FOCUS GRAPHITE INC.

Condensed Interim Financial Statements

For the three and six months periods ended March 31, 2019

(Expressed in Canadian Dollars)
(Unaudited)

Condensed Interim Financial Statements

NOTICE TO READER

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

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

Focus Graphite Inc.

Condensed Interim Statements of Financial Position (Unaudited)

(Expressed in Canadian dollars)

As at	**March 31, 2019**	September 30, 2018
	$	$
ASSETS		
Current assets		
Cash	**3,808**	110,835
Amounts receivable (Note 4)	**625,468**	888,350
Amounts due from related parties (Note 16)	**350,282**	141,598
Tax credits and credit on duties receivable	**628,281**	399,118
Prepaid expenses	**144,462**	272,393
	1,752,301	1,812,294
Long-term investment (Note 5)	**100,000**	100,000
Mineral exploration properties (Note 7)	**1,363,977**	1,363,977
Exploration and evaluation assets (Note 7)	**32,146,038**	29,825,309
Total assets	**35,362,316**	33,101,580
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 16)	**3,866,465**	2,039,977
Other current liabilities (Note 8)	**-**	15,625
Amounts due to related parties (Note 16)	**1,268,156**	-
Total liabilities	**5,134,621**	2,055,602
EQUITY		
Share capital (Note 10)	**60,660,773**	59,697,225
Warrants (Note 11)	**1,755,548**	1,611,690
Contributed surplus	**11,253,662**	11,182,653
Accumulated other comprehensive income	**273,242**	273,242
Deficit	**(43,715,530)**	(41,718,832)
Total equity	**30,227,695**	31,045,978
Total liabilities and equity	**35,362,316**	33,101,580

Going concern (Note 2)

On behalf of the Board

Gary Economo, Director　　　　Jeffrey York, Director

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

Focus Graphite Inc.
Condensed Interim Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian dollars)

	Three months ended March 31,		Six months ended March 31,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Operating expenses				
Management and consulting fees	**793,860**	868,697	**1,617,608**	1,709,093
Salaries and benefits	**37,746**	78,101	**76,246**	152,503
Travel and promotion	**37,428**	81,056	**88,697**	157,524
Professional fees	**6,364**	53,620	**108,347**	142,676
Office	**45,360**	91,531	**123,611**	196,397
Loss from operations	**(920,758)**	(1,173,005)	**(2,014,509)**	(2,358,193)
Other income				
Interest income	**-**	-	**2,186**	-
Other income related to flow-through shares (Note 9)	**-**	23,551	**15,625**	218,801
Net loss and total comprehensive loss	**(920,758)**	(1,149,454)	**(1,996,698)**	(2,139,392)
Basic and diluted net loss per common share	**(0.003)**	(0.003)	**(0.006)**	(0.01)
Basic and diluted weighted average number of common shares outstanding	**373,936,340**	348,436,340	**362,889,636**	329,475,918

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

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

	Share capital		Warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
	# of shares	$	$	$	$	$	$
Balance, September 30, 2017	**269,585,740**	**54,386,387**	**1,367,788**	**10,469,341**	**273,242**	**(39,566,514)**	**26,930,244**
Shares issued for cash	78,850,600	5,876,923	-	-	-	-	5,876,923
Warrants issued	-	-	277,000	-	-	-	277,000
Expiry of warrants	-	-	(33,098)	33,098	-	-	-
Share issuance costs	-	(566,085)	-	-	-	-	(566,085)
Net loss	-	-	-	-	-	(2,139,392)	(2,139,392)
Balance, March 31, 2018	**348,436,340**	**59,697,225**	**1,611,690**	**10,502,439**	**273,242**	**(41,705,906)**	**30,378,690**
Warrants issued	-	-	-	680,214	-	-	680,214
Net loss	-	-	-	-	-	(12,926)	(12,926)
Balance, September 30, 2018	**348,436,340**	**59,697,225**	**1,611,690**	**11,182,653**	**273,242**	**(41,718,832)**	**31,045,978**
Shares issued for cash	25,500,000	1,087,500	-	-	-	-	1,087,500
Warrants issued	-	-	187,500	-	-	-	187,500
Expiry of warrants	-	-	(71,009)	71,009	-	-	-
Share issuance costs	-	(123,952)	27,367	-	-	-	(96,585)
Net loss	-	-	-	-	-	(1,996,698)	(1,996,698)
Balance, March 31, 2019	**373,936,340**	**60,660,773**	**1,755,548**	**11,253,662**	**273,242**	**(43,715,530)**	**30,227,695**

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

Focus Graphite Inc.

Condensed Interim Statements of Cash Flows (Unaudited)
(*Expressed in Canadian dollars)*

	Three months ended March 31,		Six months ended March 31,	
	2019	2018	**2019**	2018
	$	$	**$**	$
OPERATING ACTIVITIES				
Net loss	**(920,758)**	(1,149,454)	**(1,996,698)**	(2,139,392)
Adjustments for:				
Other income related to flow-through shares	**-**	(23,551)	**(15,625)**	(218,801)
Share of net loss of associate		-		-
Changes in working capital items (Note 13)	**912,242**	285,755	**2,312,974**	(419,670)
Net cash used in operating activities	**(8,516)**	(887,250)	**300,651**	(2,777,863)
INVESTING ACTIVITIES				
Exploration advances		-		**-**
Acquisition of mineral exploration properties		(36,378)		**(36,378)**
Interest received		-		-
Exploration and evaluation costs	**(155,515)**	(308,252)	**(1,356,930)**	(2,160,796)
Tax credits and mining duties received	**(34,245)**		**(229,163)**	-
Net cash used in investing activities	**(189,760)**	(344,630)	**(1,586,093)**	(2,197,174)
FINANCING ACTIVITIES				
Common shares issued	**-**		1,087,500	5,892,548
Warrants issued	**-**	-	187,500	277,000
Share issuance costs	**(4,635)**	(25,946)	(96,585)	(566,085)
Net cash provided by financing activities	**(4,635)**	(25,946)	**1,178,415**	5,603,463
Increase (decrease) in cash	**(202,911)**	(1,257,826)	**(107,027)**	628,426
Cash, beginning of the period	**206,719**	2,208,917	**110,835**	322,665
Cash, end of the period	**3,808**	951,091	**3,808**	951,091

Supplemental cash flow information is provided in Note 13

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

1. NATURE OF OPERATIONS

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

Focus is engaged in the acquisition, exploration and development of mineral properties in Quebec, Canada. The Company is in the exploration stage and does not derive any revenue from its properties. The address of the Company's corporate office is 945 Princess Street, 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 six months ended March 31, 2019, the Company incurred a net loss of $1,996,697 and cash flows from operations of $300,651. In addition, the Company has a deficit of $43,715,530.

The above factors raise 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 year 2019, 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. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

These condensed interim financial statements were authorized for issue by the Board of Directors on May 29, 2018.

(b) Basis of presentation

These condensed interim financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets which are measured at fair value, and are expressed in Canadian dollars, which is also the functional currency of the Company.

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

(c) Judgments, estimates and assumptions

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

<u>Significant Management judgment</u>

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

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 16.38% as at March 31, 2019 (Note 6), 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.

At each reporting period, judgement is required to assess whether there is objective evidence of an impairment in the Company's net investment in its associate. In fiscal 2018, Management applied judgement in determining impairment/reversal of impairment in its net investment in its associate. Consequently, the amount of impairment to be recognized in fiscal 2017 was reversed because there was a change in circumstance where the associate raised funds through a series of private placements, as discussed further in Note 6.

Determination of technical feasibility and commercial viability of mineral property

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

Impairment of mineral exploration properties and exploration and evaluation assets

Determining if there are any facts 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.

The total impairment loss on mineral exploration properties and exploration and evaluation assets for the six months ended March 31, 2019 was $Nil (2018 - $Nil). No reversal of impairment losses has been recognized for the reporting periods.

Share-based payments

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.

(Expressed in Canadian dollars)

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

4. AMOUNTS RECEIVABLE

	March 31, 2019	September 30, 2018
	$	$
Sales taxes receivable	**625,468**	888,350
Other receivables		
Total amounts receivable	**625,468**	888,350

5. LONG-TERM INVESTMENT

Investment in Braille Energy Systems Inc. ("BESI") (formerly Mincom Capital Inc)

On May 8, 2014, further to the sale of the Company's Romer property to Braille Energy Systems Inc. ("BESI") (formerly Mincom Capital Inc), Focus received 2,500,000 common shares in BESI, valued at $450,000 (Note 7e). The fair value of the shares received was based on the quoted market price on the closing date of the transaction. The shares are classified as available-for-sale financial assets and are measured at fair value. The Company does not exercise significant influence over BESI.

As at March 31, 2019 and September 30, 2018, the Company's investment in BESI was as follows:

	Cost	Impairment	Fair value adjustment	Fair value
	$	$	$	$
2,500,000 common shares in Mincom	450,000	(375,000)	25,000	100,000

(1) 2,500,000 (2018 – $2,500,000) of these shares are held in escrow as at March 31, 2019.

6. 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 at March 31, 2019, no dividends have been received from Grafoid.

On July 3, 2013, the Company lost control over Grafoid, further to the dilution of the Company's ownership interest. Given its 21% ownership interest in Grafoid at that date, the Company continued to have significant influence. As such, the investment in Grafoid was recorded as an investment in an associate at fair value ($2,400,000) and is accounted for using the equity method in accordance with International Accounting Standard 28, "Investments in Associates and Joint Ventures" ("IAS 28"). The Company's share of Grafoid's net losses subsequent to the loss of control is recorded in the statements of comprehensive loss.

(Expressed in Canadian dollars)

In February 2014, Focus' Board of Directors approved the conversion of an outstanding $1,500,000 loan to Grafoid into 3,000,000 common shares at a deemed price of $0.50 per share, increasing the Company's holdings in Grafoid to 7,800,000 common shares.

Subsequent to July 3, 2013 and continuing through to March 31, 2017, Focus' ownership interest in Grafoid has fluctuated, further to multiple capital raises and other share issuances by Grafoid, including the 3,000,000 shares issued to the Company, as described above. Despite these fluctuations, Management has not changed its assessment and considers Focus to have maintained significant influence over Grafoid throughout this period. Management takes into consideration various facts and circumstances in arriving at this assessment, including but not limited to Focus' continued representation on Grafoid's Board of Directors.

As at March 31, 2019, the Company's ownership interest in Grafoid was 16.38% (2018 – 16.38%) and the carrying value of the investment was determined as follows:

	$
Balance, September 30, 2017	-
Long-term receivable repayment from Grafoid	(3,092,739)
Due to grafoid (reclassification)	360,000
Share of net loss of associate	-
Impairment reversal	2,732,739
Balance, September 30, 2018	-
Long-term receivable repayment from Grafoid	(3,092,739)
Due to grafoid (reclassification)	360,000
Share of net loss of associate	-
Impairment reversal	2,732,739
Balance, March 31, 2019	-

The shares of Grafoid are not publicly listed on a stock exchange and hence published price quotes are not available.

Grafoid continued to generate losses which are driven by investment in graphene research and development. Since the Company's Investment in Associate as at March 31, 2019 is $Nil ($Nil - 2018), there will be no inclusion of the share of said net losses.

Since the net investment in associate as at March 31, 2019 is $NIL (2018 - $NIL) and the share of net loss will not be included in the value of the investment, the company believes that no additional information is necessary.

(Expressed in Canadian dollars)

7. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	March 31, 2019		September 30, 2018	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
a) Lac Knife	**642,578**	**18,881,784**	642,578	17,379,119
b) Kwyjibo	**-**	**6,779,817**	-	6,662,341
c) Manicouagan	**289,101**	**4,159,866**	289,101	4,046,119
d) Eastmain-Leran	**432,298**	**2,324,571**	432,298	1,737,730
TOTAL	**1,363,977**	**32,146,038**	1,363,977	29,825,309

a) Lac Knife

The Company acquired a 100% interest in the Lac Knife property upon acquisition of 100% of the issued and outstanding shares of 3765351 Canada Inc. (“3765351”) on October 4, 2010, in consideration for (i) a cash payment of $250,000, (ii) the issuance of 4,016,362 common shares and (iii) 2,008,181 warrants, each warrant entitling the vendor to acquire an additional common share of the Company at a price of $0.10 for a period of 24 months. Effective April 1, 2012, 3765351 was liquidated and ownership of the Lac Knife property was transferred to Focus. The Lac Knife property is located south of Fermont, Quebec, in North-Eastern Quebec near the Labrador border. The property is host to the historical Lac Knife graphite prospect located in the Grenville geological province.

On February 7, 2018, Focus staked the Montagne-aux-Bouleaux claims, a block of 12 contiguous CDC claims covering 626.88ha located 11 km to the North of the Lac Knife property.

b) Kwyjibo

In August 2010, the Company signed an option agreement with SOQUEM Inc. (“SOQUEM”) to acquire a 50% interest in the Kwyjibo property, located in the Grenville Geological Province, north-east of Sept-Iles, Quebec, by spending $3,000,000 in exploration work on the property over a period of five years, of which $1,000,000 had to be spent during the first two years. SOQUEM is acting as the operator for all exploration work carried out on the property. Focus has the option to become the operator by paying $50,000 in cash or by issuing common shares valued at $50,000.

The Company has assessed this arrangement under the requirements of IFRS 11 Joint Arrangements and, based on the contractual terms, has classified it as a joint operation. Therefore, the Company recognizes assets, liabilities, revenue and expenses in relation to its interest in Kwyjibo on a line by line basis in accordance with the IFRSs applicable to the particular financial statement line item.

During the year ended September 30, 2012, the Company fulfilled its commitment to spend $3,000,000 on exploration and earned a 50% interest in the property.

c) Manicouagan

In August 2011, the Company acquired 8 properties, located in the Manicouagan, Gatineau/Laurentides and Mauricie regions of Quebec, in consideration for cash payments totalling $125,000 and the issuance of

375,000 common shares of the Company at a price of $0.91 per share. The Company also paid a cash finder's fee of $25,000.

The properties acquired were as follows:

Manicouagan: Lac Guinecourt and Lac Tetepisca
Gatineau/Laurentides: L'Annonciation, Laurentides1, Laurentides2, Cobden and Quyon
Mauricie: Lac Au Sorcier
In November 2012, the Company acquired the Lac Tetepisca North property via map-staking. The property is located nearby the Company's Lac Tetepisca property.

During the year ended September 30, 2013, the Company wrote down the cost of the L'Annonciation, Laurentides1, Laurentides2, Cobden and Quyon properties to $Nil ($95,993 in acquisition costs and $20,069 in exploration and evaluation assets) further to the Company's decision to let the claims lapse as poor exploration results to date did not warrant further exploration on the properties.

During the year ended September 30, 2014, the Company added 29 mining claims to the Lac Tetepisca project via map-staking.

During the year ended September 30, 2015, the Company wrote down the cost of Lac Guinecourt, Lac Tetepisca and Lac au Sorcier by $101,837, $173,414 and $37,927, respectively ($108,241 in acquisition costs and $204,937 in exploration and evaluation assets), further to the Company's decision to let certain claims lapse as poor exploration results to date did not warrant further exploration on these claims.

During the year ended September 30, 2016, the Company wrote down the Lac au Sorcier property to $Nil ($6,226 in acquisition costs and $3,210 in exploration and evaluation assets), further to the Company's decision to let all remaining claims lapse as poor exploration results to date did not warrant further evaluation.

As at March 31, 2019, Manicouagan consists of the Lac Tetepisca, Lac Tetepisca North and Lac Guinecourt properties.

d) Eastmain-Leran

In October 2012, the Company signed an agreement with Ressources Miniere Alta Inc. ("Alta") whereby Focus secured the exclusive right to exercise a purchase option in respect of Alta's 100% owned Eastmain-Leran property, located in the Otish mountains area of northern Quebec. In consideration for the exclusive right, which covers a period of twelve months, Focus paid $15,000 in cash.

In October 2012, the Company acquired additional mining claims, via staking.

In October, 2013, the Company executed a purchase agreement with Alta whereby Focus acquired a 100% interest in the Eastmain-Leran property in consideration for $50,000 cash and the issuance of 689,655 common shares at a price of $0.435 per share. Alta retained a 2% net smelter return royalty on the property (the "Royalty"). The Company shall have the right, at any time and at its sole discretion, to purchase the Royalty by paying $500,000. The property was recorded at a value of $350,000 upon initial recognition, based on the fair value of the property received and the consideration paid.

On February 27, 2018, the Company staked 245 claims (CDC) at the eastern edge of the Eastmain-Laran property in consideration for $36,378 cash. In total, the Eastmain-Laran property now comprises of 492 claims covering an area of 25,7556 ha, while the Eastmain-Léran/Alta Option property consist of 32 claims covering an area of 1,679 ha.

(Expressed in Canadian dollars)

e) Labrador Trough

On March 30, 2009 and as amended on May 22, 2009, December 11, 2009, March 25, 2010 and April 30, 2010, the Company signed an acquisition agreement with Everton Resources Inc. ("Everton") to acquire a 100% interest in 13 properties ("Labrador Trough") in the Labrador Trough region of Quebec: Romer, Canyon, Colombet, Diana, Fox, Goose, Jack Rabbit, Lac Aulneau, Lac Ribero, Lemming, Leopard, Minowean and Otelnuk, in consideration for the issuance of 6,000,000 common shares of the Company, at a price of $0.06 per share. On May 21, 2010, concurrent with the listing of the Company's securities on the TSX Venture Exchange, the Company completed the acquisition of the Labrador Trough properties.

During the year ended September 30, 2010, the Company wrote down the cost of the Labrador Trough property by $73,104 further to the expiry of certain claims. Also during the year ended September 30, 2010, the Company acquired additional mining claims via staking.

Sale of Romer Property

On May 8, 2014, the Company sold to sold Braille Energy Systems Inc. ("BESI") (formerly Mincom Capital Inc), all of its rights, title and interest in its Romer property (the "Property"). The consideration due to Focus from BESI for the purchase of the Property was $1,000,000, as determined following an independent valuation prepared at the request of BESI, payable as follows: (i) cash consideration of $250,000; (ii) 2,500,000 common shares of BESI.

During the year ended September 30, 2016, the Company wrote down the cost of the Labrador Trough properties to $Nil ($6,991 in acquisition costs and $243,274 in exploration and evaluation assets), as there has been limited exploration activity on these properties in recent years. The Company does however intend to keep these claims in good standing.

As at March 31, 2019, the Labrador Trough consists of 4 properties: Minowean, Otelnuk, Lemming and Diana.

The following table reflects changes to mineral exploration properties between October 1, 2017 and March 31, 2019:

	Six months ended March 31, 2019	Year ended September 30, 2018
	$	$
Balance, beginning of the period	**1,363,977**	1,327,599
Acquisition of mineral exploration properties	**-**	36,378
Write-down of mineral exploration properties	**-**	-
Balance, end of the period	**1,363,977**	1,363,977

(Expressed in Canadian dollars)

The following table reflects changes to exploration and evaluation assets between October 1, 2017 and March 31, 2019:

	Six months ended March 31, 2019	Year ended September 30, 2018
	$	$
Balance, beginning of the period	**29,825,309**	25,247,496
Additions		
Drilling	**689,643**	3,079,424
Independent technical studies	**27,180**	3,792
General Field expense	**286**	-
Geophysical survey	**29,839**	272,390
Geological mapping	**655**	-
Geochemical survey	**1,257,285**	844,874
Metallurgical analysis		24,931
Resource estimate		50,451
Property maintenance	**14,308**	60,040
Preliminary economic assessment (PEA)	**13,168**	185,563
Feasibility studies		8,456
Environmental studies	**462,377**	314,921
Pre-development agreements	**55,151**	49,324
	2,549,892	4,894,166
Write-down of exploration and evaluation assets	**-**	-
Tax credits and credit on duties	**(229,163)**	(316,353)
Balance, end of the period	**32,146,038**	29,825,309

8. OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	March 31, 2019	September 30, 2018
	$	$
Obligation to pass on tax deductions (1)	**-**	15,625
Total other current liabilities	**-**	15,625

(1) On December 22, 2017, the Company closed a flow-through private placement (Note 10) for gross proceeds of $250,000. The proceeds from the financing were allocated between share capital ($234,375) and a deferred liability ($15,625) using the residual method. The liability component represents the Company's obligation to pass on the tax deductions to investors. Further to the renunciation of the tax deductions to investors in February 2018, effective December 31, 2017, the Company has proportionately

(Expressed in Canadian dollars)

reduced the initial liability by the percentage of the required exploration expenditures which have been incurred. As at December 31, 2018, the remaining liability is $Nil.

9. FLOW-THROUGH INTEREST AND TAX EXPENSE

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

In June 2017, the Company completed a flow-through private placement for gross proceeds of $1,050,000. In February 2018, the related tax deductions were renounced to investors with an effective date of December 31, 2017. The Company incurred all of the required flow-through expenditures by the December 31, 2018 deadline and paid an amount of $2,776 for Part XII.6 tax and tax on deemed expenses in Quebec, which is calculated on the monthly balance of unspent flow through funds.

In December 2018, the Company completed flow-through private placements for gross proceeds of $1,275,000. In February 2019, the related tax deductions were renounced to investors with an effective date of December 31, 2018. As at December 31, 2018 the Company has not incurred any of the required flow-through expenditures and has until December 31, 2019 to spend the proceeds.

10. SHARE CAPITAL

Authorized
An unlimited number of the following shares:

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

Issued and fully paid
Class “A” common shares

	Number of shares	
		$
Balance, September 30, 2017	**269,585,740**	**54,386,387**
Shares issued for cash (1)(2)(3)(4)(5)	78,850,600	5,876,923
Share issuance costs	-	(566,085)
Balance, September 30, 2018	**348,436,340**	**59,697,225**
Shares issued for cash (6)(7)	25,500,000	1,087,500
Share issuance costs	-	(123,952)
Balance, March 31, 2019	**373,936,340**	**60,660,773**

(1) On October 4, 2017, the Company completed a private placement for gross proceeds of $2,077,500. The private placement was comprised of 27,700,000 units at a price of $0.075 per unit. Each unit is comprised

of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 until October 4, 2021. The warrants issued in connection to the private placement have been recorded at a value of $277,000 based on the residual. Other share issuance costs total $280,938 and were presented as a reduction of share capital.

(2) On November 6, 2017, the Company completed a flow-through private placement for gross proceeds of $1,290,000. The private placement was comprised of 16,125,000 flow-through common shares at a price of $0.08 per share. In connection with the financing, the Company paid cash finders' fees of $60,000. The proceeds from the financing ($1,290,000) were allocated entirely to share capital ($1,290,000), after which there existed no residual amount to allocate to a deferred liability. Other share issuance costs total $16,861. The commissions and other issue costs were presented as a reduction of share capital. A Director and Officer of the Company participated in the private placement for a total amount of $200,000.

(3) On December 18, 2017, the Company completed a flow-through private placement for gross proceeds of $1,952,048. The private placement was comprised of 24,400,600 flow-through common shares at a price of $0.08 per share. In connection with the financing, the Company paid cash finders' fees of $114,123. The proceeds from the financing ($1,952,048) were allocated entirely to share capital ($1,952,048), after which there existed no residual amount to allocate to a deferred liability. Other share issuance costs total $23,112. The commissions and other issue costs were presented as a reduction of share capital.

(4) On December 20, 2017, the Company completed a private placement for gross proceeds of $600,000. The private placement was comprised of 7,500,000 units at a price of $0.08 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.12 until December 20, 2020. In connection with the financing, the Company paid cash finder's fees totaling $36,000. The warrants issued in connection to the private placement have been recorded at a value of $Nil, based on the residual method. Other share issuance costs total $11,355. The commissions and other issue costs were presented as a reduction of share capital.

(5) On December 22, 2017, the Company completed a flow-through private placement for gross proceeds of $250,000. The private placement was comprised of 3,125,000 flow-through common shares at a price of $0.08 per share. In connection with the financing, the Company paid cash finders' fees of $15,000. The proceeds from the financing ($250,000) were allocated between share capital ($234,375) and a deferred liability ($15,625) 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. Other share issuance costs total $8,696. The commissions and other issue costs were presented as a reduction of share capital.

(6) On December 11, 2018, the Company completed a flow-through private placement for gross proceeds of $650,000. The private placement was comprised of 13,000,000 flow-through units at a price of $0.05 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of $0.055 until December 12, 2020. In connection with the financing, the Company paid cash finders' fees of $38,500 and issued, as additional consideration, 770,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.055 until December 11, 2020. The proceeds from the financing ($650,000) were allocated to share capital ($650,000), after which there was nothing left to allocate to warrants and the flow-through liability. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. The warrants issued as commissions have been recorded at a value of $16,886 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.05, risk-free interest rate of 2.05%, expected life of warrants of 2 years, annualized volatility of 86.27% and dividend rate of 0%. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants. Other

(Expressed in Canadian dollars)

share issuance costs total $4,947 and were presented as a reduction of share capital. $100,000 of the proceeds raised were from a director of the Company.

(7) On December 27, 2018, the Company completed a flow-through private placement for gross proceeds of $625,000. The private placement was comprised of 12,500,000 flow-through units at a price of $0.05 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of $0.055 until December 27, 2020. In connection with the financing, the Company paid cash finders' fees of $43,750 and issued, as additional consideration, 875,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.055 until December 27, 2020. The proceeds from the financing ($625,000) were allocated to share capital ($437,500), warrants ($187,500) and after which there was nothing left to allocate to the flow-through liability. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. The warrants issued in connection to the private placement have been recorded at a value of $187,500 based on the residual method. This was after determining the fair value of the warrants using the Black-Scholes option pricing model to be greater than the value remaining to allocate. The fair value of the warrants issued as a part of the commissions have been recorded at a value of $10,481. This is based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.035, risk-free interest rate of 1.91%, expected life of warrants of 2 years, annualized volatility of 85.27% and dividend rate of 0%. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants. Other share issuance costs total $4,753 and were presented as a reduction of share capital.

11. WARRANTS

The following table reflects the continuity of warrants outstanding:

	Number of warrants	Weighted average exercise price
		$
Balance, September 30, 2017	**115,867,119**	**0.13**
Granted	35,200,000	0.10
Expired	(4,528,363)	0.53
Balance, September 30, 2018	**146,538,756**	**0.11**
Granted	27,145,000	0.05
Expired	(1,007,000)	0.07
Balance, March 31, 2019	**172,676,756**	**0.10**

(Expressed in Canadian dollars)

As at March 31, 2019, the following warrants were issued and outstanding:

Number of warrants	Fair value	Exercise price	Expiry date
	$	$	
3,210,381	32,104	0.17	August 28, 2019
3,748,646	18,743	0.17	September 30, 2019
1,848,000	-	0.20	April 1, 2020
670,742	86,438	0.20	April 1, 2020
2,246,835	-	0.20	May 5, 2020
132,546	17,086	0.20	May 5, 2020
850,000	8,500	0.20	May 17, 2020
194,285	19,097	0.20	May 17, 2020
8,200,000	164,000	0.12	September 30, 2020
560,000	18,894	0.20	November 8, 2020
2,125,000	85,000	0.10	December 23, 2020
160,000	3,249	0.10	December 23, 2018
12,493,536	-	0.10	March 7, 2021
934,482	58,377	0.10	March 7, 2021
5,851,103	-	0.10	March 24, 2021
441,422	25,766	0.10	March 24, 2021
14,847,001	-	0.10	April 21, 2021
613,333	33,223	0.10	April 21, 2021
3,150,000	-	0.10	June 6, 2021
844,444	34,649	0.09	June 20, 2019
2,053,333	-	0.10	July 18, 2021
5,000,000	50,000	0.10	August 8, 2021
350,000	12,304	0.10	August 8, 2021
38,966,667	584,500	0.10	August 14, 2021
1,000,000	15,000	0.10	September 25, 2021
27,700,000	277,000	0.10	October 4, 2021
7,500,000	-	0.12	December 20, 2020
13,770,000	16,886	0.05	December 11, 2020
13,375,000	197,981	0.055	December 27, 2020
172,836,756	**1,758,797**		

(Expressed in Canadian dollars)

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

Number of warrants	Fair value	Exercise price	Expiry date
	$	$	
847,000	67,760	0.60	February 9, 2019
3,210,381	32,104	0.17	August 28, 2019
3,748,646	18,743	0.17	September 30, 2019
1,848,000	-	0.20	April 1, 2020
670,742	86,438	0.20	April 1, 2020
2,246,835	-	0.20	May 5, 2020
132,546	17,086	0.20	May 5, 2020
850,000	8,500	0.20	May 17, 2020
194,285	19,097	0.20	May 17, 2020
8,200,000	164,000	0.12	September 30, 2020
560,000	18,894	0.20	November 8, 2020
2,125,000	85,000	0.10	December 23, 2020
160,000	3,249	0.10	December 23, 2018
12,493,536	-	0.10	March 7, 2021
934,482	58,377	0.10	March 7, 2021
5,851,103	-	0.10	March 24, 2021
441,422	25,766	0.10	March 24, 2021
14,847,001	-	0.10	April 21, 2021
613,333	33,223	0.10	April 21, 2021
3,150,000	-	0.10	June 6, 2021
844,444	34,649	0.09	June 20, 2019
2,053,333	-	0.10	July 18, 2021
5,000,000	50,000	0.10	August 8, 2021
350,000	12,304	0.10	August 8, 2021
38,966,667	584,500	0.10	August 14, 2021
1,000,000	15,000	0.10	September 25, 2021
27,700,000	277,000	0.10	October 4, 2021
7,500,000	-	0.12	December 20, 2020
146,538,756	**1,611,690**		

12. STOCK OPTIONS

On May 3, 2012, the shareholders of the Company approved the conversion of the Company's Stock Option Plan ("SOP") from a fixed option plan to a rolling option plan, pursuant to which a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance under its SOP. These options may be granted to employees, officers, directors, and persons providing ongoing services to the Company, subject to regulatory approval. The exercise price of each option can be set equal to or greater than the closing market price, less allowable discounts, of the common shares on the Exchange on the day prior to the date of grant of the option. Options have a maximum term of five years and terminate 12 months following the termination of the optionee's employment, office, directorship or consulting arrangement. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

(Expressed in Canadian dollars)

The following table reflects the continuity of stock options outstanding:

	Number of stock options	Weighted average exercise price
		$
Balance, September 30, 2018	**30,380,000**	**0.06**
Expired	-	-
Balance, September 30, 2018 and March 31, 2019	**30,380,000**	**0.06**

As at March 31, 2019, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
		(in years)			
$0.10	4,345,000	1.73	$0.10	4,345,000	$0.10
$0.05	26,035,000	4.33	$0.05	26,035,000	$0.05
	30,380,000	**3.96**	**$0.06**	**30,380,000**	**$0.06**

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

	Outstanding			Exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
		(in years)			
$0.10	4,345,000	2.23	$0.10	4,345,000	$0.10
$0.05	26,035,000	4.83	$0.05	26,035,000	$0.05
	30,380,000	**4.46**	**$0.06**	**30,380,000**	**$0.06**

(Expressed in Canadian dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31,		Six months ended March 31,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Changes in working capital are as follows:				
Amounts receivable	**59,361**	63,579	**262,882**	(180,152)
Amounts due from related parties	**1,617,509**	13,832	**1,059,472**	11,493
Prepaid expenses	**(147,510)**	191,950	**127,931**	(258,610)
Accounts payable and accrued liabilities	**(617,118)**	16,394	**862,689**	7,599
Deposit	**-**	-		-
	912,242	**285,755**	**2,312,974**	**(419,670)**
Non-cash investing activities as follows:				
Exploration and evaluation assets included in accounts payable and accrued liabilities	**155,516**	395,559	**(1,356,930)**	395,559

14. 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 receivable (excluding sales taxes receivable) and amounts due from related parties and maximum exposure is equal to the carrying values of these assets, totalling $354,089 at March 31, 2019 ($252,433 at September 30, 2018). 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 March 31, 2019, the Company had a working capital deficiency of $3,382,320. During the three months ended March 31, 2019, the Company has cash flows from operations of $300,651. 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 for the next twelve months, is dependent upon Management's ability to obtain additional financing, through various means including but not limited to equity financing. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favorable to the Company.

The Company has financial liabilities of $5,134,621, all of which are due within twelve months.

(iii) Currency risk

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

(iv) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial assets exposed to interest rate risk include cash held in investment savings accounts bearing variable interest rates. The Company has not entered into any derivative contracts to manage this risk. The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments with maturities of 360 days or less from the original date of acquisition. As at March 31, 2019, the Company had cash balances of $3,808 ($110,835 as at September 30, 2018) and interest income derived from these investments during the six months ended March 31, 2019 was $Nil.

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.

(v) Other price risk

The Company holds publicly listed shares of a company. The Company is exposed to other price risk regarding these shares as unfavorable market conditions could result in the disposal at less than their value at March 31, 2019. As at March 31, 2019, the value of these listed shares was $100,000. At March 31, 2019, had the bid price for these publicly listed shares been 10% lower, the comprehensive loss for the period would have been $10,000 higher. Conversely, had the bid price been 10% higher, the comprehensive loss would have been $10,000 lower.

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. While the Company is not subject to any external capital requirements, neither regulatory nor contractual, funds from flow-through financings to be spent on the Company's exploration properties are restricted for this use. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

(Expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable (net of sales taxes receivable), amounts due from related parties, long-term investment, accounts payable and accrued liabilities and deposit. The long-term investment is carried at fair value. 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:

	March 31, 2019	September 30, 2018
	$	$
Financial assets		
Loans and receivables		
Cash	**3,808**	110,835
Amounts receivable (net of sales taxes receivable)	**-**	-
Amounts due from related parties	**230,315**	141,598
Available-for-sale-financial assets		
Long-term investment	**100,000**	100,000
Total financial assets	**334,123**	352,433
Financial liabilities		
Measured at amortized cost		
Accounts payable and accrued liabilities	**3,866,465**	2,039,977
Total financial liabilities	**3,866,465**	2,039,977

16. RELATED PARTY TRANSACTIONS

Transactions with related parties not disclosed elsewhere in these financial statements are as follows:

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

JAG Sky Inc.

During the six months ended March 31, 2019, the Company was charged $Nil by JAG Sky Inc. (“JAG Sky”) (2018 - $Nil), a private air charter services company wholly-owned by an Officer and Director of Focus, for air travel. As at March 31, 2019, the Company has a prepaid balance of $45,278 ($45,278 as at September 30, 2018), included in prepaid expenses, for air travel to be used at a later date.

GGTC Inc. and JAG Property Holdings Inc. (formerly 2390540 Ontario Inc.)

Under a lease agreement between the Company and GGTC Inc.(“GGTC”) (Note 17), a privately-held company wholly-owned by an Officer and Director of Focus, the Company leases laboratory space in Kingston, Ontario. The lease was previously with JAG Property Holdings Inc. (formerly 2390540 Ontario Inc.), a private entity which is also wholly-owned by an Officer and Director of Focus, however it was transferred to GGTC upon GGTC’s acquisition of the building. During the six months ended March 31, 2019, the Company was charged a total of $27,742 for rent (2018 - $27,742). As at March 31, 2019, $Nil was included in accounts payable and accrued liabilities ($15,674 as at September 30, 2018). As at March 31, 2019 the company has prepaid $13,008 to GGTC.

Grafoid Inc.

During the ended September 30, 2016, the Company loaned Grafoid Inc. $360,000. As at September 30, 2016, there were no terms of repayment and, accordingly, the entire amount was included as a long-term receivable. In fiscal 2017, the Company recorded an allowance for doubtful collection for the entire $360,000, as collectability is uncertain given Grafoid's financial position. The allowance may be reversed in the future if a change in conditions suggests the amount is collectible.

During the 2017 fiscal year, the Company advanced additional amounts totalling $3,092,739 to Grafoid that, in substance, form part of the Company's net investment in Grafoid (Note 6). In May 2018, Grafoid has repaid the entire balance of the advances.

During the six months ended March 31, 2019, the Company was charged $1,200,000 by Grafoid for consulting services which consists of marketing, product development and auxiliary services for Focus' Lac Knife Graphite material (2018 - $1,200,000). As at March 31, 2019, the Company has an amount of $224,200 ($92,905 as at September 30, 2018) included in accounts payable and accrued liabilities for marketing, product development and auxiliary services.

During the six months ended March 31, 2019, the Company was charged $45,196 by Grafoid for shared administrative expenses (2018 - $69,616). As at March 31, 2019, the Company has a prepaid an additional amount of $20,518 ($Nil as at September 30, 2018), included in amounts due from related parties, for shared administrative services to be provided in the near future.

Shared costs

During the year ended September 30, 2018, the Company charges Stria Lithium Inc., which shares common management, $5,000 for accounting and administrative services and other administrative expenses. As at March 31, 2019, balances of $16,950 and $Nil ($16,950 and $5,650 as at September 30, 2018), respectively, are included in amounts due from related parties.

Braille Energy Systems Inc. (formerly Mincom Capital Inc.)

During the year ended September 30, 2018, the Company charged BESI, which shares common management, $10,000 (2017 - $10,000), for accounting and administrative services. As at March 31, 2019, a balance of $Nil was charged ($10,000 as at September 30, 2018), respectively, are included in amounts due from related parties.

Additionally, during the year ended September 30, 2018 Focus charged BESI $29,500 for employee & consultant costs directly attributable to the sale of Braille Battery Inc from Grafoid to BESI. As at September 30, 2018, balances of $29,500 ($29,500 as at September 30, 2018), respectively, are included in amounts due from related parties.

As at March 31, 2019, included in amounts due to related parties is an amount of $329 due to Braille Energy Systems Inc., which shares common management with the Company ($13,108 as at September 30, 2018). The advance was provided in US dollars to the Company to provide working capital and is repayable within the year ended September 30, 2019. The advance is non-interest bearing. During the three months ended March 31, 2019, the Company paid off the loan. (2018 - $Nil).

(Expressed in Canadian dollars)

Alcereco Inc.

As at March 31, 2019, included in amounts due to related parties is an amount of $45,000 due to Alcereco Inc., which shares common management with the Company ($NIL as at September 30, 2018). The advance was provided to the Company to provide working capital and is repayable within the year ended September 30, 2019. The advance is non-interest bearing. During the three months ended March 31, 2019, the Company made no repayments.

Other

As at March 31, 2019, included in amounts due from related parties was an amount of $33,637 ($53,339 as at September 30, 2018) due from the following companies, which are wholly or partially owned by an Officer and Director of the Company, related to general shared costs:

	March 31, 2019	September 30, 2018
	$	$
JAG Property Holdings Inc. (formerly 2390540 Ontario Inc.)	**3,534**	3,169
9174893 Canada Inc.	**8,084**	7,485
9170655 Canada Inc.	**-**	3,419
GGTC Inc.	**13,008**	10,611
JAG Sky Inc.	**2,203**	21,847
Mistura Beauty Solutions Inc.	**1,361**	1,361
SP2 Wafer Pte Ltd.	**5,447**	5,447
	33,637	53,339

As at March 31, 2019, included in amounts due from related parties was an amount of $22,382 ($43,110 as at September 30, 2018) due from the following companies, which share common management, related to general shared costs:

	March 31, 2019	September 30, 2018
	$	$
Grafoid Inc. (including subsidiaries)	**22,382**	31,517
stems Inc. (including subsidiaries) (1)	**-**	10,118
Stria Lithium Inc. (1)	**-**	1,475
	22,382	43,110

(1) Excludes amounts receivable in respect of charges for accounting/administrative services and other administrative expenses described above.

(Expressed in Canadian dollars)

Transactions with key Management personnel

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

	Three months ended March 31,		Six months ended March 31,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Salaries (including bonuses) (1)	**35,000**	36,667	**70,000**	76,667
Consulting fees	**111,249**	111,249	**222,500**	222,499
Benefits	**2,061**	2,061	**4,122**	4,122
Stock-based compensation	**-**	-	**-**	-
	148,310	149,977	**296,622**	303,288

(1) Includes director's fees which have been included in *Management and consulting fees* in the statements of comprehensive loss.
(2) The figures above have not been adjusted to reflect the allocation of salaries and short-term benefit compensation paid to key Management personnel that the Company charged out to BESI and Stria Lithium Inc.
(3) As at March 31, 2019 balances of $45,916 included in prepaid expenses for consulting services that are to be provided in the near future by Officers of the Company (as at September 30, 2018 - $45,916).

17. COMMITMENTS

Offtake Agreements

Grafoid Inc.

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

(a) *Graphene Offtake*
Under the terms of the Graphene Offtake agreement, Grafoid will 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 will 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%.

Both offtake agreements are conditional on Focus having received the entire $1,000,000 from Grafoid. Given that this condition was not met as of March 31, 2019, Focus did not yet have any obligation to sell graphite concentrate to Grafoid.

(Expressed in Canadian dollars)

Effective September 24, 2016, Focus and Grafoid executed addendums to the offtake agreements, whereby Grafoid now has until September 24, 2018 to make payments to satisfy the $1,000,000 condition under each agreement. These addendums to the offtake agreements have now been extended by one additional year, giving Grafoid until September 24, 2019 to make the payments. As at March 31, 2019, payments of $Nil held by Focus in relation to the offtake agreements (NIL as at September 30, 2018) have been presented as a deposit and included within current liabilities, in the statements of financial position.

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.

Leases

The Company's future minimum operating lease payments are as follows:

	Minimum lease payments due		
	Within 1 year	1 to 5 years	**Total**
	$	$	**$**
March 31, 2019 (1)	55,484	-	**-**
September 30, 2018	55,484	-	**13,871**

(1) Includes lease payments due to GGTC Inc. (formerly 9229205 Canada Inc.), a related party (Note 16), of $55,484 due within one year and $46,236 due in one to five years. The lease ends in December 2019.

Lease payments recognized as an expense during the Six months ended March 31, 2019 amount to $27,742 (2018 - $27,742). This amount consists of minimum lease payments.

19. 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.

20. SUBSEQUENT EVENTS

The Company announced the grant of 6,500,000 incentive stock options to its directors, officers, employees, and consultants. The options are to purchase up to 6,500,000 common shares of the Company at an exercise price of $0.05 per share and expire on April 10, 2024.