

FOCUS GRAPHITE INC.

Financial Statements

For the years ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

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Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Focus Graphite Inc.

Opinion

We have audited the financial statements of Focus Graphite Inc. (the "Company"), which comprise the statement of financial position as at September 30, 2023, and the statement of comprehensive loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company for the year ended September 30, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on January 25, 2023.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss and had negative cash flows from operations during the year ended September 30, 2023 and, as of that date, the Company has an accumulated deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because

the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP

A handwritten signature in black ink that reads "McGovern Hurley LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
December 21, 2023

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

As at	September 30, 2023	September 30, 2022
	\$	\$
ASSETS		
Current assets		
Cash	137,711	1,473,783
Sales tax receivable	16,807	658,401
Amounts due from related parties (Note 17)	51,967	-
Other receivables	10,894	20,429
Tax credits	48,654	1,128,001
Prepaid expenses	112,714	13,909
	378,747	3,294,523
Deposits	85,141	85,141
Mineral exploration properties (Note 6)	931,679	931,679
Exploration and evaluation assets (Note 6)	36,862,912	34,417,205
Mineral assets held for sale (Note 7)	616,805	1,116,805
Total assets	38,875,284	39,845,353
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 17)	1,727,183	2,567,445
Amounts due to related parties (Note 17)	2,300,000	2,300,000
Other current liabilities (Note 8)	1,127,125	1,160,509
	5,154,308	6,027,954
Long-term liability (Note 9)	60,000	60,000
Deferred government grant (Note 10)	52,500	52,500
Total liabilities	5,266,808	6,140,454
EQUITY		
Share capital (Note 11)	75,367,050	74,196,785
Warrants (Note 12)	17,399	324,010
Contributed surplus (Note 13)	19,532,753	18,583,891
Accumulated other comprehensive income	273,242	273,242
Deficit	(61,581,968)	(59,673,029)
Total equity	33,608,476	33,704,899
Total liabilities and equity	38,875,284	39,845,353

Going concern (Note 2)
Contingencies (Note 19)

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 financial statements.*

Focus Graphite Inc.

Statements of Comprehensive Loss

(Expressed in Canadian dollars)

For the year ended September 30	2023	2022
	\$	\$
Operating expenses		
Management and consulting fees (Note 17)	570,320	545,748
Salaries and benefits (Note 17)	143,624	265,668
Travel and promotion	32,879	16,750
Professional fees	239,164	82,285
Stock-based compensation (Note 13 & 17)	894,251	4,069,842
Office	173,602	217,076
Loss from operations	(2,053,840)	(5,197,369)
Other income (expenses)		
Interest income	8,038	6,585
Other income	-	12,713
Part XII.6 tax	(40,147)	-
Other income related to flow-through shares (Note 8)	231,112	390,966
Loss on sale of marketable securities (Note 4)	(54,102)	(18,302)
Net loss and total comprehensive loss	(1,908,939)	(4,805,407)
Basic and diluted net loss per common share	(0.03)	(0.09)
Basic and diluted weighted average number of common shares outstanding	57,289,282	53,701,248

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

Focus Graphite Inc.

Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
	# of shares	\$	\$	\$	\$	\$	\$
Balance, September 30, 2021	48,699,338	69,583,593	497,877	14,240,623	273,242	(54,867,622)	29,727,713
Shares issued for cash	7,026,769	5,122,222	-	-	-	-	5,122,222
Shares issued on exercise of options	20,000	13,574	-	(3,574)	-	-	10,000
Expiry of warrants	-	-	(277,000)	277,000	-	-	-
Share issuance costs	-	(522,604)	103,133	-	-	-	(419,471)
Stock-based compensation	-	-	-	4,069,842	-	-	4,069,842
Net loss	-	-	-	-	-	(4,805,407)	(4,805,407)
Balance, September 30, 2022	55,746,107	74,196,785	324,010	18,583,891	273,242	(59,673,029)	33,704,899
Shares issued for cash	1,488,640	644,888	-	-	-	-	644,888
Shares issued on exercise of warrants	289,855	83,333	-	-	-	-	83,333
Shares issued on exercise of options	400,000	452,000	-	(252,000)	-	-	200,000
Expiry of warrants	-	-	(306,611)	306,611	-	-	-
Share issuance costs	-	(9,956)	-	-	-	-	(9,956)
Stock-based compensation	-	-	-	894,251	-	-	894,251
Net loss	-	-	-	-	-	(1,908,939)	(1,908,939)
Balance, September 30, 2023	57,924,602	75,367,050	17,399	19,532,753	273,242	(61,581,968)	33,608,476

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

Focus Graphite Inc.

Statements of Cash Flows

(Expressed in Canadian dollars)

For the year ended September 30	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Net loss	(1,908,939)	(4,805,407)
Adjustments for:		
Stock-based compensation	894,251	4,069,842
Other income related to flow-through shares	(231,112)	(390,966)
Other income	-	(12,713)
Accretion expense on long-term liability	-	14,262
Loss on sale of marketable securities	54,102	18,302
Changes in non-cash working capital items (Note 14)	(339,906)	64,805
Net cash flows from operating activities	(1,531,604)	(1,041,875)
INVESTING ACTIVITIES		
Proceeds from sale of mineral assets (Note 7)	250,000	350,000
Proceeds from sale of marketable securities (Note 4)	195,899	131,698
Deposits	-	154,479
Exploration and evaluation costs	(2,494,361)	(8,284,042)
Tax credits and mining duties received	1,128,001	-
Net cash flows from investing activities	(920,461)	(7,647,865)
FINANCING ACTIVITIES		
Proceeds from issuance of shares/units	842,616	5,700,000
Proceeds from exercise of warrants	83,333	-
Proceeds from exercise of options	200,000	10,000
Repayment of loans from related parties	-	(115,000)
Government grant received (Note 10)	-	52,500
Share issuance costs	(9,956)	(419,471)
Net cash flows from financing activities	1,115,993	5,228,029
Decrease in cash	(1,336,072)	(3,461,711)
Cash, beginning of the year	1,473,783	4,935,494
Cash, end of the year	137,711	1,473,783

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

Focus Graphite Inc.

Notes to the Financial Statements

September 30, 2023 and 2022

(Expressed in Canadian dollars)

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 945 Princess Street, Box 116, Kingston, 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 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 year ended September 30, 2023, the Company incurred a net loss of \$1,908,939 (2022 - \$4,805,407) and had negative cash flows from operations of \$1,531,604 (2022 - \$1,041,875). In addition, the Company has a working capital deficiency of \$4,775,561 (2022 - \$2,733,431) and a deficit of \$61,581,968 (2022 - \$59,673,029).

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 in fiscal 2024, 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 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and compliance with IFRS

These financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain financial instruments, and are expressed in Canadian dollars, which is also the functional currency of the Company. These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized for issue by the Board of Directors on December 21, 2023.

Focus Graphite Inc.

Notes to the Financial Statements

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(Expressed in Canadian dollars)

(b) Judgments, estimates and assumptions

When preparing the financial statements, Management makes a number of judgments, estimates and assumptions about the 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.

Significant influence assessment and assessment of indicators of impairment of an equity-method investee

The assessment as to whether or not the Company has significant influence over an investee requires judgment. Even though Focus holds less than 20% of the voting rights in Grafoid Inc. ("Grafoid"), with an ownership interest of 6.8% as at September 30, 2023 (Note 5), Management considers the Company to have significant influence over Grafoid. Management considers various facts and circumstances in arriving at this assessment, including but not limited to Focus' representation on the Board of Directors of Grafoid.

Determination of technical feasibility and commercial viability of mineral properties

Mining rights and expenses related to exploration and evaluation activities are capitalized on a property by property basis pending determination of the technical feasibility and commercial viability of the project. When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, mining rights and expenses related to exploration and evaluation activities of the related mining property are transferred to mining assets under construction and all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized to mining assets under construction. The determination as to when a mineral property is deemed to be technically feasible and commercially viable is subject to Management judgment. Management considers various facts and circumstances, including but not limited to the securing of financing and the approval of the Company's Board of Directors, in arriving at this assessment.

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 the recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Focus Graphite Inc.

Notes to the Financial Statements

September 30, 2023 and 2022

(Expressed in Canadian dollars)

Impairment of mineral exploration properties and exploration and evaluation assets

Determining if there are any facts or circumstances indicating impairment loss 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 loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires Management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, Management estimates the recoverable amount of the asset or the cash-generating unit. This requires Management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

Share-based payments and warrants

The estimation of stock-based compensation and valuation assigned to 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 probable 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.

Allocation of proceeds from unit private placements

The Company allocates values to share capital and to warrants on a 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.

Penalty provision related to flow through obligation

In December 2018, the Company completed flow-through private placements for gross proceeds of \$1,275,000 which were renounced under the look-back rule. The Company did not spend the required Canadian Exploration Expenses ("CEE") until October and November 2020, which was after the deadline of December 31, 2019. Management has estimated the liability relating to having not spent the CEE by the December 31, 2019 deadline. In determining the provision, management has made several assumptions, including the assumption of top marginal tax rates for the investors and the probability of recourse by investors of 100%. Such provision is expected to change once more information from tax authorities and investors is obtained.

(c) Investments in associates

Associates are entities over which the Company is able to exert significant influence but which are not subsidiaries.

Focus Graphite Inc.

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(Expressed in Canadian dollars)

Investments in associates are accounted for using the equity method and are initially recognized at cost plus transaction costs.

The carrying amount of investments in associates is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of associates, adjusted where necessary to ensure consistency with the accounting policies of the Company.

If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(d) Foreign currency translation

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not re-translated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

(e) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset is initially measured at fair value, including transaction costs and subsequently at amortized cost. The Company's cash, amounts due from related parties and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value with any resulting gain or loss recognized in profit or loss. Transaction costs are expensed as incurred.

Focus Graphite Inc.

Notes to the Financial Statements
September 30, 2023 and 2022
(Expressed in Canadian dollars)

Impairment of financial assets

All financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial reorganization;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company generally considers a decline of 20% to be significant and a period of nine months to be prolonged.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is presented in profit or loss, if applicable.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. Financial liabilities at FVTPL are stated at fair value, with changes being recognized through profit or loss. Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company's financial liabilities include accounts payable and accrued liabilities, amounts due to related parties, other current liabilities and long-term liability.

Fair value hierarchy

Financial instruments measured at fair value on the statements 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); Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(f) Basic and diluted loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. 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. The diluted loss per share is equal to the basic loss per share because the effect of warrants and stock options (Notes 12 and 13) is antidilutive as it would decrease the loss per share.

(g) Government assistance

Government grants and assistance are recognized when there is reasonable assurance that the grants or assistance will be received, and all attached conditions will be complied with. Government grants or assistance

Focus Graphite Inc.

Notes to the Financial Statements

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relating to an expense item are recognized within government assistance in the consolidated statements of profit and loss.

When government assistance is received which relates to expenses of future periods, the amount is deferred and amortized to income as the related expenditures are incurred.

(h) Tax credits and credit on duties

The Company is eligible for a refundable credit on mining duties under the Quebec Mining Duties Act. This refundable credit on mining duties is equal to 16%, applicable on 50% of the eligible expenses. The accounting treatment for refundable credits on mining duties depends on Management's intention to either go into production in the future or to sell its mining properties to a mining company once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property.

In the first case, the credit on mining duties is recorded as an income tax recovery, under IAS 12, Income Taxes, which generates a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no tax basis following the Company's election to claim the refundable credit.

In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded against exploration and evaluation assets.

Currently, it is Management's intention to have the Company sell its mining properties to a mining company, as such, the credit on mining duties is recorded against exploration and evaluation assets.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources can represent up to 38.75% for eligible expenses and is recorded as a government grant against exploration and evaluation assets.

Credits related to resources and credits for mining duties recognized against exploration and evaluation assets are initially recorded at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

(i) Research and development costs

Costs related to research activities are expensed as incurred. Costs that are directly attributable to a project's development phase are recognized as intangible assets, provided they meet the following recognition requirements: (i) the development costs can be measured reliably; (ii) the project is technically and commercially feasible; (iii) the Company intends to and has sufficient resources to complete the project; (iv) the Company has the ability to use or sell the product or equipment; and (v) the product, equipment or process will generate probable future economic benefits. Development costs not meeting all these criteria are expensed as incurred. To date, no development costs have been capitalized.

(j) Mineral exploration properties and exploration and evaluation assets

Mineral exploration properties include the cost of acquiring mining rights. Exploration and evaluation assets include expenses directly related to the exploration and evaluation activities. These costs are capitalized and are carried at cost less any impairment loss recognized. Costs incurred before the legal right to undertake exploration and evaluation activities on a project is acquired, are expensed in the statement of comprehensive loss.

Mining rights and expenses related to exploration and evaluation activities are capitalized on a property by property basis pending determination of the technical feasibility and commercial viability of the project. No amortization is recognized during the exploration and evaluation phase. Costs capitalized include drilling,

Focus Graphite Inc.

Notes to the Financial Statements

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project consulting, geophysical, geological and geochemical studies, as well as other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, mining rights and expenses related to exploration and evaluation activities of the related mining property are transferred to mining assets under construction. Before the reclassification, mineral exploration properties and exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Upon transfer of exploration and evaluation assets into mining assets under construction, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized with mining assets under construction. After the development stage, all assets included in mining assets under construction are transferred to mining assets and amortized over the expected productive lives of the assets. From time to time, the Company may dispose of mineral assets pursuant to option agreements. The Company credits any cash consideration received against the carrying amount of the portion of interest in the mineral asset retained with any excess recognized as a gain in the statement of comprehensive loss.

(k) Joint arrangements

Investments in joint arrangements

A joint arrangement is a contractual arrangement whereby the two or more parties have joint control. Joint control is the contractually agreed sharing control of an arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the joint arrangement.

The Company recognizes assets, liabilities, revenue and expenses in relation to its interest in joint operations on a line by line basis in accordance with the IFRSs applicable to the particular financial statement line item. With respect to transactions with joint operations that have joint control, the Company recognizes gains and losses only to the extent of the other parties' interests in the joint operation. However, when the transaction provides evidence of a reduction in net realizable value or an impairment loss, the Company fully recognizes those losses.

When the Company enters into a transaction with a joint operation, the Company does not recognize its share of gains and losses until it resells the related assets to third parties. However, when the transaction provides evidence of a reduction in net realizable value or an impairment loss the Company recognizes its share of those losses.

The Company did not have any investments in joint arrangements during the years ended September 30, 2023 and 2022.

(l) Impairment of non-financial assets

For impairment assessment and testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit ("CGU"). The Company considers each mineral property to be a separate CGU, and therefore assesses for indicators of impairment individually for each mineral property.

At each reporting date, the Company assesses non-financial assets, including mineral exploration properties and exploration and evaluation assets, for impairment when facts and circumstances suggest that the carrying

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amount of the asset may exceed its recoverable amount, being the higher of the value in use and the fair value less costs of disposal. Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the assets of the mineral property are tested for impairment before these items are transferred to mining assets under construction. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized immediately in profit or loss.

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in profit or loss.

(m) Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, Management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is a constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

(n) Employee benefits

The cost of short-term employee benefits (including non-monetary benefits such as group medical and dental insurance) are recognized in the period in which the service is rendered and are not discounted.

(o) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

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Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(p) Equity

Share capital

Share capital represents the amount received on the issuance of shares. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital. When shares are issued upon the exercise of stock options or warrants, the proceeds are allocated to share capital and the value previously recorded to contributed surplus or warrants for these stock options or warrants, is transferred to share capital. In addition, if shares are issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at the fair value of the assets or services received or the fair value of the shares issued, according to the quoted price on the day of the conclusion of the agreement.

Flow-through financings

Issuance of flow-through shares/units represents in substance an issue of common shares, warrants (if applicable) and the sale of the right to tax deductions to the investors. When the flow-through units are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital, warrants issued and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance, then to warrants (if applicable) according to the fair value of the warrants at the time of issuance and any residual in the proceeds is allocated to the liability. The fair value of the warrants is estimated using the Black-Scholes valuation model. The liability component recorded initially on the issuance of shares is reversed, on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred, and recognized in profit or loss in other income related to flow-through shares.

Unit placements

Under the residual method, proceeds are first allocated to shares according to the quoted prices of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Warrants

Warrants include charges related to the issuance of warrants until such equity instruments are exercised.

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Contributed surplus

Contributed surplus includes charges related to stock-based compensation until such equity instruments are exercised, as well as expired or forfeited warrants.

Deficit

Deficit includes all current and prior period profits or losses.

(q) Equity-settled stock-based payment transactions

The Company operates an equity-settled stock-based remuneration plan (stock option plan) for directors, officers, employees and certain consultants. The Company's plan does not feature any options for a cash settlement. Occasionally, the Company may issue warrants to brokers.

All goods and services received in exchange for the grant of any stock-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees, or consultants providing similar services, are rewarded using stock-based payments, the fair values of the services rendered are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date and if applicable, recognized over the vesting period. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if stock options ultimately exercised are different to that estimated on vesting. Stock-based compensation expense incorporates an expected forfeiture rate.

All stock-based payments under the plan (except warrants to brokers) are ultimately recognized as an expense in profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. At the same time, upon exercise of a stock option, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to share capital. Warrants issued to brokers are recognized as issuance costs of equity instruments with a corresponding credit to warrants, in equity.

(r) Segmented reporting

The Company is organized into business units based on mineral properties and has determined that there was only one business segment, being the acquisition, exploration and potential development of mineral properties, based on information that is regularly reviewed by the chief operating decision-maker.

(s) Leases

The Company does not have leases with terms greater than 12 months. Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in operating expenses in the statements of comprehensive loss. Short term leases are defined as leases with a lease term of 12 months or less.

(t) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continued use. Such

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assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, or investment property, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in the statement of comprehensive loss.

(u) Standards, amendments and interpretations

Issued but not yet effective

IAS 1 "Presentation of Financial Statements" ("IAS 1")

In January 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in April 2020. The amendments clarify the requirements for classifying liabilities as either current or non-current by:

- Specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists;
- Clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services;
- Clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and
- Clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on the Company's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of the COVID-19 pandemic. Early application is permitted. The AcSB endorsed the IASB's amendment to defer the effective date in October 2020.

IAS 1 "Presentation of Financial Statements" ("IAS 1") and IFRS Practice Statement 2 "Making Materiality Judgments"

In February 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgments* which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2021. The amendments help entities provide accounting policy disclosures that are more useful to primary users of financial statements by:

- Replacing the requirement to disclose "significant" accounting policies under IAS 1 with a requirement to disclose "material" accounting policies. Under this, an accounting policy would be material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements.
- Providing guidance in IFRS Practice Statement 2 to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

The amendments shall be applied prospectively and are not expected to have a significant impact on the Company's financial statements. The amendments to IAS 1 are effective for annual periods beginning on or

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after January 1, 2023. Earlier application is permitted. Once an entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (“IAS 8”)

In February 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2021. The amendments introduce a new definition of “accounting estimates” to replace the definition of “change in accounting estimates” and also include clarifications intended to help entities distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is currently evaluating the impact of the above amendment on its consolidated financial statements. The Company plans to apply the above amendments on the first annual reporting period following the effective date of the respective amendment.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements*. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted.

4. MARKETABLE SECURITIES

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

	September 30, 2023	September 30, 2022
	\$	\$
Mont Royal Resources Ltd. (1)(2)	-	-

- (1) In December 2021, the Company received 459,236 common shares of Mont Royal Resources Ltd. (“Mont Royal”), with a fair value of \$150,000. The shares were issued to the Company in accordance with the Mineral Property Acquisition Agreement, which the Company signed in July 2020, for the sale of its interest in the Eastmain-Leran property (Note 7). During the year ended September 30, 2022, the Company sold the 459,236 common shares for gross proceeds of \$131,698, recognizing a loss on sale of marketable securities of \$18,302.
- (2) In December 2022, the Company received 1,446,717 common shares of Mont Royal, with a fair value of \$250,000. The shares were issued to the Company in accordance with the Mineral Property Acquisition Agreement (Note 7). During the year ended September 30, 2023, the Company sold the 1,446,717 common shares for gross proceeds of \$195,899, recognizing a loss on sale of marketable securities of \$54,101.

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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 September 30, 2023 and 2022, no dividends have been received from Grafoid.

As at September 30, 2023, the Company's ownership interest in Grafoid was 6.8%. 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 September 30, 2023, due to the accumulated share of losses in Grafoid.

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	September 30, 2023		September 30, 2022	
	Mineral exploration properties	Exploration and evaluation assets	Mineral exploration properties	Exploration and evaluation assets
	\$	\$	\$	\$
a) Lac Knife	642,578	24,747,937	642,578	24,358,580
b) Manicouagan	289,101	12,114,975	289,101	10,058,625
TOTAL	931,679	36,862,912	931,679	34,417,205

a) **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.

b) **Manicouagan**

The Company holds a 100% interest in the Manicouagan properties, located in Quebec. As at September 30, 2023 and 2022, Manicouagan consists of the Lac Tetepisca, Lac Tetepisca North and Lac Guinecourt properties.

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The following table reflects changes to exploration and evaluation assets during the years ended September 30, 2023 and 2022:

	2023	2022
	\$	\$
Balance, beginning of the year	34,417,205	27,032,389
Additions		
Drilling	1,981,922	6,144,647
Independent technical studies	525	-
Geophysical survey	133,945	5,625
Geological mapping	-	5,682
Geochemical survey	54,391	174,975
Metallurgical analysis	-	31,369
Resource estimate	3,910	116,334
Property maintenance	9,548	33,631
Feasibility studies	285,102	1,220,895
Environmental studies	713	385,011
Community relations	24,305	65,469
Other	-	371
	2,494,361	8,184,009
Tax credits and credit on duties	(48,654)	(799,193)
Balance, end of the year	36,862,912	34,417,205

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. MINERAL ASSETS HELD FOR SALE

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) (Note 4)
- \$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 22)

The transfer of the property will not occur until the full consideration has been paid to the Company. In the event that a payment is not made as per the timeline above, the Company can cancel the transaction and retain all prior payments received. The Purchaser has the right to elect to pay up to 50% of the post-closing instalments in the form of shares.

Once the Purchaser has met all of the obligations under the MPA Agreement, the Company will transfer all mineral titles to the Purchaser. The Company will retain (a) a 0.5% NSR on the Alta Option portion of the

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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.

The following table reflects changes to mineral assets held for sale during the years ended September 30, 2023 and 2022:

	2023	2022
	\$	\$
Balance, beginning of the year	1,116,805	1,616,805
Payments received in accordance with MPA agreement	(500,000)	(500,000)
Balance, end of the year	616,805	1,116,805

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:

	September 30, 2023	September 30, 2022
	\$	\$
Obligation to pass on tax deductions:		
May/June 2021 flow-through financing (2)	-	-
December 2021 flow-through financing (3)	-	231,112
December 2022 flow-through financing (4)	197,728	-
Penalty provision related to flow-through obligation (1)	929,397	929,397
Total other current liabilities	1,127,125	1,160,509

- (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.

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- (2) In May and June 2021, the Company closed a flow-through private placement for gross proceeds of \$2,000,000. The proceeds from the financing were allocated between share capital (\$1,955,700) and a deferred liability (\$44,300), using the residual method, where the liability component represents the Company's obligation to pass on the tax deductions to investors. During the year ended September 30, 2022, the Company incurred all of the required flow-through expenditures and reduced the deferred liability to \$Nil, recognizing other income related to flow through shares of \$44,300 in the statement of comprehensive loss.
- (3) In December 2021, the Company closed a flow-through private placement for gross proceeds of \$5,200,000 (Note 11). The proceeds from the financing were allocated between share capital (\$4,622,222) and a deferred liability (\$577,778), 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 \$346,666 during the year ended September 30, 2022 and \$231,112 during the year ended September 30, 2023.
- (4) In December 2022, the Company closed a flow-through private placement for gross proceeds of \$642,616 (Note 11). 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. As at September 30, 2023, the Company has not incurred any of the required flow-through expenditures.

9. LONG TERM LIABILITY

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 having been received in fiscal 2020 and another \$20,000 received in fiscal 2021. The CEBA Loan is interest free until December 31, 2023, at which point any remaining balance will be converted into a 2 year term loan bearing annual interest at 5%. No principal payments are required until December 31, 2025. Principal repayments can be made voluntarily at any time without any fees or penalties. Up to \$20,000 of the loan may be forgiven, provided that \$40,000 is paid back by December 31, 2023.

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 September 30, 2023, \$52,500 was included in deferred government grant in the statements of financial position (2022 - \$52,500). This amount, representing 15% of the total grant, was received by the Company in September 2022 and has been deferred until the related work has been conducted.

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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

Share Consolidation

On June 15, 2022, the Company announced that the TSX-V had approved the consolidation of the Company's common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares. The Company's shares began trading on a post-consolidated basis effective at the opening of the market on June 17, 2022. All share capital, warrant, stock option and loss per share data has been retroactively restated to reflect the share consolidation in these financial statements.

	Number of shares	
		\$
Balance, September 30, 2021	48,699,338	69,583,593
Shares issued for cash (1)(2)(3)(4)	7,026,769	5,122,222
Shares issued on exercise of stock options	20,000	13,574
Share issuance costs	-	(522,604)
Balance, September 30, 2022	55,746,107	74,196,785
Shares issued for cash (5)(6)	1,488,640	644,888
Shares issued on exercise of stock options	400,000	452,000
Shares issued on exercise of warrants	289,855	83,333
Share issuance costs	-	(9,956)
Balance, September 30, 2023	57,924,602	75,367,050

- (1) On December 22, 2021, the Company completed a flow-through private placement for gross proceeds of \$5,200,000. The private placement was comprised of 5,777,778 flow-through shares at a price of \$0.90 per share. In connection with the financing, the Company paid cash finders' fees of \$357,000 and issued, as additional consideration, 396,667 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of \$1.50 until December 22, 2022. The proceeds from the financing (\$5,200,000) were allocated between share capital (\$4,622,222) and a deferred liability (\$577,778) 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 \$103,133 based on the Black-Scholes option pricing model, using the following assumptions: stock price of \$0.80, risk-free interest rate of 0.76%, expected life of warrants of 1 year, annualized volatility of 130% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the Company's shares over the last year. 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

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life of the warrants. Other share issuance costs total \$46,928. The value of the broker warrants, cash finders' fees and other share issuance costs were presented as a reduction of share capital. A Director and an Officer of the Company participated in the private placement for an aggregate amount of \$100,000.

- (2) On December 31, 2021, the Company completed a private placement for gross proceeds of \$200,000. The private placement was comprised of 313,725 units at a price of \$0.6375 per unit. Each unit is comprised of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$1.0625 until December 23, 2024. The proceeds from the financing (\$200,000) were allocated entirely to share capital (\$200,000), after which there was no residual amount to allocate to warrants. Other share issuance costs total \$6,716 and were presented as a reduction of share capital.
- (3) On February 10, 2022, the Company completed a private placement for gross proceeds of \$200,000. The private placement was comprised of 355,555 units at a price of \$0.5625 per unit. Each unit is comprised of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.9375 until February 10, 2025. The proceeds from the financing (\$200,000) were allocated entirely to share capital (\$200,000), after which there was no residual amount to allocate to warrants. Other share issuance costs total \$8,827 and were presented as a reduction of share capital.
- (4) On September 8, 2022, the Company completed a private placement for gross proceeds of \$100,000. The private placement was comprised of 579,711 units at a price of \$0.1725 per unit. Each unit is comprised of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.2875 until September 8, 2025. The proceeds from the financing (\$100,000) were allocated entirely to share capital (\$100,000), after which there was no residual amount to allocate to warrants.
- (5) On December 29, 2022, the Company completed a flow-through private placement for gross proceeds of \$642,616. The private placement was comprised of 988,640 flow-through shares at a price of \$0.65 per share. The proceeds from the financing (\$642,616) were allocated between share capital (\$444,888) and a deferred liability (\$197,728) 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 Company incurred share issuance costs of \$9,956 which have been presented as a reduction of share capital.
- (6) On December 29, 2022, the Company completed a private placement for gross proceeds of \$200,000. The private placement was comprised of 500,000 units at a price of \$0.40 per unit. Each unit is comprised of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.65 until December 29, 2023. The proceeds from the financing (\$200,000) were allocated entirely to share capital (\$200,000), after which there was no residual amount to allocate to warrants.

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12. WARRANTS

The following table reflects the continuity of warrants outstanding:

	Number of warrants	Weighted average exercise price
		\$
Balance, September 30, 2021	5,497,856	0.80
Issued	1,021,163	0.99
Expired	(2,770,000)	1.00
Balance, September 30, 2022	3,749,019	0.71
Issued	250,000	0.65
Exercised	(289,855)	0.2875
Expired	(2,504,947)	0.73
Balance, September 30, 2023	1,204,217	0.77

As at September 30, 2023, the following warrants were issued and outstanding:

Number of warrants	Allocated value	Exercise price	Expiry date
	\$	\$	
250,000	-	0.65	December 29, 2023
148,148	-	1.125	July 5, 2024
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
1,204,217	17,399		

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As at September 30, 2022, the following warrants were issued and outstanding:

Number of warrants	Allocated value	Exercise price	Expiry date
	\$	\$	
700,000	105,000	0.55	November 17, 2022
1,000,000	-	0.55	December 22, 2022
396,667	103,133	1.50	December 22, 2022
300,000	-	0.55	December 29, 2022
10,000	4,060	0.55	December 29, 2022
97,697	94,036	1.20	May 4, 2023
583	382	1.20	June 7, 2023
148,148	-	1.125	July 5, 2024
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
289,855	-	0.2875	September 8, 2025
3,749,019	324,010		

13. STOCK OPTIONS

The following table reflects the continuity of stock options outstanding:

	Number of stock options	Weighted average exercise price
		\$
Balance, September 30, 2021	5,463,000	0.88
Granted (1)(2)	4,105,000	0.50
Exercised	(20,000)	0.50
Forfeited	(261,500)	0.59
Expired	(103,500)	0.50
Balance, September 30, 2022	9,183,000	0.73
Exercised	(400,000)	0.50
Expired	(288,000)	0.52
Balance, September 30, 2023	8,495,000	0.74

(1) On November 2, 2021, 3,855,000 stock options were granted to Directors, Officers, employees and consultants at an exercise price of \$0.50 per share, expiring on November 2, 2026.

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(2) On November 4, 2021, 250,000 stock options were granted to consultants at an exercise price of \$0.50 per share, expiring on November 4, 2026.

As at September 30, 2023, the following stock options were outstanding and exercisable:

Range of exercise prices	Outstanding			Exercisable	
	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
\$0.50	5,545,000	2.63	\$0.50	5,366,000	\$0.50
\$1.20	2,950,000	2.41	\$1.20	1,770,000	\$1.20
	8,495,000	2.55	\$0.74	7,136,000	\$0.67

As at September 30, 2022, the following stock options were outstanding and exercisable:

Range of exercise prices	Outstanding			Exercisable	
	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
\$0.50	6,223,000	3.54	\$0.50	5,322,000	\$0.50
\$1.20	2,960,000	3.41	\$1.20	1,036,000	\$1.20
	9,183,000	3.50	\$0.73	6,358,000	\$0.61

The following table reflects the weighted-average fair value of stock options granted during the years ended September 30, 2023 and 2022 and the related Black-Scholes option pricing model inputs that were used in the calculations:

Year ended September 30	2023	2022
Stock options granted	-	4,105,000
Weighted average fair value	-	0.60
Weighted-average exercise price	-	0.50
Weighted-average market price at date of grant	-	0.65
Expected life of stock options (years)	-	5
Expected stock price volatility	-	187%
Risk-free interest rate	-	1.47%
Expected dividend yield	-	0%

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

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.

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Stock-based compensation of \$894,251 (all of which relate to equity-settled stock-based payment transactions) was included in the statement of comprehensive loss for the year ended September 30, 2022 (2022 - \$4,069,842) and credited to contributed surplus.

14. SUPPLEMENTAL CASH FLOW INFORMATION

For the year ended September 30	2023	2022
	\$	\$
Changes in non-cash working capital are as follows:		
Sales taxes receivable	641,594	(213,278)
Amounts due from related parties	(51,967)	109,233
Other receivables	9,535	(20,429)
Prepaid expenses	(98,805)	28,045
Accounts payable and accrued liabilities	(840,263)	164,044
Amount due to related parties	-	(2,810)
	(339,906)	64,805

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 \$200,572 at September 30, 2023 (2022 - \$1,494,212). The Company's cash is held at several reputable financial institutions with high external credit ratings. 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 September 30, 2023, the Company had a working capital deficiency of \$4,775,561. During the year ended September 30, 2023, the Company had negative cash flows from operations of \$1,531,604 (2022 - \$1,041,875). 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 in fiscal 2024, is

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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 September 30, 2023, the Company has financial liabilities of \$5,016,580 (2022 - \$5,856,842) \$4,956,580 of which are due within twelve months (2022 - \$5,796,842).

(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 September 30, 2023, the Company had cash balances of \$137,711 (\$1,473,783 as at September 30, 2022) and interest income derived from these investments during the year ended September 30, 2023 was \$8,038 (2022 - \$6,585). The \$60,000 loan received under the Canadian federal government's CEBA program (Note 9) is interest free if repaid within the required timeframe, so there is no associated interest rate risk.

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 of the TSX Venture Exchange ("TSXV") which requires 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 September 30, 2023, 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.

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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, amounts due to related parties and long-term liability. 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	September 30, 2023	September 30, 2022
	\$	\$
Financial assets		
Amortized cost		
Cash	137,711	1,473,783
Amounts due from related parties (Note 17)	51,967	-
Other receivables	10,894	20,429
Total financial assets	200,572	1,494,212
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	(1,727,183)	(2,567,445)
Other current liabilities (Note 8)	(929,397)	(929,397)
Amounts due to related parties (Note 17)	(2,300,000)	(2,300,000)
Long-term liability (Note 9)	(60,000)	(60,000)
Total financial liabilities	(5,016,580)	(5,856,842)

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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	September 30, 2023	September 30, 2022
	\$	\$
<u>Included in amounts due from related parties</u>		
Grafoid Inc.	51,967	-
<u>Included in accounts payable and accrued liabilities</u>		
GGTC Inc.	-	124,700
Grafoid Inc.	-	606,900
	-	731,600
<u>Included in amounts due to related parties</u>		
JJY Holdings Inc.	2,300,000	2,300,000
<u>Transactions with related parties</u>		
For the year ended September 30	2023	2022
	\$	\$
Grafoid Inc. (1)	-	240,000

(1) During the year ended September 30, 2023, the Company was charged \$Nil by Grafoid Inc. for consulting services, including marketing, product development and auxiliary services (2022 - \$240,000).

Transactions with key management personnel

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

	2023	2022
	\$	\$
Salaries	123,958	175,000
Consulting fees	143,860	98,818
Stock-based compensation	749,828	2,999,219
	1,017,646	3,273,037

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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 September 30, 2023, 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.

Contracts

As at September 30, 2023, the Company has unrecognized contractual contingencies of approximately \$920,000, in aggregate. As triggering events have not taken place, the contingent payments have not been reflected in these financial statements.

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.

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.

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As at September 30, 2023, 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. INCOME TAXES

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense (recovery) based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the statements of comprehensive loss can be reconciled as follows:

Year ended September 30	2023	2022
	\$	\$
Net loss before income tax	(1,908,939)	(4,805,407)
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.5% (26.5% in 2022)	(506,000)	(1,273,433)
Adjustments for the following items:		
Tax impact of temporary difference for which no deferred tax asset was recorded	(242,000)	141,615
Renunciation of expenditures on flow-through shares	558,000	675,261
Recognition of deferred tax assets previously unrecognized	-	(527,193)
Stock-based compensation	237,000	1,078,508
Other	(47,000)	(94,758)
Deferred income tax expense (recovery)	-	-

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Deferred Income Tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

The Company has recognized the following deferred tax assets and liabilities:

	2023	2022
	\$	\$
Mineral exploration properties and exploration and evaluation assets	(8,296,000)	(6,129,639)
Non-capital losses	8,296,000	5,915,178
Property and equipment	-	214,461
	-	-

The Company has not recognized deferred tax assets in respect of the following items because it is not probable that future taxable income will be available against which the Company can use the benefits.

	2023	2022
	\$	\$
Share issuance costs	662,000	1,002,913
Investment in associate	809,000	1,500,040
Penalty related to flow through shares	28,000	929,397
Mineral exploration properties and exploration and Capital losses and other	-	229,000
Non-capital losses	12,078,000	17,015,437
	13,577,000	20,676,787

As at September 30, 2023, the Company has the following non-capital losses for which no deferred tax asset was recorded. These carryforward balances expire as follows:

	\$
2038	926,000
2039	4,722,000
2040	-
2041	2,650,000
2042	2,751,000
2043	1,029,000
	12,078,000

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21. 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.

22. SUBSEQUENT EVENTS

Receipt of final instalment payment

In December 2023, the Company received the final instalment payment from Mont Royal Resources Ltd. ("Mont Royal") in connection with the sale of the Company's Eastmain-Leran property (Note 7). The payment was received in the form of cash (\$400,000) and common shares of Mont Royal (\$400,000).

Closing of flow-through private placement

On December 21, 2023, the Company closed a flow-through private placement for gross proceeds of \$300,200. The flow-through private placement was comprised of 1,580,000 flow-through shares at a price of \$0.19 per flow-through share. In connection with the financing, the Company paid cash finders' fees of \$18,012 and issued, as additional consideration, 94,800 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.

Closing of private placement

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 a 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 \$3,000 and issued, as additional consideration, 17,647 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.