FOCUS GRAPHITE INC.

Financial Statements

For the years ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

MNP LLP

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 statements of financial position as at September 30, 2021 and September 30, 2020 and the statements of comprehensive loss, changes in equity and cash flows for the years 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, 2021 and September 30, 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits of the financial statements in Canada, and 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which states that the Company incurred a net loss and incurred negative cash flows from operations during the year ended September 30, 2021. In addition, the Company has an accumulated deficit as at September 30, 2021. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that raises significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 audits 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 audits 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 on this other information, 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 to 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 the 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 judgment 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 risk 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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.

The engagement partner on the audit resulting in this independent auditor's report is Anand Beejan.

MNP LLP

Ottawa, Ontario — Chartered Professional Accountants

January 25, 2022 — Licensed Public Accountants

MNP LLP

Focus Graphite Inc.
(An exploration stage Company)
Statements of Financial Position
(Expressed in Canadian dollars)

As at	**September 30, 2021**	September 30, 2020
	$	$
ASSETS		
Current assets		
Cash	**4,935,494**	877,886
Sales tax receivable	**445,123**	718,244
Amounts due from related parties (Note 16)	**109,233**	57,733
Tax credits	**228,775**	557,717
Prepaid expenses	**41,954**	29,298
	5,760,579	2,240,878
Deposits	**239,620**	110,000
Mineral exploration properties (Note 6)	**931,679**	931,679
Exploration and evaluation assets (Note 6)	**27,032,389**	23,821,556
Mineral assets held for sale (Note 7)	**1,616,805**	1,616,805
Total assets	**35,581,072**	28,720,918
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 16)	**2,403,401**	1,930,241
Amounts due to related parties (Note 16)	**2,417,810**	3,215,310
Other current liabilities (Note 8)	**973,697**	1,284,078
	5,794,908	6,429,629
Long-term liability (Note 9)	**45,738**	24,601
Deferred government grant (Note 9)	**12,713**	14,809
Total liabilities	**5,853,359**	6,469,039
EQUITY		
Share capital (Note 10)	**69,583,593**	60,525,025
Warrants (Note 11)	**497,877**	1,388,353
Contributed surplus (Note 12)	**14,240,623**	11,887,919
Accumulated other comprehensive income	**273,242**	273,242
Deficit	**(54,867,622)**	(51,822,660)
Total equity	**29,727,713**	22,251,879
Total liabilities and equity	**35,581,072**	28,720,918

Going concern (Note 2)
Contingent liability (Note 18)
Subsequent events (Note 21)

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.
(An exploration stage Company)
Statements of Comprehensive Loss
For the years ended September 30
(Expressed in Canadian dollars)

	2021	2020
	$	$
Operating expenses		
Management and consulting fees (Note 16)	**1,157,139**	3,106,400
Salaries and benefits (Note 16)	**273,264**	125,294
Travel and promotion	**16,379**	72,091
Professional fees	**234,904**	208,865
Stock-based compensation (Note 12 & 16)	**1,982,694**	137,495
Office	**257,878**	302,176
Loss from operations	**(3,922,258)**	(3,952,321)
Other income (expenses)		
Interest income	**-**	464
Other income (Note 9)	**9,050**	20,323
Penalty related to flow-through obligation (Note 8)	**-**	(1,170,000)
Fair value adjustment on long-term investment (Note 4)	**-**	384,302
Gain on disposal of mining assets (Note 6b))	**-**	441,744
Other income related to flow-through shares (Note 8)	**114,078**	-
Cancellation of accrued directors fees (Note 16)	**754,168**	-
Impairment of mineral assets held for sale (Note 7)	**-**	(739,000)
Impairment of advances to related party (Note 16)	**-**	(150,000)
Accretion expense	**-**	(442,500)
Net loss and total comprehensive loss	**(3,044,962)**	(5,606,988)
Basic and diluted net loss per common share	**(0.01)**	(0.01)
Basic and diluted weighted average number of common shares outstanding	**440,834,902**	373,936,340

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

Focus Graphite Inc.
(An exploration stage Company)
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, 2019	**373,936,340**	**60,525,025**	**1,683,474**	**11,455,303**	**273,242**	**(46,215,672)**	**27,721,372**
Expiry of warrants	-	-	(295,121)	295,121	-	-	-
Stock-based compensation	-	-	-	137,495	-	-	137,495
Net loss	-	-	-	-	-	(5,606,988)	(5,606,988)
Balance, September 30, 2020	**373,936,340**	**60,525,025**	**1,388,353**	**11,887,919**	**273,242**	**(51,822,660)**	**22,251,879**
Shares issued for cash	43,915,344	3,200,700	-	-	-	-	3,200,700
Shares issued on exercise of warrants	41,691,627	4,324,526	(186,864)	-	-	-	4,137,662
Shares issued on exercise of options	27,450,000	1,955,399	-	(582,899)	-	-	1,372,500
Warrants issued	-	-	105,000	-	-	-	105,000
Expiry of warrants	-	-	(952,909)	952,909	-	-	-
Share issuance costs	-	(422,057)	144,297	-	-	-	(277,760)
Stock-based compensation	-	-	-	1,982,694	-	-	1,982,694
Net loss	-	-	-	-	-	(3,044,962)	(3,044,962)
Balance, September 30, 2021	**486,993,311**	**69,583,593**	**497,877**	**14,240,623**	**273,242**	**(54,867,622)**	**29,727,713**

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

Focus Graphite Inc.
(An exploration stage Company)
Statements of Cash Flows
For the years ended September 30
(*Expressed in Canadian dollars)*

	2021	2020
	$	$
OPERATING ACTIVITIES		
Net loss	**(3,044,962)**	(5,606,988)
Adjustments for:		
Stock-based compensation	**1,982,694**	137,495
Other income related to flow-through shares	**(114,078)**	-
Government grant revenue (Note 9)	**(9,050)**	(2,558)
Cancellation of accrued directors fees (Note 16)	**(754,168)**	-
Accretion expense on long-term liability	**8,091**	1,968
Impairment of mineral assets held for sale	**-**	739,000
Fair value adjustment on long-term investment	**-**	(384,302)
Impairment of advances to related party	**-**	150,000
Gain on disposal of mining assets	**-**	(441,744)
Penalty related to flow-through obligation	**-**	1,170,000
Accretion expense	**-**	442,500
Changes in non-cash working capital items (Note 13)	**482,526**	15,847
Net cash flows from operating activities	**(1,448,947)**	(3,778,782)
INVESTING ACTIVITIES		
Disposal of long-term investment	**-**	409,302
Sale of mining assets (Note 6b) & 7)	**-**	7,737,696
Deposits	**(129,620)**	(110,000)
Exploration and evaluation costs	**(2,615,364)**	(2,873,249)
Tax credits and mining duties received	**446,637**	-
Net cash flows from investing activities	**(2,298,347)**	5,163,749
FINANCING ACTIVITIES		
Proceeds from issuance of shares/units	**3,350,000**	-
Proceeds from exercise of warrants	**4,137,662**	-
Proceeds from exercise of options	**1,372,500**	-
Loans from related parties	**-**	3,405,310
Repayment of loans from related parties	**(797,500)**	(3,802,500)
Advances to related party	**-**	(150,000)
CEBA loan	**20,000**	40,000
Share issuance costs	**(277,760)**	-
Net cash flows from financing activities	**7,804,902**	(507,190)
Increase in cash	**4,057,608**	877,777
Cash, beginning of the year	**877,886**	109
Cash, end of the year	**4,935,494**	877,886

The accompanying notes are an integral part of these 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, 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, 2021, the Company incurred a net loss of $3,044,962 and had negative cash flows from operations of $1,448,947. In addition, the Company has a deficit of $54,867,622.

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 2022, 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.

Uncertainty due to COVID-19

The duration and full financial impact of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies and others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty.

In the current environment, the assumptions and judgements made by the Company are subject to greater variability than normal, which could in the future significantly affect judgments, estimates and assumptions (Note 3) made by management as they relate to potential impact of the COVID-19 and could lead to a material adjustment to the carrying value of the assets or liabilities affected.

The impact of current uncertainty on judgments, estimates and assumptions extends, but is not limited to, the Company's valuation of its mineral exploration properties and evaluations assets, including the assessment for impairment and impairment reversal, and going concern as the volatility of commodity prices has created uncertainty in the markets and could potentially impact the Company's ability to raise sufficient funds. Actual results may differ materially from these estimates.

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 January 25, 2022.

(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 16.38% as at September 30, 2021 (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.

<u>Estimation uncertainty</u>

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.

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 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.

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.

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

The carrying amount of the investment in associates is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the associate, 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.

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(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 and amounts due from related parties 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. The Company does not have any assets that fall into this category of financial instruments.

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 11 and 12) is antidilutive as it would decrease the loss per share.

(g) 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.

(h) 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.

(i) 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, 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.

(j) Joint arrangements

Investments in joint arrangements (IFRS 11, 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, 2021 and 2020.

(k) 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 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.

(l) 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.

(m) 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.

(n) 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.

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.

(o) Equity

Share capital

Share capital represents the amount received on the issue 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 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.

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.

(p) 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 the 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 cost of equity instruments with a corresponding credit to warrants, in equity.

(q) 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.

(r) 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.

(s) 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 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.

(t) Standards, amendments and interpretations

Effective in the current year

The IASB has issued the following amendments, which are applicable to the Company in the current year.

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

IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 has been revised to refer to this new definition in IAS 1. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

On October 1, 2020, the Company adopted IAS 1 and has concluded that, based on its current operations, the adoption of IAS 1 had no significant impact on the Company's financial statements.

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

IAS 8 is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IAS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1, 2020.

On October 1, 2020, the Company adopted IAS 8 and has concluded that, based on its current operations, the adoption of IAS 8 had no significant impact on the Company's financial statements.

4. LONG-TERM INVESTMENT

Investment in Braille Energy Systems 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. The fair value of the shares received was based on the quoted market price on the closing date of the transaction. The shares were classified as FVTPL and measured at fair value.

During the year ended September 30, 2020, the Company sold its 2,500,000 common shares in BESI for gross proceeds of $409,302 and recorded a fair value adjustment of $384,302 in the statement of comprehensive loss.

As at September 30, 2021 and 2020, the Company does not hold any shares in BESI.

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, 2021, 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.

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, 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.

During the 2017 fiscal year, loan advances were made to Grafoid in the amount of $3,092,739 that, in substance, form part of the Company's net investment in Grafoid. At September 30, 2017, Management determined that there was objective evidence of an impairment of its equity interest in Grafoid taking into consideration factors including Grafoid's financial position and results from operations. As a result, Management estimated the recoverable amount of the Company's investment in Grafoid to be $Nil and recognized an impairment of the carrying amount of the net investment in Grafoid after the application of the equity method. There is estimation uncertainty associated with determining the recoverable amount for the investment in Grafoid as it is a privately held research and development company, has a net asset deficiency and is dependent on future financings to continue to operate as a going concern. An impairment loss is reversed if there has been favourable change in the estimates used to determine the recoverable amount.

(Expressed in Canadian dollars)

During the year ended September 30, 2018, there was a change in circumstances that enabled Grafoid to make loan repayments to Focus in the amount of $3,092,739. In that year, Grafoid raised US$6,000,000 through a series of private placements which enabled them to repay the Company in full. As a result, $360,000 included in amounts due from related parties was reclassified to be included in the net investment of Grafoid. There was no change in the determination by management that the recoverable amount of the investment in associate is $Nil due to uncertainty as to whether or not Grafoid will be successful in raising further capital or achieving profitable operations in the future. Therefore, the net investment in Grafoid continues to be $Nil and partial impairment reversal was taken to ensure that the net investment remained $Nil all the while still illustrating a recovery of the long-term receivable.

As at September 30, 2021, the Company's ownership interest in Grafoid was 16.38%. The Company has no obligation to fund Grafoid beyond its value, which remains $Nil at September 30, 2021, due to the accumulated share of losses in Grafoid.

6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	September 30, 2021		September 30, 2020	
	Mineral exploration properties	**Exploration and evaluation assets**	Mineral exploration properties	Exploration and evaluation assets
	$	**$**	$	$
a) Lac Knife	**642,578**	**20,820,569**	642,578	19,530,384
b) Kwyjibo	**-**	**-**	-	-
c) Manicouagan	**289,101**	**6,211,820**	289,101	4,291,172
d) Eastmain-Leran	**-**	**-**	-	-
TOTAL	**931,679**	**27,032,389**	931,679	23,821,556

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 627 hectares located 11km north of the Lac Knife property.

(Expressed in Canadian dollars)

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 acted as the operator for all exploration work carried out on the property. Focus had the option to become the operator by paying $50,000 in cash or by issuing common shares valued at $50,000.

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.

The Company assessed this arrangement under IFRS 11, Joint Arrangements, and based on the contractual terms classified it as a joint operation. As a result, the Company recognized 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 item.

On May 14 ,2020, the Company sold its interest in the Kwyjibo property to Investissement Quebec for cash in the amount of $7,237,696. All funds were received during the year ended September 30, 2020 and the company recorded a gain of $441,744 in the statement of comprehensive loss. In connection with the sale, the Company obtained clearances for all liabilities and obligations pertaining 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.

(Expressed in Canadian dollars)

As at September 30, 2021, 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 covered 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 July 6, 2020, the Company signed a Mineral Property Acquisition Agreement (“MPA Agreement”) whereby it agreed to sell its interest in the Eastmain-Leran property to a third-party. As a result, the property was transferred to mineral assets held for sale (Note 7).

The following table reflects changes to mineral exploration properties between October 1, 2019 and September 30, 2021:

Year ended September 30	**2021**	2020
	$	$
Balance, beginning of the year	**931,679**	1,363,977
Transfer to mineral assets held for sale	**-**	(432,298)
Balance, end of the year	**931,679**	931,679

(Expressed in Canadian dollars)

The following table reflects changes to exploration and evaluation assets between October 1, 2019 and September 30, 2021:

Year ended September 30	**2021**	2020
	$	$
Balance, beginning of the year	**23,821,556**	32,153,145
Additions		
Drilling	**2,324,104**	265,228
Independent technical studies	**8,775**	1,881
Geological mapping	**3,865**	4,485
Geochemical survey	**30,479**	113,233
Metallurgical analysis	**3,000**	1,606
Resource estimate	**20,334**	26
Property maintenance	**49,454**	(65,803)
Preliminary economic assessment (PEA)	**3,450**	26,636
Feasibility studies	**225,711**	3,600
Environmental studies	**640,376**	524,023
Community relations	**18,980**	-
Pre-development agreements	**-**	12,955
	3,328,528	887,870
Sale of mineral property (Note 6b))	**-**	(6,795,952)
Transfer to mineral assets held for sale (Note 7)	**-**	(2,423,507)
Tax credits and credit on duties	**(117,695)**	-
Balance, end of the year	**27,032,389**	23,821,556

7. MINERAL ASSETS HELD FOR SALE

On July 6, 2020, the Company signed a Mineral Property Acquisition Agreement ("MPA Agreement") whereby it agreed to sell its interest in the Eastmain-Leran property to a third party (the "Purchaser"). In consideration for the Company's 100% interest in the Eastmain-Leran property, Focus will receive the following:

-$500,000 in cash at closing (received on July 16, 2020)
-$500,000 in cash by December 1, 2021 (received $350,000 in cash and $150,000 in shares on December 2, 2021 (Note 21)
-$500,000 in cash by December 1, 2022
-$800,000 in cash by December 1, 2023

The Company determined the fair value less cost to sell of the mineral assets held for sale by discounting the above contractual payments by a rate of 21.8%. This rate represents the estimated credit risk for the obligations from the agreement.

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.

(Expressed in Canadian dollars)

Once the Purchaser has met all of the obligations under the 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 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.

During the year ended September 30, 2020, further to the signing of the agreement, the Company determined that the carrying amount of the property exceeded its recoverable amount, being the fair value less costs of disposal. As a result, the Company recorded an impairment of mineral assets held for sale of $739,000, which is included in the statement of comprehensive loss for the 2020 fiscal year. The fair value of the property was determined by discounting the future cash consideration, to be received in accordance with the agreement, using the Company's borrowing rate of 21.8%. No value was attributed to the NSR retained by the Company given that there is significant uncertainty regarding any future cash flows from the NSR, since the property is still at the exploration stage and has no verified resources.

The following table reflects changes to mineral assets held for sale between October 1, 2019 and September 30, 2021:

Year ended September 30	**2021**	2020
	$	$
Balance, beginning of the year	**1,616,805**	-
Transfer from mineral exploration properties and exploration and evaluation assets (Note 6d))	**-**	2,855,805
Impairment	**-**	(739,000)
Payments received in accordance with agreement	**-**	(500,000)
Balance, end of the year	**1,616,805**	1,616,805

8. OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	September 30, 2021	September 30, 2020
	$	$
Obligation to pass on tax deductions:		
December 2018 flow-through financing (1)	**-**	114,078
May/June 2021 flow-through financing (2)	**44,300**	-
Penalty provision related to flow-through obligation (1)	**929,397**	1,170,000
Total other current liabilities	**973,697**	1,284,078

(1) In December 2018, the Company closed a flow-through private placement for gross proceeds of $1,275,000. The proceeds from the financing were allocated between share capital ($960,000), warrants ($200,922) and a deferred liability ($114,078), 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, 2021, the Company incurred all of the required flow-through expenditures and reduced the deferred liability to $Nil, recognizing a credit of $114,078 within other income related to

flow through shares in the statement of comprehensive loss. 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 by the December 31, 2019 deadline and therefor, 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 the Ministre de Revenu de Quebec for a total amount of $240,603 and has reduced the provision accordingly, to $929,397.

(2) In May and June 2021, the Company closed a flow-through private placement for gross proceeds of $2,00,000 (Note 10). 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.

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 has received loans totaling $60,000, 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, 2022, at which point any remaining balance will be converted into a 3 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, 2022.

The loan was recognized at fair value based on an estimated market interest rate of 21.8% and expected repayment of $40,000 on December 31, 2022, with the $20,000 balance being forgiven. During the year ended September 30, 2020, on receipt of the first $40,000, the Company recognized a deferred government grant in the amount of $17,367, being the difference between the loan amount ($40,000) and the fair value of the loan ($22,633), which will be recognized over the term of the loan. Similarly, during the year ended September 30, 2021, on receipt of the additional $20,000, the Company recognized an additional deferred government grant in the amount of $6,954, being the difference between the loan amount ($20,000) and the fair value of the loan ($13,046), which will be recognized over the term of the loan.

During the year ended September 30, 2021, other income in the amount of $9,050 (2020 – $2,588) was recognized in the statement of comprehensive loss, which represents the benefit of receiving the interest free loan.

(Expressed in Canadian dollars)

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, 2019 and September 30, 2020	**373,936,340**	**60,525,025**
Shares issued for cash (1)(2)(3)(4)(5)(6)(7)	43,915,344	3,200,700
Shares issued on exercise of warrants	41,691,627	4,324,526
Shares issued on exercise of stock options	27,450,000	1,955,399
Share issuance costs	-	(422,057)
Balance, September 30, 2021	**486,993,311**	**69,583,593**

(1) On November 17, 2020, the Company completed a flow-through private placement for gross proceeds of $350,000. The private placement was comprised of 7,000,000 flow-through units at a price of $0.05 per unit. Each flow-through unit is comprised of one flow-through 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 $0.055 until November 17, 2022. The proceeds from the financing ($350,000) were allocated to share capital ($245,000) and warrants ($105,000), after which there was no residual amount to allocate to a deferred liability. Other share issuance costs total $18,129 and were presented as a reduction of share capital. A Director of the Company participated in the private placement for an amount of $200,000.

(2) On December 22, 2020, the Company completed a flow-through private placement for gross proceeds of $500,000. The private placement was comprised of 10,000,000 flow-through units at a price of $0.05 per unit. Each flow-through unit is comprised of one flow-through 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 $0.055 until December 22, 2022. In connection with the financing, the Company paid cash finders' fees of $35,000 and issued, as additional consideration, 700,000 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 22, 2022. The proceeds from the financing ($500,000) were allocated entirely to share capital ($500,000), after which there was no residual amount to allocate to warrants or a deferred liability. The warrants issued as commissions have been recorded at a value of $28,420 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.06, risk-free interest rate of 0.42%, expected life of warrants of 2 years, annualized volatility of 135% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the Company's shares over the last two years. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of issuance with an expiry commensurate with the expected life of the warrants. Other share issuance costs total $25,899. The

value of the broker warrants, cash finders' fees and other share issuance costs were presented as a reduction of share capital.

(3) On December 29, 2020, the Company completed a flow-through private placement for gross proceeds of $150,000. The private placement was comprised of 3,000,000 flow-through units at a price of $0.05 per unit. Each flow-through unit is comprised of one flow-through 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 $0.055 until December 29, 2022. In connection with the financing, the Company paid cash finders' fees of $5,000 and issued, as additional consideration, 100,000 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 29, 2022. The proceeds from the financing ($150,000) were allocated entirely to share capital ($150,000), after which there was no residual amount to allocate to warrants or a deferred liability. The warrants issued as commissions have been recorded at a value of $4,060 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.06, risk-free interest rate of 0.41%, expected life of warrants of 2 years, annualized volatility of 135% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the Company's shares over the last two years. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of issuance with an expiry commensurate with the expected life of the warrants. Other share issuance costs total $7,770. The value of the broker warrants, cash finders' fees and other share issuance costs were presented as a reduction of share capital.

(4) On December 29, 2020, the Company completed a private placement for gross proceeds of $150,000. The private placement was comprised of 4,285,714 units at a price of $0.035 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 $0.055 until December 29, 2024. In connection with the financing, the Company paid cash finders' fees of $15,000 and issued, as additional consideration, 428,571 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 29, 2022. The proceeds from the financing ($150,000) were allocated entirely to share capital ($150,000), after which there was no residual amount to allocate to warrants. The warrants issued as commissions have been recorded at a value of $17,399 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.06, risk-free interest rate of 0.41%, expected life of warrants of 2 years, annualized volatility of 135% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the Company's shares over the last two years. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of issuance with an expiry commensurate with the expected life of the warrants. Other share issuance costs total $7,770. The value of the broker warrants, cash finders' fees and other share issuance costs were presented as a reduction of share capital.

(5) On May 4, 2021, the Company completed a flow-through private placement for gross proceeds of $1,822,800. The private placement was comprised of 15,190,001 flow-through shares at a price of $0.12 per share. In connection with the financing, the Company paid cash finders' fees of $117,236 and issued, as additional consideration, 976,967 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.12 until May 4, 2023. The proceeds from the financing ($1,822,800) were allocated entirely to share capital ($1,822,800), after which there was no residual amount to allocate a deferred liability. The warrants issued as commissions have been recorded at a value of $94,036 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.12, risk-free interest rate of 0.93%, expected life of warrants of 2 years, annualized volatility of 181% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the Company's shares over the last two years. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of issuance with an expiry commensurate with the expected life of the warrants. Other

(Expressed in Canadian dollars)

share issuance costs total $41,248. The value of the broker warrants, cash finders' fees and other share issuance costs were presented as a reduction of share capital. Two Directors of the Company participated in the private placement for an aggregate amount of $300,000.

(6) On June 7, 2021, the Company completed a flow-through private placement for gross proceeds of $177,200. The private placement was comprised of 1,476,666 flow-through shares at a price of $0.12 per share. In connection with the financing, the Company paid cash finders' fees of $700 and issued, as additional consideration, 5,833 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of $0.12 until June 7, 2023. The proceeds from the financing ($177,200) were allocated between share capital ($132,900) and a deferred liability ($44,300) 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 $382 based on the Black-Scholes option pricing model, using the following assumptions: stock price of $0.12, risk-free interest rate of 0.88%, expected life of warrants of 2 years, annualized volatility of 152% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the Company's shares over the last two years. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of issuance with an expiry commensurate with the expected life of the warrants. Other share issuance costs total $4,008. The value of the broker warrants, cash finders' fees and other share issuance costs were presented as a reduction of share capital. Two Directors of the Company participated in the private placement for an aggregate amount of $92,200.

(7) On July 5, 2021, the Company completed a private placement for gross proceeds of $200,000. The private placement was comprised of 2,962,963 units at a price of $0.0675 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 $0.1125 until July 5, 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.

11. WARRANTS

The following table reflects the continuity of warrants outstanding:

	Number of warrants	Weighted average exercise price
		$
Balance, September 30, 2019	**164,873,285**	**0.09**
Expired	(14,142,408)	0.15
Balance, September 30, 2020	**150,730,877**	**0.09**
Issued	27,978,567	0.06
Exercised	(41,691,627)	0.10
Expired	(82,039,250)	0.09
Balance, September 30, 2021	**54,978,567**	**0.08**

(Expressed in Canadian dollars)

As at September 30, 2021, the following warrants were issued and outstanding:

Number of warrants	Allocated value	Exercise price	Expiry date
	$	$	
27,700,000	277,000	0.10	October 4, 2021
7,000,000	105,000	0.055	November 17, 2022
10,000,000	-	0.055	December 22, 2022
3,000,000	-	0.055	December 29, 2022
100,000	4,060	0.055	December 29, 2022
4,285,714	-	0.055	December 29, 2024
428,571	17,399	0.055	December 29, 2024
976,967	94,036	0.12	May 4, 2023
5,833	382	0.12	June 7, 2023
1,481,482	-	0.1125	July 5, 2024
54,978,567	**497,877**		

As at September 30, 2020, the following warrants were issued and outstanding:

Number of warrants	Allocated value	Exercise price	Expiry date
	$	$	
560,000	18,894	0.20	November 8, 2020
2,125,000	85,000	0.10	December 23, 2020
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
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	65,000	0.05	December 11, 2020
13,375,000	163,289	0.055	December 27, 2020
150,730,877	**1,388,353**		

(Expressed in Canadian dollars)

12. STOCK OPTIONS

On June 11, 2020, the shareholders of the Company approved the conversion of the Company's Stock Option Plan ("SOP") from a rolling option plan to a fixed option plan, pursuant to which a maximum of 20% of the issued and outstanding common shares of the Company may be reserved for issuance under its SOP. Under the plan, a maximum of 74,787,268 stock 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.

The following table reflects the continuity of stock options outstanding:

	Number of stock options	**Weighted average exercise price**
		$
Balance, September 30, 2019	**36,670,000**	**0.06**
Granted (1)	36,370,000	0.05
Expired	(835,000)	0.06
Balance, September 30, 2020	**72,205,000**	**0.05**
Granted (2)	30,000,000	0.12
Exercised	(27,450,000)	0.05
Forfeited	(4,635,000)	0.05
Expired	(15,490,000)	0.06
Balance, September 30, 2021	**54,630,000**	**0.09**

(1) On June 26, 2020, 36,670,000 stock options were granted to Directors, Officers, employees and consultants at an exercise price of $0.05 per share, expiring on June 26, 2025 and vesting over a three year period. In February 2021, the vesting of 8,457,500 stock options was accelerated, allowing them to vest immediately.

(2) On February 26, 2021, 30,000,000 stock options were granted to Directors, Officers, employees and consultants at an exercise price of $0.12 per share, expiring on February 26, 2026 and vesting over a three year period.

(Expressed in Canadian dollars)

As at September 30, 2021, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
$0.05	24,630,000	3.50	$0.05	9,741,000	$0.05
$0.12	30,000,000	4.41	$0.12	4,500,000	$0.12
	54,630,000	**4.00**	**$0.09**	**14,241,000**	**$0.07**

As at September 30, 2020, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price	Number vested	Weighted average vested exercise price
$0.05	68,145,000	3.91	$0.05	35,412,000	$0.05
$0.10	4,060,000	0.23	$0.10	4,060,000	$0.10
	72,205,000	**3.71**	**$0.05**	**39,472,000**	**$0.06**

The following table reflects the weighted-average fair value of stock options granted between October 1, 2019 and September 30, 2021 and the related Black-Scholes option pricing model inputs that were used in the calculations:

Year ended September 30	**2021**	2020
Stock options granted	**30,000,000**	36,370,000
Weighted average fair value	**0.15**	0.02
Weighted-average exercise price	**0.12**	0.05
Weighted-average market price at date of grant	**0.155**	0.02
Expected life of stock options (years)	**5**	5
Expected stock price volatility	**168%**	135%
Risk-free interest rate	**0.88%**	0.36%
Expected dividend yield	**0%**	0%

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

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.

(Expressed in Canadian dollars)

Stock-based compensation of $1,982,694 (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, 2021 (2020 - $137,495) and credited to contributed surplus.

13. SUPPLEMENTAL CASH FLOW INFORMATION

	2021	2020
	$	$
Changes in non-cash working capital are as follows:		
Sales taxes receivable	**273,121**	(322,107)
Amounts due from related parties	**(51,500)**	(2,516)
Prepaid expenses	**(12,656)**	44,636
Accounts payable and accrued liabilities	**514,164**	295,834
Other current liabililties	**(240,603)**	-
	482,526	15,847
Non-cash investing activities as follows:		
Tax credits and credit on duties receivable	**-**	(70,564)
Exploration and evaluation assets included in accounts payable and accrued liabilities	**795,385**	82,221

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 and amounts due from related parties and maximum exposure is equal to the carrying values of these assets, totalling $5,044,727 at September 30, 2021 (2020 - $935,619). 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, 2021, the Company had a working capital deficit of $34,329 During the year ended September 30, 2021, the Company had negative cash flows from operations of $1,448,947 (2020 - $3,778,782). 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 2022, is dependent upon Management's ability to obtain additional financing, through various means including but not limited to equity financing. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favorable to the Company.

As at September 30, 2021, the Company has financial liabilities of $5,796,346 (2020 - $6,340,153) $5,750,608 of which are due within twelve months (2020 - $6,315,552).

(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 September 30, 2021, the Company had cash balances of $4,935,494 ($877,886 as at September 30, 2020) and interest income derived from these investments during the year ended September 30, 2021 was $Nil (2020 - $464). 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. 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 due from related parties, 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:

	September 30, 2021	September 30, 2020
	$	$
Financial assets		
Amortized cost		
Cash	**4,935,494**	877,886
Amounts due from related parties	**109,233**	57,733
Total financial assets	**5,044,727**	935,619
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities	**(2,403,401)**	(1,930,242)
Other current liabilities (Note 8)	**(929,397)**	(1,170,000)
Amounts due to related parties (Note 16)	**(2,417,810)**	(3,215,310)
Long-term liability	**(45,738)**	(24,601)
Total financial liabilities	**(5,796,346)**	(6,340,153)

(Expressed in Canadian dollars)

16. 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.

	September 30, 2021	September 30, 2020
	$	$
Included in prepaid expenses		
JAG Property Holdings Inc.	**4,624**	4,624
	4,624	4,624
Included in amounts due from related parties		
9174893 Canada Inc.	**10,894**	8,084
9176055 Canada Inc.	**6,536**	6,536
Alcereco Inc.	**-**	641
Braille Energy Systems Inc.	**2,702**	23,158
GGTC Inc.	**12,904**	7,332
JAG Property Holdings Inc.	**3,283**	2,164
Grafoid Inc.	**71,393**	-
JAG Sky Inc.	**-**	186
Mistura Beauty Solutions	**1,361**	1,361
Previous employee	**160**	160
Stria Lithium Inc.	**-**	8,111
	109,233	57,733
Included in accounts payable and accrued liabilities		
9174893 Canada Inc.	**33,203**	33,839
9176055 Canada Inc.	**224**	585
Accrued Director's fees	**-**	754,168
GGTC Inc.	**104,494**	62,696
Grafoid Inc.	**1,039,950**	325,802
	1,177,871	1,177,090
Included in amounts due to related parties		
JJJY Holdings Inc.	**2,300,000**	3,050,000
Thombeth Holdings Inc.	**115,000**	115,000
Alcereco Inc.	**-**	45,000
9174893 Canada Inc.	**2,810**	2,810
Braille Energy Systems Inc.	**-**	2,500
	2,417,810	3,215,310

(Expressed in Canadian dollars)

Transactions with related parties

Year ended September 30	2021	2020
	$	$
GGTC Inc. (1)	**41,613**	55,484
MuAnalysis Inc. (2)	**3,600**	6,000
Grafoid Inc. (3)	**780,000**	2,400,000
	825,213	2,461,484

(1) Under a lease agreement between the Company and GGTC Inc. ("GGTC"), a privately-held company owned by a director and former director of the Company, the Company leased laboratory space in Kingston, Ontario, up until June 30, 2021. During the year ended September 30, 2021, the Company was charged a total of $41,613 for rent (2020 - $55,484). Since the lease was short-term, the IFRS 16 capitalization criteria was not applied. Refer to Note 3.

(2) During the year ended September 30, 2021, the Company was charged $3,600 by MuAnalysis Inc., which shares common management, for rent (2020 - $6,000) As at September 30, 2021, $Nil is included in accounts payable and accrued liabilities ($Nil as at September 30, 2020).

(3) During the year ended September 30, 2021, the Company was charged $780,000 by Grafoid Inc. for consulting services, including marketing, product development and auxiliary services (2020 - $2,400,000).

Transactions with key management personnel

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

	2021	2020
	$	$
Salaries	**174,200**	45,705
Consulting fees	**104,068**	440,000
Stock-based compensation	**1,270,000**	94,511
	1,548,268	580,216

During the year ended September 30, 2021, the Company's directors and former directors agreed to cancel accrued directors' fees in the amount of $754,168, which had been accrued in previous years. The amount has been recognized as other income in the statement of comprehensive loss.

17. 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 tons 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 tons 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, 2021, the Company has not received any payments from Grafoid in relation to the offtake agreements. As each offtake agreement is conditional on the Company having received the entire $1,000,000 from Grafoid, the Company does not yet have any obligation to sell graphite concentrate to Grafoid.

Other

In December 2013, the Company executed an offtake agreement for future production from the Lac Knife graphite project. The strategic agreement, for up to 40,000 tons 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 tons 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.

18. CONTINGENT LIABILITY

During the year ended September 30, 2021, a legal claim was brought against the Company by a former officer of the Company. Pleadings are closed but productions have not been exchanged nor have examinations for discovery been completed. As such, it is too early to evaluate this claim.

(Expressed in Canadian dollars)

19. 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	**2021**	2020
	$	$
Net loss before income tax	**(3,044,962)**	(5,606,988)
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.5% (26.5% in 2020)	**(806,915)**	(1,487,254)
Adjustments for the following items:		
Tax impact of temporary difference for which no deferred tax asset was recorded	**13,944**	1,484,673
Renunciation of expenditures on flow-through shares	**265,000**	-
Change in enacted tax rates and tax rate differences on capital amounts	**-**	(49,575)
Stock-based compensation	**525,414**	36,471
Other	**2,557**	15,685
Deferred income tax expense (recovery)	**-**	-

Deferred tax assets and liabilities and variation of recognized amounts during the period

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

	Balance September 30, 2020	Recognized in profit or loss	Recognized in equity	Balance September 30, 2021
	$	$	$	$
Property and equipment	214,461	-	-	214,461
Mineral exploration properties and exploration and evaluation assets	(4,765,201)	(218,641)	-	(4,983,842)
Non-capital losses and other	4,550,740	218,641	-	4,769,381
	-	-	-	-

	Balance September 30, 2019	Recognized in profit or loss	Recognized in equity	Balance September 30, 2020
	$	$	$	$
Property and equipment	214,461	-	-	214,461
Mineral exploration properties and exploration and evaluation assets	(6,540,214)	1,775,013	-	(4,765,201)
Non-capital losses and other	6,325,753	(1,775,013)	-	4,550,740
	-	**-**	**-**	**-**

As at September 30, 2021, the Company had the following temporary differences. No deferred tax assets were recorded for these temporary differences.

	Federal	Quebec
	$	$
Share issuance costs	735,848	735,848
Non-capital losses	20,594,705	18,913,388
Investment in associate	1,500,040	1,500,040
Penalty related to flow-through shares	929,397	929,397
Capital losses and other	851,726	851,726
	24,611,716	22,930,399

As at September 30, 2020, the Company had the following temporary differences. No deferred tax assets were recorded for these temporary differences.

	Federal	Quebec
	$	$
Share issuance costs	880,448	880,448
Non-capital losses	19,704,250	17,932,526
Investment in associate	1,500,040	1,500,040
Penalty related to flow-through shares	1,000,000	1,000,000
Capital losses and other	200,108	200,108
	23,284,846	21,513,122

(Expressed in Canadian dollars)

As at September 30, 2021, the Company has the following non-capital losses for which no deferred tax asset was recorded. These carryforward balances expire as follows:

	Federal	Quebec
	$	$
2041	1,639,627	1,639,627
2039	4,721,721	4,813,239
2038	5,391,421	5,419,446
2037	2,711,972	2,711,972
2036	2,783,588	2,789,150
2035	3,346,376	1,539,954
	20,594,705	18,913,388

The temporary difference relating to the share issuance costs which the Company has not recognized will be deductible until the year 2025.

20. ENTITY-WIDE REPORTING

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

21. SUBSEQUENT EVENTS

Closing of flow-through private placement

On December 22, 2021, the Company closed a flow-through private placement for gross proceeds of $5,200,000. The flow-through private placement was comprised of 57,777,780 flow-through shares at a price of $0.09 per flow-through share. In connection with the financing, the Company paid cash finder's fees totaling $357,000 and issued 3,966,666 non-transferable finder's warrants. Each finder's warrant entitles the holder to acquire one non-flow through common share of the Company at a price of $0.15 until December 22, 2022. A Director and an Officer of the Company participated in the private placement for a total amount of $100,000.

Closing of private placement

On December 23, 2021, the Company completed a private placement for gross proceeds of $200,000. The private placement was comprised of 3,137,254 units at a price of $0.06375 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 $0.10625 December 23, 2024.

Receipt of instalment payment in connection with sale of Eastmain-Leran property

On December 2, 2021, the Company received a first post-closing instalment payment in the amount of $500,000, paid in cash and shares of Mont Royal Resources Ltd. ("Mont Royal"), an Australian mining company (ASX: MRZ), in accordance with the terms of (a) the Mineral Property Acquisition Agreement ("MPA Agreement")(Note 7), entered into on July 6, 2020 with Konkera Holdings Pty Ltd. ("Konkera"), an Australian proprietary limited company, regarding Focus' Eastmain-Leran property, and (b) an assignment agreement (“Letter Deed Agreement”) between the Company and Konkera dated May 7, 2021, whereby the Company agreed to assign Konkera’s obligations under the MPA Agreement to a subsidiary of Northern Lights Minerals Pty Ltd. (“Northern Lights”), an Australian proprietary limited company.

The payment of the post-closing instalment follows Mont Royal’s announcement on December 1, 2021, that it had acquired a 75% interest in Northern Lights. The Company agreed to receive 30% of the $500,000 payment by accepting shares in Mont Royal, as consideration representing $150,000 of the instalment, and the balance of $350,000 in cash.

Grant of stock options

On November 2, 2021, 38,550,000 stock options were granted to Directors, Officers, employees and consultants at an exercise price of $0.05 per share, expiring on November 2, 2026.