STRIA LITHIUM INC.

Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended June 30, 2019

(Expressed in Canadian dollars)
(Unaudited)

Condensed Consolidated Interim Financial Statements

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NOTICE TO READER

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

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements.

Stria Lithium Inc.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

(in Canadian dollars)

As at		**June 30, 2019**	September 30, 2018
		$	$
ASSETS			
Current assets			
Cash		**7,637**	111,206
Amounts receivable	Note 4	**11,514**	13,099
Tax credits and credit on duties receivable		**344,180**	92,305
Prepaid expenses		**44,809**	15,932
		408,140	232,542
Mineral exploration properties	Note 6	**352,475**	352,475
Exploration and evaluation assets	Note 6	**1,067,858**	667,111
		1,828,473	1,252,128
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**424,588**	170,518
Other current liabilities	Note 7	**180,798**	
Amounts due to related parties	Note 11	**28,146**	5,944
		633,532	176,462
Amounts due to related parties	Note 11	-	23,966
		633,532	**200,428**
SHAREHOLDERS' EQUITY			
Share capital	Note 9	**3,651,657**	3,430,733
Warrants	Note 10	**262,233**	248,436
Contributed surplus		**471,243**	373,245
Deficit		**(3,190,192)**	(3,000,714)
		1,194,941	1,051,700
		1,828,473	1,252,128

Stria Lithium Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss (Unaudited)

(in Canadian dollars)

		Three months ended June 30,		Nine months ended June 30,	
		2019	2018	**2019**	2018
Expenses					
Consulting fees		**9,600**	9,225	**29,715**	47,405
Salaries and benefits		**-**	34	-	34
Stock-based compensation	Note 10	**40,620**	111,204	**40,620**	111,204
Travel and promotion		**9,904**	19,509	**23,248**	49,692
Professional fees		**1,388**	8,547	**27,286**	35,806
Filing fees		**3,877**	3,038	**10,743**	10,962
Insurance		**164**	4,745	**8,090**	14,207
Agent fees		**2,592**	3,704	**3,632**	9,868
Other expenses		**2,621**	9,381	**29,488**	21,453
Government assistance		**-**	-	**16,861**	8,246
		(70,766)	(169,387)	**(189,683)**	(308,877)
Other income					
Interest and other income		**205**	-	**205**	22
Net loss and total comprehensive loss		**(70,561)**	(169,387)	**(189,478)**	(308,855)
Basic and diluted loss per common share		**(0.001)**	(0.003)	**(0.001)**	0.005
Basic and diluted weighted average number of common shares outstanding		**72,460,369**	62,460,369	**72,460,369**	62,460,369

Stria Lithium Inc.

Condensed Consolidated Interim Statements of Statement of Cash Flow (Unaudited)

(in Canadian dollars)

	Three months ended June 30		Nine months ended Jun 30	
	2019	2018	**2019**	2018
OPERATING ACTIVITIES				
Net loss	**(70,561)**	(169,387)	**(189,478)**	(308,855)
Adjustment for:				
Stock based compensation	**40,620**	111,204	**40,620**	111,204
Interest income	**(205)**		**(205)**	(22)
Interest received				22
Changes in working capital items	**27,652**	(70,207)	**155,701**	(123,912)
Cash flows used in operating activities	**(2,494)**	(128,390)	**6,638**	(321,563)
INVESTING ACTIVITIES				
Exploration and evaluation costs	**(2,472)**	(31,823)	**(400,747)**	(267,220)
Cash flows used in investing activities		(31,823)	**(400,747)**	(267,220)
FINANCING ACTIVITIES				
Common shares issued				678,500
Flow through common shares issued			**250,000**	
Warrants issued				61,500
Warrants exercised				10,000
Share issuance costs		(1,313)	**26,825**	(69,445)
Amounts due to related parties		31,306	**(1,764)**	31,306
Cashflows from financing activities		29,993	**275,061**	711,861
Increase (decrease) in cash	**(2,494)**	(130,220)	**(119,048)**	123,078
Cash, beginning of the period	17,009	296,358	**111,206**	43,060
Cash, end of the period	**7,637**	166,138	**7,637**	166,138
Supplemental information				
Changes in working capital items consist of the following:				
Amounts receivable	**41,598**	- 16,708	**1,585**	- 24,386
Investment tax credits receivable	**-**	-	**- 251,875**	-
Prepaid expenses	**9,193**	- 6,855	**- 28,877**	- 7,768
Accounts payable and accrued liabilities	**- 23,139**	- 46,644	**434,868**	- 91,758
	27,652	- 70,207	**155,701**	- 123,912

Stria Lithium Inc.

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)

(in Canadian dollars)

	Share capital		Warrants	Contributed Surplus	Deficit	Total
	Number of shares	$	$	$	$	$
Balance, September 30, 2017	**47,710,369**	**2,838,748**	**159,866**	**262,041**	**- 2,642,340**	**618,315**
Shares issued for cash	14,550,000	678,500	-	-	-	678,500
Warrants issued	-	-	61,500	-	-	61,500
Shares issued on exercise of warrants	200,000	10,000	-	-	-	10,000
Expiry of warrants	-	-	-	-	-	-
Share issuance costs	-	- 95,203	27,070	-	-	- 68,133
Stock-based compensation	-	-	-	-	-	-
Net loss and total comprehensive loss	-	-	-	-	- 139,468	- 139,468
Balance, June 30, 2018	**62,460,369**	**3,432,045**	**248,436**	**262,041**	**- 2,781,808**	**1,160,714**
Shares issued for cash	-	- 1,312	-	-	-	- 1,312
Stock-based compensation	-	-	-	111,204	-	111,204
Net loss and total comprehensive loss	-	-	-	-	- 218,906	- 218,906
Balance, September 30, 2018	**62,460,369**	**3,430,733**	**248,436**	**373,245**	**- 3,000,714**	**1,051,700**
Shares issued for cash	10,000,000	250,000	-	-	-	250,000
Stock-based compensation				40,620		40,620
Warrants issued	-	-	71,175	-	-	71,175
Shares issued on exercise of warrants	-	-	-	-	-	0
Expiry of warrants	-	-	(57,378)	57,378	-	0
Shares issuance costs	-	(29,076)	-	-	-	(29,076)
Net loss and total comprehensive loss	-	-	-	-	(189,478)	(189,478)
Balance, June 30, 2019	**72,460,369**	**3,651,657**	**262,233**	**471,243**	**- 3,190,192**	**1,194,941**

1. NATURE OF OPERATIONS

Stria Lithium Inc. (the "Company" or "Stria") was incorporated on May 24, 2011 under the Canada Business Corporations Act. The Company's shares are listed on the TSX Venture Exchange under the symbol SRA. The head office of the Company is located at 945 Princess Street, Kingston, Ontario.

The Company is engaged in the acquisition, exploration and development of mineral properties in Quebec, Canada, as well as the development of processes to purify and recover lithium metal directly from ore and from brine liquids.

2. GOING CONCERN ASSUMPTION

These condensed consolidated interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is in the exploration stage and has not earned revenue from operations. During the nine months ended June 30, 2019, the Company incurred a net loss of $189,683 and cash flows from operating activities of $6,638. In addition, the Company has a working capital deficit of $225,392 and a deficit of $3,190,192.

The above factors indicate material uncertainties, which may cast significant doubt about the Company's ability to continue as a going concern. 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. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

The Company's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business in fiscal year 2019, meet its corporate administrative expenses and continue its exploration and research activities, is dependent upon Management's ability to obtain additional financing, through various means including but not limited to equity financing. No assurance can be given that any such additional financing will be available or that it can be obtained on terms favourable to the Company.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying amount of assets and liabilities, the reported expenses, and the statement of financial position classifications used.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the years ended September 30, 2018 and 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS).

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 26, 2019.

b) Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis and are expressed in Canadian dollars, which is also the Company's functional currency.

These unaudited condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated statements for the years ended September 30, 2018 and 2017.

c) Judgments, estimates and assumptions

When preparing the financial statements, Management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires Management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, Management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of mineral exploration properties and exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral exploration properties and exploration and evaluation assets requires Management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment or a reversal of an impairment loss exists, the recoverable amount of the individual asset or cash-generating units must be estimated.

Share based payments

The estimation of stock-based compensation and warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the estimated life of stock options and warrants granted and the time of exercise of those stock options and warrants. The valuation model used by the Company is the Black-Scholes model.

The Company allocates values to share capital and to warrants on the residual basis when the two are issued together as a unit. As this allocation is based upon the share price at the time of issuance and the stock is thinly-traded, the actual value of the components may differ from this allocation.

4. AMOUNTS RECEIVABLE

	June 30, 2019	September 30, 2018
	$	$
Sales taxes receivable	**11,514**	13,099

5. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments at June 30, 2019 consist of cash, amounts receivable (net of sales taxes receivable), accounts payable and accrued liabilities, amounts due to related parties and other current liabilities. The fair value of these financial instruments approximates their carrying value due to their short-term nature.

Carrying amounts of financial assets and liabilities

FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial assets	**June 30, 2019**	**September 30, 2018**
Loans and receivables		
Cash	**7,637**	111,206
Financial liabilities		
Measured at amortized cost		
Accounts payable and accrued liabilities	**605,386**	170,518
Amounts due to related parties	**28,146**	5,944

Risk management

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's only significant financial asset exposed to credit risk is cash and maximum exposure is equal to the carrying value of this asset. The Company's cash is held at a Canadian chartered bank. It is Management's opinion that the Company is not exposed to significant credit risk. There has been no change to Management's assessment of credit risk compared with the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business as well as any anticipated transactions. The Company has a working capital deficit of $225,392 at June 30, 2019, including $7,637 in cash and current liabilities totalling $633,532, due within the next 12 months. There has been no change to Management's assessment of liquidity risk compared with the prior year.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. The Company is not subject to any external capital requirements, neither regulatory nor contractual. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	June 30, 2019		September 30, 2018	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
a) Pontax-Lithium	**352,475**	**1,067,858**	352,475	667,111
TOTAL	**352,475**	**1,067,858**	352,475	667,111

a) Pontax-Lithium

On December 6, 2013, the Company acquired a 100% interest in the Pontax-Lithium property from Khalkos Exploration Inc. ("Khalkos") in consideration for a cash payment of $100,000 and the issuance of 833,333 common shares. The property was recorded at a value of $350,000 upon initial recognition, based on the fair value of the property received and consideration paid. The Pontax-Lithium property is comprised of a group

of 82 contiguous mining claims located in the James Bay Territory of Northern Quebec. Other acquisition costs of $2,475 have been included in the cost of the property.

The following table reflects changes to mineral exploration properties between October 1, 2016 and June 30, 2019:

	Nine months ended June 30, 2019	Year ended September 30, 2018
	$	$
Balance, beginning and end of the period	**352,475**	352,475

The following table reflects changes to exploration and evaluation assets between October 1, 2016 and June 30, 2019:

	Nine months ended June 30, 2019	Year ended September 30, 2018
	$	$
Balance, beginning of the period	**667,111**	361,267
Additions		
Drilling	**150**	391,473
Metallurgical analysis	**650,000**	-
Property maintenance	**-**	6,676
	650,150	398,149
Tax credits and credit on duties	**(249,403)**	(92,305)
Balance, end of the period	**1,067,858**	667,111

7. OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	June 30 2019	September 30, 2018
	$	$
Obligation to pass on tax deductions (1)(2)	**180,798**	-
Total other current liabilities	**180,798**	-

(1) On December 12, 2018, the Company closed a flow-through private placement (Note 9) for gross proceeds of $150,000. The proceeds from the financing were allocated between share capital ($75,000), warrants ($19,875) and a deferred liability ($55,125) using the residual method. The liability component represents the Company's obligation to pass on the tax deductions to investors. Further to the renunciation of the tax deductions to investors in February 2019, the Company will proportionately reduce the initial liability by the

percentage of the required exploration expenditures which have been incurred. As at June 30, 2019, the remaining liability is $55,125.

(2) On December 27, 2018, the Company closed a flow-through private placement (Note 9) for gross proceeds of $350,000. The proceeds from the financing were allocated between share capital ($175,000), warrants ($49,327) and a deferred liability ($125,673) using the residual method. The liability component represents the Company's obligation to pass on the tax deductions to investors. Further to the renunciation of the tax deductions to investors in February 2019, the Company will proportionately reduce the initial liability by the percentage of the required exploration expenditures which have been incurred. As at June 30, 2019, the remaining liability is $125,673.

8. FLOW-THROUGH INTEREST AND TAX EXPENSE

The Company is permitted, under Canadian income tax legislation, to renounce flow-through related resources expenditures to investors in advance of the Company incurring all of the expenditures. In accordance with this legislation, the Company has twelve months following the effective date of renunciation to incur the remaining expenditures. The Company begins incurring interest charges for unspent funds after two months following renunciation.

In November and December 2017 the Company completed flow-through private placements for gross proceeds of $477,500. In February 2018, the related tax deductions were renounced to investors with an effective date of December 31, 2017. As at September 30, 2018, the Company incurred all the required flow through expenditures by the December 31, 2018 deadline and incurred an amount of $1,769 for Part XII.6 tax and deemed expenses in Quebec, which is calculated on the monthly balance of unspent flow through funds.

In December 2018 the Company completed flow through private placements for gross proceed of $500,000. In February 2019, the related tax deductions were renounced to investors with an effective date of December 31, 2018. As at December 31, 2018 the Company has not incurred any of the required flow through expenditures and has until December 31, 2019 to incur the remaining expenditures.

9. SHARE CAPITAL

Unlimited number of common shares, voting, participating and without par value

Issued and fully paid

Common shares

	Number of shares	$
Balance, September 30, 2017	**47,710,369**	**2,838,748**
Shares issued for cash	14,550,000	678,500
Shares issued on exercise of warrants	200,000	10,000
Share issuance costs	-	- 95,203
Balance, June 30, 2018	**62,460,369**	**3,432,045**
Shares issued for cash	-	- 1,312
Balance, September 30, 2018	**62,460,369**	**3,430,733**
Shares issued for cash	10,000,000	250,000
Balance, June 30, 2019	**72,460,369**	**3,651,657**

(1) On November 9, 2017, the Company completed a flow-through private placement for gross proceeds of $307,500. The private placement was comprised of 6,150,000 flow-through units at a price of $0.05 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of $0.05 until November 9, 2021. The proceeds from the financing ($307,500) were allocated between share capital ($246,000) and warrants ($61,500), after which there existed no residual to allocate to the flow-through liability. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. Other share issuance costs total $17,331 and were presented as a reduction of share capital. Directors of the Company participated in the private placement for a total amount of $150,000.

(2) On December 8, 2017, the Company completed a flow-through private placement for gross proceeds of $170,000. The private placement was comprised of 3,400,000 flow-through units at a price of $0.05 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of $0.05 until December 9, 2021. In connection with the financing, the Company paid cash finders' fees of $8,400 and issued, as additional consideration, 168,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.05 until December 8, 2021. The proceeds from the financing ($170,000) were allocated to share capital ($170,000), and after which there existed no residual to allocate to warrants or the flow-through liability. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. The warrants issued as commissions have been recorded at a value of $6,520 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.05, risk-free interest rate of 1.62%, expected life of warrants of 4 years, annualized volatility of 120% and dividend rate of 0%. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants. Other share issuance costs total $11,243 and were presented as a reduction of share capita

(3) On January 22, 2018, the Company completed a private placement for gross proceeds of $262,500. The private placement was comprised of 5,000,000 units at a price of $0.0525 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.07 until January 22, 2022. In connection with the financing, the Company paid cash finders' fees of $18,375 and issued, as additional consideration, 350,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.07 until January 22, 2021. The proceeds from the financing ($262,500) was allocated entirely to share capital using the residual method. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. The warrants issued as commissions have been recorded at a value of $20,550 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.075, risk-free interest rate of 1.86%, expected life of warrants of 3 years, annualized volatility of 125.56% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the Company's shares over the last three years. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants. Other share issuance costs total $14,096 and were presented as a reduction of share capital.

(4) On December 12, 2018, the Company completed a flow-through private placement for gross proceeds of $150,000. The private placement was comprised of 3,000,000 flow-through units at a price of $0.05 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of $0.055 until December 12, 2020. The proceeds from the financing ($150,000) were allocated to share capital ($75,000), warrants ($19,875) and after which $55,125 residual was allocated to the flow-through liability. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. The fair value of the warrants issued as a part of the private placement have been recorded at a value of $19,875 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.025, risk-free interest rate of 2.05%, expected life of warrants of 2 years, annualized volatility of 86.25% and dividend rate of 0%. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants. Other share issuance costs total $1,218 and were presented as a reduction of share capital. The entire amount of the proceeds was raised from directors of the Company.

(5) On December 27, 2018, the Company completed a flow-through private placement for gross proceeds of $350,000. The private placement was comprised of 7,000,000 flow-through units at a price of $0.05 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of $0.055 until December 27, 2020. In connection with the financing, the Company paid cash finders' fees of $14,000 and issued, as additional consideration, 280,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.055 until December 27, 2020. The proceeds from the financing ($350,000) were allocated to share capital ($175,000), warrants ($49,327) and after which $125,673 residual was allocated to the flow-through liability. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. The fair value of the warrants issued as a part of the private placement and commissions have been recorded at a value of $49,327 and $1,973 respectively. This is based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.025, risk-free interest rate of 1.90%, expected life of warrants of 2 years, annualized volatility of 89.37% and dividend rate of 0%. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants. Other share issuance costs total $4,044 and were presented as a reduction of share capital. $175,000 of the proceeds raised were from directors of the Company.

10. WARRANTS

Outstanding warrants entitle the holders thereof to subscribe to an equivalent number of common shares.

The following table reflects the continuity of warrants:

		$
Balance, September 30, 2017	28,671,000	0.06
Issued	15,068,000	0.06
Exercised	(200,000)	0.05
Balance, September 30, 2018	43,539,000	0.06
Issued	10,280,000	0.06
Expired	4,646,000	0.10
Balance, June 30, 2019	49,173,000	0.06

As at June 30, 2019, the following warrants were issued and outstanding:

Number of Warrants	Issue date fair value $	Exercise price $	Epiry date
1,890,000	37,800	0.07	October 23,2019
7,100,000		0.05	April 13, 2021
8,880,000		0.05	January 27, 2022
640,000	32,307	0.05	January 27, 2022
5,000,000	25,000	0.05	July 20, 2020
315,000	7,381	0.05	July 20, 2020
6,150,000	61,500	0.05	November 9 ,2021
3,400,000		0.05	December 9, 2021
168,000	6,520	0.05	December 8, 2021
5,000,000		0.07	January 22, 2022
350,000	20,550	0.07	January 22, 2021
3,000,000	19,875	0.055	December 12, 2020
280,000	1,973	0.055	December 27, 2020
7,000,000	49,327	0.055	December 27, 2020
49,173,000	262,233		

As at September 30, 2018, the following warrants were issued and outstanding:

Number of Warrants	Issue date fair value $	Exercise price $	Epiry date
4,646,000	57,378	0.12	20-Mar-19
1,890,000	37,800	0.07	October 23,2019
7,100,000		0.05	April 13, 2021
8,880,000		0.05	January 27, 2022
640,000	32,307	0.05	January 27, 2022
5,000,000	25,000	0.05	July 20, 2020
315,000	7,381	0.05	July 20, 2020
6,150,000	61,500	0.05	November 9 ,2021
3,400,000		0.05	December 9, 2021
168,000	6,520	0.05	December 8, 2021
5,000,000		0.07	January 22, 2022
350,000	20,550	0.07	January 22, 2021
43,539,000	248,436		

10. STOCK OPTIONS

On May 21, 2019, the Company adopted an incentive stock option plan in accordance with the policies of the TSX Venture Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares, which are exercisable for a period to be determined by the Board at the time the option is granted. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.
The following table reflects the continuity of stock options:

Balance, September 30, 2017	1,578,451	0.08
Expired	(300,000)	0.05
Granted (1)	3,200,000	0.06
Balance, September 30, 2018	4,478,451	0.07
Expired	(50,000)	0.05
Granted	2,500,000	0.05
Balance, June 30, 2019	6,928,451	0.06

(1) On April 9, 2018, 3,210,000 stock options were granted to Directors, Officers, employees and consultants at an exercise price of $0.06 per share, expiring on April 9, 2022.

(2) On April 10, 2019, 2,500,000 stock options were granted to a Directors, Officers, employees and consultants at an exercise price of $0.05 per share, expiring on April 10, 2024.

As at June 30, 2019, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Exercise prices	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
$0.05	250,000	2.54	$0.05	250,000	$0.05
$0.06	3,150,000	3.03	$0.06	3,150,000	$0.06
$0.05	2,500,000	5.00	$0.05	2,500,000	$0.05
$0.10	1,028,451	2.86	$0.10	1,028,451	$0.10
	6,928,451	3.70	$0.05	6,928,451	$0.06

As at September 30, 2018, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Exercise prices	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
$0.05	250,000	3.04	$0.05	250,000	$0.05
$0.06	3,200,000	3.53	$0.06	3,200,000	$0.06
$0.10	1,028,451	3.36	$0.10	1,028,451	$0.10
	4,478,451	3.46	$0.07	4,478,451	$0.07

The following table reflects the weighted-average fair value of stock options granted between October 1, 2017 and June 30, 2019 and the related Black-Scholes option pricing model inputs that were used in the calculations:

	Nine months ended June 30, 2019	Year ended September 30, 2018
Stock options granted	**2,500,000**	3,210,000
Weighted average grant-date fair value	**0.03**	0.03
Weighted-average exercise price	**0.05**	$0.06
Weighted-average market price at date of grant	**0.05**	$0.05
Expected life of stock options (years)	**5.00**	4.00
Expected stock price volatility	100%	126%
Risk-free interest rate	**1.67%**	1.97%
Expected dividend yield	**-**	-

The underlying expected stock price volatility is based on historical data of similar companies, as the Company has limited historical data itself on which it could be based.

The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the options.

In total, $40,620 of stock-based payments (all of which relate to equity-settled stock-based payment transactions) were included in profit or loss for the nine months ended June 30, 2019 (2018 - $111,204) and credited to contributed surplus.

11. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in these financial statements are as follows:

Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Focus Graphite Inc.

During the nine months ended June 30, 2019, the company was charged $1,035 (2019 - $Nil) by Focus Graphite Inc. ("Focus"), which shares common management, for a portion of a consultant's travel expenses.

During the year ended September 30, 2018, the Company was charged $5,000 by Focus for accounting and administrative services and other administrative expenses (nine months ended June 30, 2019 - $Nil). As at June 30, 2019, $5,000 is included in accounts payable and accrued liabilities ($5,000 as at September 30, 2018).

As at June 30, 2019, included in accounts payable and accrued liabilities was an additional amount of $1,475 due to Focus, related to other general shared costs ($1,475 as at September 30, 2018).

Grafoid Inc.

During the nine months ended June 30, 2019, the company was charged $1,193 by Grafoid Inc. ("Grafoid"), which shares common management, for shared administrative expenses. As at June 30, 2019, $1,193 is included in accounts payable and accrued liabilities ($2,385 as at September 30, 2018).

Loan from Officer

As at June 30, 2019, included in amounts due to related parties is an amount of $28,479 due to an Officer of the Company ($29,910 as at September 30, 2018). The loan agreement entered by the Company and the Officer on December 22, 2017 from converting an outstanding balance of consulting fees of $33,995 as at December 1, 2017 due to the Officer. The loan is repayable on December 1, 2022. The loan bears interest at a rate of 10% per annum and one time 2% setup fee due on the inception of the loan agreement and is secured by all assets of the Company. During the nine months ended June 30, 2019, the company has been charged $736 in interest charges (2018 - $Nil).

Key Management Compensation

The following table reflects compensation of key management personnel (Directors and Officers of the Company):

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	**2019**	2018
	$	$	$	$
Consulting fees (1)	**9,600**	9,225	**29,715**	47,405
	9,600	9,225	**29,715**	47,405

(1) As at June 30, 2019, $18,000 is included in accounts payable and accrued liabilities ($10,199 as at September 30, 2018).

The costs noted above include an allocation of compensation paid to key management personnel.