,000
Consulting fees paid to the former Chief Operating Officer	137,763	-
Consulting fees charged by a company controlled by the Senior Vice-President of Sales	231,678	261,422
Stock-based compensation	274,927	113,762
	\$ 1,080,537	\$ 723,746

As at October 31, 2018, accounts payable and accrued liabilities include \$514,038 (2017 - \$775,067) owing to related parties of the Company.

The Company's key management personnel has the authority and responsibility for planning, directing and controlling the activities of the Company and consists of its Directors, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Sr. VP of Sales. Total compensation paid to the Company's key management personnel during the year ended October 31, 2018 amounted to \$1,080,537 (2017 - \$723,746).

During the year ended October 31, 2018, the Company accrued or paid \$129,229 (2017 - \$nil) in consulting fees to a Company with which a Director is managing partner. As at October 31, 2018, \$nil was included in accounts payable and accrued liabilities (2017 - \$nil)

During the year ended October 31, 2018, the Company expensed \$94,439 (2017 - \$91,846) to Marrelli Support Services Inc. ("Marrelli Support") for:

- (i) Robert D.B. Suttie, Vice President of Marrelli Support, to act as Chief Financial Officer ("CFO") of the Company;
- (ii) Bookkeeping and office support services;
- (iii) Regulatory filing services
- (iv) Corporate secretarial services

The Marrelli Group is also reimbursed for out of pocket expenses.

As of October 31, 2018, the Marrelli Group was owed \$64,467 (2017 - \$88,588). These amounts are included in accounts payable and accrued liabilities.

During the year ended October 31, 2018 the Black-Scholes fair value of stock-based compensation granted to officers and directors amounted to \$274,927 (2017 - \$272,314).

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

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17. COMMITMENTS AND CONTINGENCIES

- i) In September 2015 the Company was advised of a financial contribution of up to \$30,000 from the National Research Council of Canada Industrial Research Assistance Program (NRC-IRAP) to help support graphite purification research and development at Process Research ORTECH, located in Mississauga, Ontario. In January 2016, the Company received \$9,751, net of \$6,000 in grant issuance costs, of the proceeds associated with this financial contribution.
- ii) The Company was named as a defendant, along with Mike Coscia and Jerry Janik in a claim filed in the Ontario Superior Court in May 2015, and amended in September 2015, whereby Ontario Graphite Limited ("OGL") seeks from the Company damages of \$1,000,000, punitive and exemplary damages of \$1,000,000 and disgorgement of profits from the Company. OGL alleged that, in relation to the OGL's position that Mike Coscia and Jerry Janik breached certain non-solicitation, non-competition, and confidentiality clauses of their employment agreements with their former employer, OGL.

On February 19, 2016, the Ontario Superior Court of Justice (the "Court") released its decision regarding certain interlocutory injunctive relief that had been requested by Ontario Graphite Ltd. ("OGL") in its legal action against Mike Coscia, Jerry Janik and the Company. The legal claim was brought by OGL based on, among other things, non-compete agreements that existed with Mike Coscia and Jerry Janik when they were employed in management positions with OGL. In its decision, the Court found that the Company and OGL are competitors and thus granted injunctive relief with respect to Mr. Coscia and Mr. Janik's involvement with the Company. Specifically, the Court ordered that Mike Coscia, the Senior Vice President of Sales of the Company's Innovations division, not work for the Company for six (6) months and that Jerry Janik, the COO of the Company's Innovations division, not work for the Company for one (1) year. No injunction was granted against the Company prohibiting its activities at the Matheson facility and the Company is therefore allowed to continue all of its activities at the Matheson Micronization Facility. This is a provisional order only, and not finally decisive of the case.

On June 13, 2018, the Company announced a settlement, whereby it issued 7,000,000 common shares to OGL. The Company has issued the shares and at an ascribed fair value of \$280,000. As at October 31, 2017, the Company had recorded an initial provision of \$315,000, resulting in a \$35,000 recovery charged to professional fees for the year ended October 31, 2018.

18. SEGMENTED INFORMATION

The Company's assets, liabilities and loss by geographic area were as follows:

October 31, 2018

	Canada	United States	Total
Assets	\$ 104,095	\$ 4,723	\$ 108,818
Liabilities	\$ 6,240,183	\$ 1,060,446	\$ 7,300,629
Net (loss)	\$ (3,040,471)	\$ (1,164,234)	\$ (4,204,705)

October 31, 2017

	Canada	United States	Total
Assets	\$ 382,720	\$ -	\$ 382,720
Liabilities	\$ (4,285,325)	\$ -	\$ (4,285,325)
Net (loss)	\$ (6,082,995)	\$ -	\$ (6,082,995)

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19. CAPITAL MANAGEMENT

The Company considers its capital to include components of shareholders' equity, which is comprised of share capital, equity component of debt, units and shares to be issued, reserve for warrants, reserve for share-based payments, contributed surplus and deficit, which as at October 31, 2018 amounted to a deficiency of \$7,167,715 (2017 – a deficiency of \$3,902,605).

The Company's objectives in managing capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue investments and new projects of merit; and to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during 2018. The Company is not subject to externally imposed capital requirements other than flow-through expenditure requirements.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview

The Company is an industrial minerals company and accordingly it may be at risk for environmental issues and fluctuations in commodity pricing relating to the mineral extraction and exploration industry. The Company is subject to provincial and federal environmental regulations. Management has designed procedures and policies to provide for environmental compliance however, due to the diversity of environmental laws and regulations, compliance at all times cannot be assured.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and funding risk
- Market risk

The Board of Directors approves and monitors the risk management processes.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's exposure to credit risk is on its restricted cash, funds in trust, accounts receivable, and credit on duties receivable and unit subscription receivable. Restricted cash consists primarily of cash bank balances held with a Canadian chartered bank. Accounts receivable consists of funds owed to the company from graphite sales. The Company manages the credit exposure related to cash by holding its funds with reputable financial institutions, and closely managing its customer base. As of October 31, 2018, the Company's maximum credit exposure amounts to \$14,440 (2017 - \$21,150).

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20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Liquidity Risk

Liquidity and funding risk is the risk that the Company will not have sufficient capital to meet short-term operating requirements, after taking into account the Company's holdings of restricted cash.

As at October 31, 2018, the Company had a working capital deficiency of \$7,191,811 (2017 – working capital deficiency of \$3,515,247). In the case of cash deficits arising from exploration commitments and general operating budgets, the Company will have to seek debt or equity financing. There is no assurance that such financing will be available on terms acceptable to the Company.

The Company determined that it will require additional capital in order to meet short-term business requirements, after taking into account the Company's holdings of restricted cash. The Company is actively looking to raise cash funds from private placements. The Company's restricted cash balance is invested in business accounts as of October 31, 2018.

Market risk – Market risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge their obligation.

Foreign currency risk – The Company has exposure to fluctuation in USD/CAD foreign exchange rates related to its purchase and sale of graphite and graphite products, debenture payable denominated in USD, and the translation of the operations of its US subsidiary. A fluctuation of 10% in exchange rates would result in approximately a \$2,410 variance in other comprehensive income and a \$280,630 variance in foreign exchange expense.

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's exposure to interest rate risk is limited due to the fixed rate nature of its financial instruments.

Revenue concentration risk – During the year ended October 31, 2018, approximately 100% (2017 - 95%) of the Company's sales were from a single customer.

21. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2017 - 26.5%) to the effective tax is as follows:

	2018	2017
Loss before recovery of income taxes	\$ (4,180,609)	\$ (6,082,995)
Expected income tax recovery	(1,114,132)	(1,621,118)
Adjustments resulting from:		
Other non-deductible items	185,668	185,000
Temporary differences not recorded	928,464	1,436,118
Income tax recovery reflected in the statement of operations	\$ -	-

Deferred Income Taxes

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company and its subsidiary can utilize the benefits therefrom. Non-capital loss carry forwards expire as noted in the table below. Share issue costs will be fully amortized in 2020. The remaining deductible temporary differences may be carried forward indefinitely.

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21. Income Taxes (Continued)

Deferred Income Taxes (Continued)

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
Non-capital losses carried forward	\$ 31,232	\$ 72,358
Convertible debenture	(31,232)	(72,358)
Net deferred income tax asset	-	-

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Unrecognized Deferred Tax Assets

Non-capital losses	\$ 12,606,223	\$ 9,608,969
Share issue costs	121,652	227,108
Property, plant and equipment	249	249
Schedule 13 reserves	1,538,616	470,873
Resource pools	836,181	767,058
	\$ 15,102,921	\$ 11,074,257

The Company's Canadian non-capital income tax losses expire as follows:

2026	\$ 85,255
2027	57,816
2028	99,020
2029	119,232
2030	174,641
2031	209,631
2032	318,688
2033	413,425
2034	919,999
2035	2,007,994
2036	2,178,043
2037	3,297,247
2024	2,842,647
	\$ 12,723,638

22. Subsequent Event

On March 7, 2019, the Company announced it was undertaking to complete a non-brokered private placement pursuant to which the Company will issue common shares at \$0.05 per common share for aggregate gross proceeds of up to \$500,000 on a best efforts basis.