FOCUS GRAPHITE INC.

Condensed Interim Financial Statements

For the three and six month periods ended March 31, 2025

(Expressed in Canadian Dollars)

Condensed Interim Financial Statements

The accompanying unaudited condensed 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 interim financial statements

Focus Graphite Inc.
Condensed Interim Statements of Financial Position (Unaudited)
(Expressed in Canadian dollars)

As at	**March 31, 2025**	September 30, 2024
	$	$
ASSETS		
Current assets		
Cash	**366,142**	1,688
Sales tax receivable	**11,759**	30,801
Amounts due from related parties (Note 17)	**-**	17,718
Other receivables	**10,894**	10,894
Prepaid expenses	**82,595**	38,900
Total assets	**471,390**	100,001
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**2,209,923**	2,197,586
Amounts due to related parties (Note 17)	**1,435,000**	2,300,000
Other current liabilities (Note 8)	**958,127**	989,922
	4,603,050	5,487,508
Deferred government grant (Note 10)	**87,500**	87,500
Total liabilities	**4,690,550**	5,575,008
EQUITY		
Share capital (Note 11)	**77,773,101**	75,995,417
Warrants (Note 12)	**46,190**	50,714
Contributed surplus (Note 13)	**20,227,060**	19,861,761
Accumulated other comprehensive income	**273,242**	273,242
Deficit	**(102,538,753)**	(101,656,141)
Total equity	**(4,219,160)**	(5,475,007)
Total liabilities and equity	**471,390**	100,001

Going concern (Note 2)

On behalf of the Board

(signed) "Marc Roy"
Marc Roy, Director

(signed) "Jeffrey York"
Jeffrey York, Director

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

Focus Graphite Inc.

Condensed Interim Statements of Comprehensive Loss (Unaudited)

(Expressed in Canadian dollars)

	Three months ended March 31,	Restated (Note 21)	Six months ended March 31,	Restated (Note 21)
	2025	2024	**2025**	2024
	$	$	**$**	$
Operating expenses				
Management and consulting fees	**98,461**	112,213	**206,317**	230,221
Salaries and benefits	**2,872**	47,711	**27,436**	92,240
Travel and promotion	**3,900**	9,327	**3,900**	55,929
Professional fees	**35,800**	21,229	**38,713**	82,363
Exploration and evaluation	**-**	18,696	**177,719**	247,825
Stock-based compensation (Note 13 & 17)	**114,800**	97,343	**347,900**	236,208
Office	**64,350**	69,276	**112,422**	119,971
Loss from operations	**(320,183)**	(375,795)	**(914,407)**	(1,064,757)
Other income (expenses)				
Interest income	**-**	-	**-**	186
Forgiveness of long-term debt (Note 9)	**-**	20,000	**-**	20,000
Loss on sale of marketable securities (Note 4)	**-**	(214,148)	**-**	(214,148)
Other income related to flow-through shares (Note 8)	**-**	-	**31,795**	197,728
Interest accretion on long-term receivable	**-**	-	**-**	28,293
Net loss and total comprehensive loss	**(320,183)**	(569,943)	**(882,612)**	(1,032,698)
Basic and diluted net loss per common share	**(0.00)**	(0.01)	**(0.01)**	(0.02)
Basic and diluted weighted average number of common shares outstanding	**81,034,913**	59,798,720	**74,319,117**	58,969,192

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

Focus Graphite Inc.
Condensed Interim Statements of Changes in Equity (Unaudited)
(Expressed in Canadian dollars)

	Share capital		Warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
	# of shares	$	$	$	$	$	$
Balance, September 30, 2023 - Restated (Note 21)	**57,924,602**	**75,367,050**	**17,399**	**19,532,753**	**273,242**	**(99,680,396)**	**(4,489,952)**
Shares issued for cash	1,874,118	318,600	-	-	-	-	318,600
Share issuance costs	-	(42,229)	13,718	-	-	-	(28,511)
Stock-based compensation	-	-	-	236,208	-	-	236,208
Net loss	-	-	-	-	-	(1,032,698)	(1,032,698)
Balance, March 31, 2024 - Restated (Note 21)	**59,798,720**	**75,643,421**	**31,117**	**19,768,961**	**273,242**	**(100,713,094)**	**(4,996,353)**
Shares issued for cash	2,665,450	399,817	3,125	-	-	-	402,942
Share issuance costs	-	(47,821)	16,472	-	-	-	(31,349)
Stock-based compensation	-	-	-	92,800	-	-	92,800
Net loss	-	-	-	-	-	(943,047)	(943,047)
Balance, September 30, 2024	**62,464,170**	**75,995,417**	**50,714**	**19,861,761**	**273,242**	**(101,656,141)**	**(5,475,007)**
Shares issued for cash	11,183,336	967,500	-	-	-	-	967,500
Shares issued in settlement of amount due to related party	11,533,333	865,000	-	-	-	-	865,000
Expiry of warrants	-	-	(17,399)	17,399	-	-	-
Share issuance costs	-	(54,816)	12,875	-	-	-	(41,941)
Stock-based compensation	-	-	-	347,900	-	-	347,900
Net loss	-	-	-	-	-	(882,612)	(882,612)
Balance, March 31, 2025	**85,180,839**	**77,773,101**	**46,190**	**20,227,060**	**273,242**	**(102,538,753)**	**(4,219,160)**

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

Focus Graphite Inc.
Condensed Interim Statements of Cash Flows (Unaudited)
(*Expressed in Canadian dollars)*

	Six months ended March 31, **2025**	Restated (Note 21) 2024
	$	$
OPERATING ACTIVITIES		
Net loss	**(882,612)**	(1,032,698)
Adjustments for:		
Stock-based compensation	**347,900**	236,208
Other income related to flow-through shares	**(31,795)**	(197,728)
Loss on sale of marketable securities	**-**	214,148
Forgiveness of long-term debt	**-**	(20,000)
Interest accretion on long-term receivable	**-**	(28,293)
Changes in non-cash working capital items (Note 14)	**5,402**	412,447
Net cash flows from operating activities	**(561,105)**	(415,916)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities (Note 4)	**-**	185,852
Net cash flows from investing activities	**-**	185,852
FINANCING ACTIVITIES		
Proceeds from issuance of shares/units	**967,500**	350,200
Repayment of long-term debt	**-**	(40,000)
Share issuance costs	**(41,941)**	(28,511)
Net cash flows from financing activities	**925,559**	281,689
Increase in cash	**364,454**	51,625
Cash, beginning of the period	**1,688**	137,711
Cash, end of the period	**366,142**	189,336

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

1. NATURE OF OPERATIONS

Focus Graphite Inc. (the "Company" or "Focus") was incorporated on December 30, 1998 under the Canada Business Corporations Act.

Focus is engaged in the acquisition, exploration and development of mineral properties in Quebec, Canada. The Company is in the exploration stage and does not derive any revenue from its properties. The address of the Company's corporate office is 1505 Laperriere Ave, Suite 505, Ottawa, Ontario, Canada. Focus Graphite Inc.'s common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "FMS" and on the OTCQX Exchange in the U.S. under the symbol "FCSMF".

2. GOING CONCERN ASSUMPTION

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is in the exploration stage and has not earned revenue from operations. As at March 31, 2025, the Company had cash of $366,142 and a working capital deficit of $4,131,660. During the six month period ended March 31, 2025, the Company had a net loss of $882,612 and had negative cash flows from operations of $561,105. In addition, the Company has a deficit of $102,538,753.

The above factors indicate that a material uncertainty exists that raises 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, meet its corporate administrative expenses and continue its exploration activities over the next twelve months 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 favorable to the Company.

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

3. BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS

The condensed interim financial statements for the three and six month periods ended March 31, 2025 are expressed in Canadian dollars, which is the functional currency of the Company. They have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). They do not include all of the information and disclosures required in annual financial statements in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's financial statements for the years ended September 30, 2024 and 2023.

The condensed interim financial statements have been prepared in accordance with the accounting policies used in the Company's financial statements for the years ended September 30, 2024 and 2023.

When preparing the condensed interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management. The judgments, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty, were consistent with those applied in the Company's financial statements for the years ended September 30, 2024 and 2023.

(Expressed in Canadian dollars)

The condensed interim financial statements were approved for issue by the Board of Directors on May 26, 2025.

4. MARKETABLE SECURITIES

Marketable securities are classified as fair value through profit or loss and are comprised of:

	March 31, 2025	September 30, 2024
	$	$
Mont Royal Resources Ltd. (1)	**-**	-

(1) In December 2023, the Company received 2,734,858 common shares of Mont Royal, with a fair value of $400,000. The shares were issued to the Company in accordance with the Mineral Property Acquisition Agreement (Note 7). During the year ended September 30, 2024, the Company sold the 2,734,858 common shares for gross proceeds of $185,852, recognizing a loss on sale of marketable securities of $214,148.

5. INVESTMENT IN ASSOCIATE

Grafoid Inc.

Grafoid is a privately held graphene research and development company, with its principal place of business in Kingston, Ontario.

As of March 31, 2025, no dividends have been received from Grafoid.

As at March 31, 2025, the Company's ownership interest in Grafoid was 6.7%. The Company accounts for its investment in Grafoid using the equity method. The Company is able to exert significant influence over Grafoid by virtue of common directors and management. The Company has no obligation to fund Grafoid beyond its value, which remains $Nil at March 31, 2025, due to the accumulated share of losses in Grafoid.

6. EXPLORATION AND EVALUATION ON MINERAL EXPLORATION PROPERTIES

Lac Knife

The Company holds a 100% interest in the Lac Knife property, located south of Fermont, Quebec, in North-Eastern Quebec near the Labrador border.

Manicouagan

The Company holds a 100% interest in the Manicougan properties, located in Quebec. As at March 31, 2025, Manicouagan consists of the Lac Tetepisca, Lac Tetepisca North and Lac Guinecourt properties.

(Expressed in Canadian dollars)

Exploration and evaluation expenditures incurred during the six month periods ended March 31, 2025 and March 31, 2024 were as follows:

Six months ended March 31, 2025	**Lac Knife**	**Manicouagan**	**Total**
	$	$	$
Drilling	92,784	69,030	161,814
Independent technical studies	-	13,661	13,661
Property maintenance	1,834	410	2,244
Exploration and evaluation expenditures	**94,618**	**83,101**	**177,719**

Six months ended March 31, 2024	**Lac Knife**	**Manicouagan**	**Total**
	$	$	$
Drilling	15,920	183,122	199,042
Geological mapping	275	-	275
Geochemical survey	20,977	-	20,977
Property maintenance	13,362	8,195	21,557
Community relations	5,974	-	5,974
Exploration and evaluation expenditures	**56,508**	**191,317**	**247,825**

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, unregistered prior claims and agreements, Indigenous claims, social license requirements and non-compliance with regulatory requirements.

7. LONG-TERM RECEIVABLE

On July 6, 2020, the Company signed a Mineral Property Acquisition Agreement (the “MPA Agreement”) whereby it agreed to sell its interest in the Eastmain-Leran property to a third party (the “Purchaser”), for the following consideration:

-$500,000 in cash at closing (received in July 2020)
-$500,000 in cash by December 1, 2021 (received $350,000 in cash and $150,000 in shares in December 2021)
-$500,000 in cash by December 1, 2022 (received $250,000 in cash and $250,000 in shares in December 2022) (Note 4)
-$800,000 in cash by December 1, 2023 (received $400,000 in cash and $400,000 in shares in December 2023) (Note 4)

In December 2023, the final obligation under the MPA Agreement was met and the Company transferred all mineral titles to the Purchaser. The Company retained (a) a 0.5% NSR on the Alta Option portion of the property which can be purchased at any time by the Purchaser for $125,000 and (b) a 2.5% NSR on the Staked portion of the property which can be purchased at any time by the Purchaser for $625,000.

(Expressed in Canadian dollars)

The following table reflects changes to long-term receivable during the six months ended March 31, 2025 and the year ended September 30, 2024:

	Six months ended March 31, 2025	Year ended September 30, 2024
	$	$
Balance, beginning of the period	**-**	771,707
Payments received in accordance with MPA agreement	**-**	(800,000)
Interest accretion on long-term receivable	**-**	28,293
Balance, end of the period	**-**	-

8. OTHER CURRENT LIABILITIES

The Company may indemnify subscribers to flow-through shares for tax-related amounts that may become due in the event the Company does not meet its obligations under flow-through subscription agreements. The laws and regulations related to flow-through shares are subject to interpretation by various parties, including management, law makers and tax authorities. Such interpretations may be subjective.

Other current liabilities include the following:

	March 31, 2025	September 30, 2024
	$	$
Obligation to pass on tax deductions:		
December 2022 flow-through financing (2)	**-**	-
December 2023 flow-through financing (3)	**-**	13,466
May 2024 flow-through financing (4)	**28,730**	47,059
Penalty provision related to flow-through obligation (1)	**929,397**	929,397
Total other current liabilities	**958,127**	989,922

(1) In December 2018, the Company closed a flow-through private placement for gross proceeds of $1,275,000. In February 2019, with an effective date of December 31, 2018, the related tax deductions were renounced to investors under the look-back rule, which permits the Company to renounce flow-through expenditures to investors in advance of incurring all of the required exploration expenditures. Under the look-back rule, the Company has twelve months following the effective date of renunciation to incur any required exploration expenditures not yet incurred at the effective date of renunciation. Focus did not incur the required exploration expenditures until October 2020, which was after the December 31, 2019 deadline. As a result, during the year ended September 30, 2020, the Company recorded a provision in the amount of $1,170,000, representing the estimated liability resulting from the missed deadline. The provision includes Part XII.6 tax and the Quebec equivalent, as well as estimated investors indemnification exposure. During the year ended September 30, 2021, the Company made payments to the Canada Revenue Agency and Revenu Quebec for a total amount of $240,603 and has reduced the provision accordingly, to $929,397.

(2) In December 2022, the Company closed a flow-through private placement for gross proceeds of $642,616. The proceeds from the financing were allocated between share capital ($444,888) and a deferred liability ($197,728), using the residual method, where the liability component represents the Company's obligation to pass on the tax deductions to investors. The Company has incurred all of the required flow-through expenditures and reduced the deferred liability to $Nil, recognizing other income related to flow through shares of $197,728 during the year ended September 30, 2024.

(3) In December 2023, the Company closed a flow-through private placement for gross proceeds of $300,200 (Note 11). The proceeds from the financing were allocated between share capital ($268,600) and a deferred liability ($31,600), using the residual method, where the liability component represents the Company's obligation to pass on the tax deductions to investors. The Company has incurred all of the required flow-through expenditures and reduced the deferred liability to $Nil, recognizing other income related to flow through shares of $18,134 during the year ended September 30, 2024 and $13,466 during the three month period ended December 31, 2024.

(4) In May 2024, the Company closed a flow-through private placement for gross proceeds of $400,001 (Note 11). The proceeds from the financing were allocated between share capital ($352,942) and a deferred liability ($47,059), using the residual method, where 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 2025, with an effective date of December 31, 2024, the Company has reduced the initial liability by the percentage of the required exploration expenditures which have been incurred to March 31, 2025. As at March 31, 2025, the remaining liability is $28,730.

9. LONG TERM DEBT

Under the Canada Emergency Bank Account program ("CEBA"), part of the Government of Canada's economic response plan to help Canadian businesses deal with the COVID-19 pandemic, the Company received loans totaling $60,000 (the "CEBA Loan"), with $40,000 received in fiscal 2020 and another $20,000 received in fiscal 2021.

In January 2024, the Company repaid $40,000 of the CEBA Loan. In doing so, the Company qualified for partial loan forgiveness in the amount of $20,000, effectively settling the balance of the CEBA Loan.

10. DEFERRED GOVERNMENT GRANT

In June 2022, the Company was awarded a $350,000 grant by the government of Quebec's Ministry of Energy and Natural Resources (MERN). The grant will be used to finance a geometallurgical study at the Company's Lac Tetepisca property.

As at March 31, 2025, $87,500 was included in deferred government grant in the statements of financial position ($87,500 as at September 30, 2024). This amount, representing 25% of the total grant, was received by the Company in July 2024 and has been deferred until the related work has been conducted. During the year ended September 30, 2024, the Company recognized an amount of $52,500 in the statement of comprehensive loss, as a reduction of exploration and evaluation expenses, in respect of an amount received in September 2022 for which the related work was conducted during the 2024 fiscal year.

(Expressed in Canadian dollars)

11. SHARE CAPITAL

Authorized
An unlimited number of the following shares:

Class “A” common shares	voting common shares, no par value
Preferred Shares	special non-voting shares, no par value

Issued and fully paid
Class “A” common shares

	Number of shares	$
Balance, September 30, 2023	**57,924,602**	**75,367,050**
Shares issued for cash (1)(2)(3)(4)	4,539,568	718,417
Share issuance costs	-	(90,050)
Balance, September 30, 2024	**62,464,170**	**75,995,417**
Shares issued for cash (5)(6)(8)(9)	11,183,336	967,500
Shares issued in settlement of amount due to related party (7)	11,533,333	865,000
Share issuance costs	-	(54,816)
Balance, March 31, 2025	**85,180,839**	**77,773,101**

(1) On December 21, 2023, the Company completed a flow-through private placement for gross proceeds of $300,200. The private placement was comprised of 1,580,000 flow-through shares at a price of $0.19 per share. In connection with the financing, the Company paid cash finders’ fees of $17,714 and issued, as additional consideration, 94,800 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.22 until December 21, 2026. The proceeds from the financing ($300,200) were allocated between share capital ($268,600) and a deferred liability ($31,600) using the residual method. The liability component represents the Company’s obligation to pass on the tax deductions to investors and is included in other current liabilities in the statement of financial position The warrants issued as commissions have been recorded at a value of $11,565 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.17, risk-free interest rate of 3.73%, expected life of warrants of 3 years, annualized volatility of 129% and dividend rate of 0%. The stock price is based on the closing price of the Company’s shares on the day prior to the closing of the private placement. 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 issuance with an expiry commensurate with the expected life of the warrants. The Company incurred other share issuance costs of $7,499 which have been presented as a reduction of share capital.

(2) On December 21, 2023, the Company completed a private placement for gross proceeds of $50,000. The private placement was comprised of 294,118 units at a price of $0.17 per unit. Each unit is comprised 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 $0.22 until December 21, 2026. In connection with the financing, the Company paid cash finders’ fees of $3,298 and issued, as additional consideration, 17,647 non-transferable broker warrants, each broker warrant entitling the holder to

acquire one common share of the Company at a price of $0.22 until December 21, 2026. The proceeds from the financing ($50,000) were allocated entirely to share capital ($50,000), after which there was no residual amount to allocate to warrants. The warrants issued as commissions have been recorded at a value of $2,153 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.17, risk-free interest rate of 3.73%, expected life of warrants of 3 years, annualized volatility of 129% and dividend rate of 0%. The stock price is based on the closing price of the Company's shares on the day prior to the closing of the private placement. 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 issuance with an expiry commensurate with the expected life of the warrants.

(3) On May 6, 2024, the Company completed a flow-through private placement for gross proceeds of $400,001. The private placement was comprised of 2,352,950 flow-through shares at a price of $0.17 per share. In connection with the financing, the Company paid cash finders' fees of $24,000 and issued, as additional consideration, 141,177 broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.20 until May 6, 2027. The proceeds from the financing ($400,001) were allocated between share capital ($352,942) and a deferred liability ($47,059) using the residual method. The liability component represents the Company's obligation to pass on the tax deductions to investors and is included in other current liabilities in the statement of financial position The warrants issued as commissions have been recorded at a value of $14,642 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.15, risk-free interest rate of 4.03%, expected life of warrants of 3 years, annualized volatility of 122% and dividend rate of 0%. The stock price is based on the closing price of the Company's shares on the day prior to the closing of the private placement. 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 issuance with an expiry commensurate with the expected life of the warrants. The Company incurred other share issuance costs of $4,349 which have been presented as a reduction of share capital.

(4) On May 6, 2024, the Company completed a private placement for gross proceeds of $50,000. The private placement was comprised of 312,500 units at a price of $0.16 per unit. Each unit is comprised 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 $0.20 until May 6, 2027. In connection with the financing, the Company paid cash finders' fees of $3,000 and issued, as additional consideration, 18,750 broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.20 until May 6, 2027. The proceeds from the financing ($50,000) were allocated between share capital ($46,875) and warrants ($3,125) using the residual method. The warrants issued as commissions have been recorded at a value of $1,830 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.15, risk-free interest rate of 4.03%, expected life of warrants of 3 years, annualized volatility of 122% and dividend rate of 0%. The stock price is based on the closing price of the Company's shares on the day prior to the closing of the private placement. 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 issuance with an expiry commensurate with the expected life of the warrants.

(5) On October 8, 2024, the Company completed a private placement for gross proceeds of $400,000. The private placement was comprised of 5,333,336 units at a price of $0.075 per unit. Each unit is comprised 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 $0.10 until October 8, 2027. In connection with the financing, the Company paid cash finders' fees of $14,000 and issued, as additional consideration, 186,667 broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.10 until October 8, 2027. The proceeds from the financing ($400,000) were allocated entirely to share capital ($400,000), after which there was no residual amount to allocate to warrants. The warrants issued as commissions have been recorded at a value of $11,573

based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.09, risk-free interest rate of 3.19%, expected life of warrants of 3 years, annualized volatility of 118% and dividend rate of 0%. The stock price is based on the closing price of the Company's shares on the day prior to the closing of the private placement. 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 issuance with an expiry commensurate with the expected life of the warrants. The Company incurred other share issuance costs of $9,901 which have been presented as a reduction of share capital.

(6) On November 15, 2024, the Company completed a private placement for gross proceeds of $52,500. The private placement was comprised of 700,000 units at a price of $0.075 per unit. Each unit is comprised 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 $0.10 until November 15, 2027. In connection with the financing, the Company paid cash finders' fees of $1,575 and issued, as additional consideration, 21,000 broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.10 until November 15, 2027. The proceeds from the financing ($52,500) were allocated entirely to share capital ($52,500), after which there was no residual amount to allocate to warrants. The warrants issued as commissions have been recorded at a value of $1,302 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.09, risk-free interest rate of 3.19%, expected life of warrants of 3 years, annualized volatility of 118% and dividend rate of 0%. The stock price is based on the closing price of the Company's shares on the day prior to the closing of the private placement. 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 issuance with an expiry commensurate with the expected life of the warrants. The Company incurred other share issuance costs of $1,386 which have been presented as a reduction of share capital.

(7) On January 8, 2025, the Company settled outstanding indebtedness to JJJY Holdings Inc., a company controlled by a Director of the Company, in the amount of $865,000, through the issuance of 11,533,333 common shares of the Company at a deemed price of $0.075 per share.

(8) On February 26, 2025, the Company completed a private placement for gross proceeds of $465,000. The private placement was comprised of 4,650,000 units at a price of $0.10 per unit. Each unit is comprised 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 $0.20 until February 26, 2028. The proceeds from the financing ($465,000) were allocated entirely to share capital ($465,000), after which there was no residual amount to allocate to warrants. The Company incurred other share issuance costs of $7,283 which have been presented as a reduction of share capital.

(9) On March 6, 2025, the Company completed a private placement for gross proceeds of $50,000. The private placement was comprised of 500,000 units at a price of $0.10 per unit. Each unit is comprised 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 $0.20 until March 6, 2028. The proceeds from the financing ($50,000) were allocated entirely to share capital ($50,000), after which there was no residual amount to allocate to warrants. The Company incurred other share issuance costs of $783 which have been presented as a reduction of share capital.

(Expressed in Canadian dollars)

12. WARRANTS

The following table reflects the continuity of outstanding warrants:

	Number of warrants	Weighted average exercise price
		$
Balance, September 30, 2023	**1,204,217**	**0.77**
Issued	878,992	0.21
Expired	(398,148)	0.83
Balance, September 30, 2024	**1,685,061**	**0.46**
Issued	11,391,003	0.10
Expired	(806,069)	0.74
Balance, March 31, 2025	**12,269,995**	**0.11**

As at March 31, 2025, the following warrants were issued and outstanding:

Number of warrants	Allocated value	Exercise price	Expiry date
	$	$	
294,118	-	0.22	December 21, 2026
112,447	13,718	0.22	December 21, 2026
312,500	3,125	0.20	May 6, 2027
159,927	16,472	0.20	May 6, 2027
5,333,336	-	0.10	October 8, 2027
186,667	11,573	0.10	October 8, 2027
700,000	-	0.10	November 15, 2027
21,000	1,302	0.10	November 15, 2027
4,650,000	-	0.10	February 26, 2028
500,000	-	0.10	March 6, 2028
12,269,995	**46,190**		

(Expressed in Canadian dollars)

As at September 30, 2024, the following warrants were issued and outstanding:

Number of warrants	Allocated value	Exercise price	Expiry date
	$	$	
156,863	-	1.0625	December 23, 2024
428,571	-	0.55	December 29, 2024
42,857	17,399	0.55	December 29, 2024
177,778	-	0.9375	February 10, 2025
294,118	-	0.22	December 21, 2026
112,447	13,718	0.22	December 21, 2026
312,500	3,125	0.20	May 6, 2027
159,927	16,472	0.20	May 6, 2027
1,685,061	**50,714**		

13. STOCK OPTIONS

The following table reflects the continuity of stock options outstanding:

	Number of stock options	Weighted average exercise price
		$
Balance, September 30, 2023	**8,495,000**	**0.74**
Expired	(55,000)	0.50
Balance, September 30, 2024	**8,440,000**	**0.74**
Granted (1)(2)(3)	4,550,000	0.09
Balance, March 31, 2025	**12,990,000**	**0.52**

(1) On October 16, 2024, 3,150,000 stock options were granted to consultants at an exercise price of $0.09 per share, which all vested immediately and expire on October 16, 2029.

(2) On February 4, 2025, 900,000 stock options were granted to consultants at an exercise price of $0.09 per share, which all vested immediately and expire on February 4, 2030.

(3) On March 28, 2025, 500,000 stock options were granted to consultants at an exercise price of $0.09 per share, which all vested immediately and expire on March 28, 2030.

(Expressed in Canadian dollars)

As at March 31, 2025, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average outstanding exercise price**	**Number vested**	**Weighted average vested exercise price**
		(in years)			
$0.09	4,550,000	4.66	$0.09	4,550,000	$0.09
$0.50	5,490,000	1.15	$0.50	5,490,000	$0.50
$1.20	2,950,000	0.91	$1.20	2,950,000	$1.20
	12,990,000	**2.32**	**$0.52**	**12,990,000**	**$0.52**

As at September 30, 2024, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life**	**Weighted average outstanding exercise price**	**Number vested**	**Weighted average vested exercise price**
		(in years)			
$0.50	5,490,000	1.65	$0.50	5,490,000	$0.50
$1.20	2,950,000	1.41	$1.20	2,950,000	$1.20
	8,440,000	**1.57**	**$0.74**	**8,440,000**	**$0.74**

The following table reflects the weighted-average fair value of stock options granted for the six month period ended March 31, 2025 and the year ended September 30, 2024 and the related Black-Scholes option pricing model inputs that were used in the calculations:

	Six months ended March 31, 2025	Year ended September 30, 2024
Stock options granted	**4,550,000**	-
Weighted average fair value	**0.07**	-
Weighted-average exercise price	**0.09**	-
Weighted-average market price at date of grant	**0.09**	-
Expected life of stock options (years)	**5**	-
Expected stock price volatility	**128%**	-
Risk-free interest rate	**3.03%**	-
Expected dividend yield	**0%**	-

The underlying expected stock price volatility is based on historical data of Focus Graphite Inc.'s shares over a period commensurate with the expected life of the options.

(Expressed in Canadian dollars)

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.

Stock-based compensation of $347,900 (all of which relates to equity-settled stock-based payment transactions) was included in the statements of comprehensive loss for the six month period ended March 31, 2025 (2024 - $236,208) and credited to contributed surplus.

14. SUPPLEMENTAL CASH FLOW INFORMATION

		Restated (Note 21)
	Six months ended March 31,	
	2025	2024
	$	$
Changes in non-cash working capital are as follows:		
Sales taxes receivable	**19,042**	5,961
Amounts due from related parties	**17,718**	18,171
Prepaid expenses	**(43,695)**	5,638
Deposits	**-**	85,141
Current portion of long-term receivable	**-**	400,000
Accounts payable and accrued liabilities	**12,337**	(102,464)
	5,402	412,447

15. RISK MANAGEMENT AND CAPITAL MANAGEMENT

Risk management

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

(i) 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 financial assets exposed to credit risk are primarily composed of cash, amounts due from related parties and other receivables and maximum exposure is equal to the carrying values of these assets, totalling $377,036 at March 31, 2025. The Company's cash is held at a reputable financial institution with a high external credit rating. The exposure to credit risk for the Company's receivables is considered immaterial. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

(ii) 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 at

March 31, 2025, the Company had a working capital deficiency of $4,131,660. During the six month period ended March 31, 2025, the Company had negative cash flows from operations of $561,105 (2024 - $415,916). The Company's ability to realize its assets and discharge its liabilities in the normal course of business, meet its corporate administrative expenses and continue its exploration activities over the next twelve months 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 favorable to the Company.

As at March 31, 2025, the Company has financial liabilities of $4,574,320 ($5,426,983 as at September 30, 2024) all of which are due within twelve months.

(iii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has limited exposure to financial risk arising from fluctuations in foreign exchange rates given that its transactions are carried out primarily in Canadian dollars.

(iv) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial assets exposed to interest rate risk include cash held in interest bearing bank accounts with variable interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments with maturities of 360 days or less from the original date of acquisition. As at March 31, 2025, the Company had cash balances of $366,142 ($1,688 as at September 30, 2024) and interest income derived from these investments during the six month period ended March 31, 2025 was $Nil (2024 - $186).

The Company has limited exposure to financial risk arising from fluctuations in variable interest rates earned on cash given the low interest rates currently in effect and the low volatility of these rates.

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 as well as ensuring that all flow-through monies obtained are utilized in exploration activities and spent by the required deadline. In the management of capital, the Company includes the components of shareholders' equity. As long as the Company is in the exploration stage of its mining properties, it is not the intention of the Company to contract additional debt obligations to finance its work programs. 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. When financing conditions are not optimal, the Company may enter into option agreements or find other solutions to continue its activities or may slow its activities until conditions improve.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than those of the TSX Venture Exchange ("TSXV") which require adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2025, the Company was non-compliant with respect to the above TSXV capital requirement. Any impact of non-compliance is at the discretion of the TSXV.

(Expressed in Canadian dollars)

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, amounts due from related parties, other receivables, accounts payable and accrued liabilities, other current liabilities and amounts due to related parties. The fair value of the other financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

As at	**March 31, 2025**	September 30, 2024
	$	$
Financial assets		
Amortized cost		
Cash	**366,142**	1,688
Amounts due from related parties (Note 17)	**-**	17,718
Other receivables	**10,894**	10,894
Total financial assets	**377,036**	30,300
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(2,209,923)**	(2,197,586)
Other current liabilities (Note 8)	**(929,397)**	(929,397)
Amounts due to related parties (Note 17)	**(1,435,000)**	(2,300,000)
Total financial liabilities	**(4,574,320)**	(5,426,983)

17. RELATED PARTY TRANSACTIONS

All entities identified below meet the definition of a related party by virtue of being controlled or significantly influenced by a director or a member of key management of the Company. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

As at	**March 31, 2025**	September 30, 2024
	$	$
Included in amounts due from related parties		
Grafoid Inc.	**-**	17,718
Included in accounts payable and accrued liabilities		
Braille Energy Systems Inc.	**-**	4,989
Included in amounts due to related parties		
JJJY Holdings Inc.	**1,435,000**	2,300,000

All amounts above are unsecured, non-interest bearing, and due on demand.

(Expressed in Canadian dollars)

Transactions with key management personnel

The following table reflects compensation of key management personnel, including the CEO, CFO and Directors:

	Three months ended March 31,		Six months ended March 31,	
	2025	2024	**2025**	2024
	$	$	**$**	$
Salaries	**-**	43,750	**1,346**	87,500
Consulting fees	**39,064**	25,314	**64,378**	50,628
Stock-based compensation	**-**	82,494	**-**	199,759
	39,064	151,558	**65,724**	337,887

18. COMMITMENTS

Offtake Agreements

Grafoid Inc.

In September 2015, the Company executed two definitive offtake agreements with Grafoid Inc. ("Grafoid"), a related party, as follows:

(a) *Graphene Offtake*

Under the terms of the Graphene Offtake agreement, Grafoid is to pay Focus $1,000,000, for the right of first refusal to purchase up to an annual maximum of 1,000 tonnes of high-purity graphite concentrate for a 10 year period. It also grants Grafoid the right of first refusal to extend and expand the agreement for an additional 10 year period. The pricing for an additional 10 year period would be set at market price less 10%.

(b) *Polymer Offtake*

Under the terms of the Polymer Offtake agreement, Grafoid is to pay Focus $1,000,000, for the right of first refusal to purchase up to an annual maximum of 25,000 tonnes of graphite concentrate for a 10 year period. It also grants Grafoid the right of first refusal to extend and expand the agreement for an additional 10 year period. The pricing for an additional 10 year period would be set at market price less 10%.

As at March 31, 2025, the Company has not received any payments from Grafoid in relation to the offtake agreements. As each offtake agreement is conditional on the Company having received the entire $1,000,000 from Grafoid, the Company does not yet have any obligation to sell graphite concentrate to Grafoid.

Other

In December 2013, the Company executed an offtake agreement for future production from the Lac Knife graphite project. The strategic agreement, for up to 40,000 tonnes per year, with a minimum amount of 50% of production of graphite concentrate and value added products produced, was signed on December 19, 2013 with an industrial conglomerate, comprised of heavy industry, manufacturing and technology companies located in Dalian City, Liaoning Province, China. The 10 year agreement calls for the supply of up to 40,000 tonnes per year of large, medium and fine flake graphite concentrate and value added graphite products from the proposed Lac Knife mining and processing facility. The specific terms of the agreement, including pricing and renewal rights, are confidential for competitive reasons.

Contracts

As at March 31, 2025, the Company has unrecognized contractual commitments of approximately $920,000, in aggregate. As triggering events have not taken place, the contingent payments have not been reflected in these financial statements.

19. CONTINGENCIES

The Company may, from time to time, be involved in various claims, legal proceedings or complaints arising in the ordinary course of business. The Company cannot reasonably predict the likelihood or outcome of any such actions. The Company does not believe that adverse decisions in any other pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reason thereof, will have a material effect on the financial condition or future results of operations.

As at March 31, 2025, two legal claims remained ongoing against the Company by a former officer of the Company. The pleadings are closed in the first action, which was commenced in 2021. However, the exchange of productions remains ongoing and examinations for discovery have not been completed. In the second action, which was commenced in 2022, the pleadings are not closed, productions have not been exchanged, and examinations for discovery have not been completed. As such, it is too early to evaluate these claims.

20. ENTITY-WIDE REPORTING

The Company has reviewed its activities and determined that it operates in a single reportable operating segment. The Company’s non-current assets are all in Canada.

(Expressed in Canadian dollars)

21. RESTATEMENT OF COMPARATIVE FINANCIAL STATEMENTS

The Company has restated its comparative figures in these financial statements to adjust for exploration expenses of $436,017 and legal fees of $22,722 not previously accrued in a prior period and interest accretion on long-term receivable of $28,293 not previously recorded ("PPE Adjustment").

The Company has further restated its comparative figures in these financial statements to account for its change in accounting policy with respect to exploration and evaluation expenditures ("CAP Adjustment") which occurred at September 30, 2024 and which has been applied retrospectively.

The following tables show the adjustments and restated amounts for the statement of comprehensive loss for the three and six months ended March 31, 2024 and the statement of cash flows for the six months ended March 31, 2024.

Three months ended March 31, 2024	**Previously stated**	**PPE Adjustment**	**CAP Adjustment**	**Restated**
	$	$	$	$
Operating expenses				
Management and consulting fees	112,213	-	-	112,213
Salaries and benefits	47,711	-	-	47,711
Travel and promotion	9,327	-	-	9,327
Professional fees	21,229	-	-	21,229
Exploration and evaluation	-	-	18,696	18,696
Stock-based compensation	97,343	-	-	97,343
Office	69,276	-	-	69,276
Loss before other income (expenses)	(357,099)	-	(18,696)	(375,795)
Other income (expenses)				
Forgiveness of long-term debt	20,000	-	-	20,000
Loss on sale of marketable securities	(214,148)	-	-	(214,148)
Net loss and total comprehensive loss	(551,247)	-	(18,696)	(569,943)
Basic and diluted net loss per common share	(0.01)	0.00	0.00	(0.01)
Basic and diluted weighted average number of common shares outstanding	59,798,720	59,798,720	59,798,720	59,798,720

(Expressed in Canadian dollars)

Six months ended March 31, 2024	Previously stated	PPE Adjustment	CAP Adjustment	Restated
	$	$	$	$
Operating expenses				
Management and consulting fees	230,221	-	-	230,221
Salaries and benefits	92,240	-	-	92,240
Travel and promotion	55,929	-	-	55,929
Professional fees	105,085	(22,722)	-	82,363
Exploration and evaluation	-	(436,017)	683,842	247,825
Stock-based compensation	236,208	-	-	236,208
Office	119,971	-	-	119,971
Loss before other income (expenses)	(839,654)	458,739	(683,842)	(1,064,757)
Other income (expenses)				
Interest income	186	-	-	186
Forgiveness of long-term debt	20,000	-	-	20,000
Loss on sale of marketable securities	(214,148)	-	-	(214,148)
Gain on sale of mineral assets	183,195	-	(183,195)	-
Other income related to flow-through shares	197,728	-	-	197,728
Interest accretion on long-term receivable	-	28,293	-	28,293
Net loss and total comprehensive loss	(652,693)	487,032	(867,037)	(1,032,698)
Basic and diluted net loss per common share	(0.01)	0.01	(0.01)	(0.02)
Basic and diluted weighted average number of common shares outstanding	58,969,192	58,969,192	58,969,192	58,969,192

(Expressed in Canadian dollars)

Six months ended March 31, 2024	**Previously stated**	**PPE Adjustment**	**CAP Adjustment**	**Restated**
	$	$	$	$
OPERATING ACTIVITIES				
Net loss	(652,693)	487,032	(867,037)	(1,032,698)
Adjustments for:				
Stock-based compensation	236,208	-	-	236,208
Other income related to flow-through shares shares	(197,728)	-	-	(197,728)
Gain on sale of mineral assets	(183,195)	-	183,195	-
Loss on sale of marketable securities	214,148	-	-	214,148
Forgiveness of long-term debt	(20,000)	-	-	(20,000)
Interest accretion on long-term receivable	-	(28,293)	-	(28,293)
Changes in non-cash working capital items	386,045	(458,739)	485,141	412,447
Net cash flows from operating activities	(217,215)	-	(198,701)	(415,916)
INVESTING ACTIVITIES				
Proceeds from sale of mineral assets	400,000	-	(400,000)	-
Proceeds from sale of marketable securities securities	185,852	-	-	185,852
Deposits	85,141	-	(85,141)	-
Exploration and evaluation costs	(683,842)	-	683,842	-
Net cash flows from investing activities	(12,849)	-	198,701	185,852
FINANCING ACTIVITIES				
Proceeds from issuance of shares/units	350,200	-	-	350,200
Repayment of long-term debt	(40,000)	-	-	(40,000)
Share issuance costs	(28,511)	-	-	(28,511)
Net cash flows from financing activities	281,689	-	-	281,689
Increase in cash	51,625	-	-	51,625
Cash, beginning of the period	137,711	-	-	137,711
Cash, end of the period	189,336	-	-	189,336

22. SUBSEQUENT EVENTS

Grant of stock options

On May 14, 2025, 963,084 stock options were granted to Officers and consultants at an exercise price of $0.09 per share, which all vested immediately and expire on May 14, 2030.