GLOBAL LI-ION GRAPHITE CORP.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

For the three months ended November 30, 2018

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NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GLOBAL LI-ION GRAPHITE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

		November 30, 2018		August 31, 2018
ASSETS				
Current				
Cash	$	360,634	$	637,480
GST recoverable		4,529		5,170
Deposits and prepaid expenses		74,750		79,790
Amounts due from related parties (Note 3)		3,630		3,630
Investments (Note 4)		40,000		50,000
		483,543		776,070
Non-Current				
Advances to BEGO Technologies Ltd. (Note 5)		220,913		220,913
Exploration and evaluation assets (Note 6)		4,865,871		4,695,201
Total Assets	$	5,570,327	$	5,692,184
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 8)	$	234,881	$	251,008
Amounts due to related parties (Note 3)		189,313		176,500
		424,194		427,508
Non-Current				
Other liability		61,111		61,111
		485,305		488,619
EQUITY				
Share capital (Note 7)		8,619,475		8,619,475
Contributed surplus		1,055,397		1,055,397
Deficit		(4,589,850)		(4,471,307)
		5,085,022		5,203,565
Total Liabilities and Equity	$	5,570,327	$	5,692,184

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Directors on January 29, 2019:

"Jason Walsh" Director   *"Geoff Watson"* Director

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

GLOBAL LI-ION GRAPHITE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the three months ended November 30, 2018 and 2017
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	For the three months ended November 30, 2018	For the three months ended November 30, 2017
EXPENSES		
Administration fees (Note 8)	$ 12,000	$ 12,000
Advertising and awareness	1,000	972,402
Consulting fees (Note 8)	37,805	461,203
General and administrative (Note 8)	31,794	150,114
Management fees (Note 8)	15,000	-
Professional fees (Note 8)	10,944	20,508
Travel, meals and entertainment	-	45,539
	(108,543)	(1,661,766)
Unrealized gain (loss) on investment (Note 4)	(10,000)	49,056
Net and comprehensive loss	$ (118,543)	$ (1,612,710)
Loss per share – basic and diluted	$ (0.00)	$ (0.05)
Weighted average number of shares outstanding – basic and diluted	40,675,182	30,413,606

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

GLOBAL LI-ION GRAPHITE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Number of Shares	Share capital	Share subscriptions received (receivable)	Contributed surplus	Deficit	Total
Balance August 31, 2017	28,641,166	$ 2,944,544	$ (20,360)	$ 376,224	$ (1,279,873)	$ 2,020,535
Shares issued pursuant to:						
Exercise of options	100,000	25,000	(25,000)	-	-	-
Exercise of warrants	1,000,000	500,000	-	-	-	500,000
Property acquisition	1,100,000	550,000	-	-	-	550,000
Private placement	2,900,000	1,450,000	-	-	-	1,450,000
Share issuance costs	-	(111,442)	-	57,442	-	(54,000)
Subscriptions collected	-	-	20,360	-	-	20,360
Net loss for the period	-	-	-	-	(1,612,710)	(1,612,710)
Balance November 30, 2017	33,741,166	$ 5,358,102	$ (25,000)	$ 433,666	$ (2,892,583)	$ 2,874,185
Balance August 31, 2018	40,675,182	$ 8,619,475	$ -	$ 1,055,397	$ (4,471,307)	$ 5,203,565
Net loss for the period	-	-	-	-	(118,543)	(118,543)
Balance November 30, 2018	40,675,182	$ 8,619,475	$ -	$ 1,055,397	$ (4,589,850)	$ 5,085,022

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

GLOBAL LI-ION GRAPHITE CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended November 30, 2018 and 2017
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	For the three months ended November 30, 2018	For the three months ended November 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (118,543)	$ (1,612,710)
Accrued interest	7,813	-
Realized and unrealized loss on investment	10,000	(49,056)
Changes in working capital:		
GST recoverable	641	(10,084)
Deposits and prepaid expenses	5,040	(85,220)
Accounts payable and accrued liabilities	(16,127)	(8,103)
Cash used in operating activities	(111,176)	(1,765,173)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscriptions collected	-	20,360
Shares issued, net	-	1,896,000
Loans from related parties	5,000	29,530
Cash provided by financing activities	5,000	1,945,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(170,670)	(222,762)
Cash used in investing activities	(170,670)	(222,762)
Change in cash	(276,846)	(42,045)
Cash, beginning	637,480	1,569,323
Cash, ending	$ 360,634	$ 1,527,278
Supplemental disclosures		
Accounts payable included in exploration and evaluation assets	$ -	$ 550,000
Interest paid	$ -	$ -
Income tax paid	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Global Li-Ion Graphite Corp. (the “Company”) was incorporated under the laws of the province of British Columbia on November 6, 2014. The Company’s principal business is the exploration and evaluation of mineral resources. The Company's corporate office is located at 908 - 510 Burrard Street, Vancouver B.C. Effective July 11, 2017, the Company completed a corporate name change from “Thelon Diamonds Ltd.” to “Global Li-Ion Graphite Corp.” and effective July 14, 2017, the Company trades on the Canadian Securities Exchange (the “CSE”) under the symbol LION.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the year ended November 30, 2018, the Company has not generated revenues, net loss was $118,543 (2017: $1,612,710) and, as at November 30, 2018, it had working capital of $59,349. The continuation of the Company as a going concern is dependent on its ability to obtain necessary financing, generate positive cash flows and, ultimately, the achievement of profitable operations. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. As the outcome of these matters cannot be predicted at this time, these consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue in business. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standards 34 - *Interim Financial Reporting* of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”). The consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements as at and for the year ended August 31, 2018.

(b) Basis of Preparation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial assets at fair value through profit or loss and available-for-sale which are stated at their fair values. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The consolidated financial statements include Global Li-Ion Graphite Corp., its wholly owned subsidiary Thelon Diamond Company Limited (“Thelon”) from the date of acquisition, December 18, 2014, until its dissolution on July 23, 2018, and its wholly owned subsidiary Khensani Limited (“Khensani”) from the date of acquisition, April 4, 2018. All inter-company transactions have been eliminated.

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over the investee to affect its returns.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Preparation (continued)

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and Thelon is the Canadian dollar. The functional currency of Khensani is the Euro.

(c) Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made relate to the following:

i. The composition of deferred income tax assets and recognition of deferred income tax assets; and
ii. The recoverable amount of exploration and evaluation assets.

Critical accounting judgments

In the preparation of these consolidated financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The judgments which may have an effect on the amounts recognized in the consolidated financial statements include the following:

i. The determination of categories of financial assets and financial liabilities;
ii. The determination of the functional currencies of the Company and its subsidiaries;
iii. The assessment of going concern; and
iv. The assessment of impairment indicators for the exploration and evaluation assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Changes in Accounting Policies

IFRS 9 – Financial Instruments

The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its financial statements beginning January 1, 2018. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and lost (“FVTPL”). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model. The new impairment model applies to financial assets measure at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not impact the carrying amounts of any of our financial assets on the transition date. The Company designated its equity securities as FVTPL, where they will be recorded initially at fair value. Subsequent changes in fair value will be recognized in profit or loss.

IFRS 15 – Revenue from contracts with customers

On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations.

The adoption of IFRS 15 did not have any impact on the financial statements as the Company had no revenue since inception.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Recent Accounting Pronouncements

IFRS 16 – Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-statement of financial position finance leases and off-statement of financial position operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019, with early application permitted.

3. AMOUNTS DUE TO AND FROM RELATED PARTIES

Bua Capital Management Ltd. and Incubara Capital Corp. are private companies with directors in common with the Company. Unless otherwise noted amounts due from and to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Amounts due from related parties

	November 30, 2018	August 31, 2018
Director	$ 3,630	$ 3,630
Total	$ 3,630	$ 3,630

Amounts due to related parties

	November 30, 2018	August 31, 2018
Bua Capital Management Ltd.	$ 19,270	$ 19,270
Incubara Capital Corp.	170,043	157,230
Total	$ 189,313	$ 176,500

The amount due to Incubara Capital Corp. bears interest at 25% and is due on March 31, 2019. The Company also agreed to pay a financing bonus of 25% of the principal in shares, which amount along with interest of $5,750 has been accrued in the balance at August 31, 2018. During the three months ended November 30, 2018, the Company accrued an additional interest of $7,813.

4. INVESTMENTS

On December 22, 2015, the Company acquired 1,000,000 units in Zadar Ventures Ltd. ("Zadar"), a company with directors in common, for $0.01 per unit for total consideration of $10,000. Each unit consists of one common share in Zadar and one common share purchase warrant exercisable for a period of 3 years at $0.05 per share.

On December 4, 2017, the Company sold the Zadar warrants for total consideration of $10,000.

The fair value of the share portion of the unit is determined using the stock price of Zadar as at the date of the statement of financial position. The fair value of the warrant portion of the unit was determined by deducting the exercise price of the Zadar warrants from the Zadar stock price.

As at November 30, 2018 the investment in Zadar was determined to have a fair value of $40,000 (August 31, 2018: $50,000). The Company recorded an unrealized loss on investment of $10,000 during the period (2017: unrealized gain of $49,056).

5. INVESTMENT IN BEGO TECHNOLOGIES LTD.

On October 24, 2017, the Company entered into a Memorandum of Understanding ("MOU") to acquire an interest in BEGO Technologies Ltd., a private company incorporated in Hong Kong ("BEGO HK"). Under the terms of the MOU, the Company can acquire up to a 16% interest in BEGO HK for US$450,000. BEGO HK has filed a patent application for bio-electrochemical methods and systems for the efficient production of graphene oxide and hydrogen. As at November 30, 2018, the Company has advanced US$175,000 (CAD$220,913) under the MOU. Additionally, under the MOU, the Company can acquire up to a 49% interest in a new entity to be incorporated in the United States to be known as BEGO E-Storage Inc. for US$1,500,000. The funds advanced to date are unsecured, non-interest bearing and without terms of repayment.

6. EXPLORATION AND EVALUATION ASSETS

a) Lac de Gras property

During the year ended August 31, 2016, the Company acquired an interest in the Lac de Gras property, Northwest Territories. The Company holds a 29.46 % interest in 3 claims, pursuant to a NMT Head Agreement with Peregrine Diamonds Ltd. The property is subject to a Gross Overriding Royalty ("GOR") of 4% on diamonds and a net smelter royalty ("NSR") of 4% on all metals, of which 50% of either of these royalties can be purchased for $4,000,000.

In addition to the royalty noted above, royalty payments would also be required to be made to the Government of the Northwest Territories in the event of future production.

In 2017, management wrote down the costs accumulated on the Lac de Gras property to $10,000 as an asset impairment. Management still believes that the property is of merit and warrants continued development, however a lack of activity due to market conditions, necessitated a write down in line with the Company's accounting policy for exploration and evaluation assets.

6. EXPLORATION AND EVALUATION ASSETS (continued)

b) Chedic property

Effective December 31, 2016, the Company has entered into an Option Agreement to acquire a 100% interest in the Chedic property located in Nevada, USA. In order to exercise the option to acquire 100% interest in the property, the Company is required to make the following cash and share payments:

- US$25,000 on execution of the Standstill Agreement (paid);
- 1,000,000 common shares upon the Company achieving a successful listing on the Canadian stock exchange (issued – fair value of $410,000);
- US$50,000 on the execution of the Option Agreement (paid);
- 1,000,000 common shares on each of the first four anniversaries of the effective date (issued for first anniversary);
- US$75,000 on or before each of the first and second anniversaries of the effective date (paid for first anniversary);
- US$100,000 on or before the third anniversary of the effective date; and
- US$100,000 on or before the fourth anniversary of the effective date.

Pursuant to the Option Agreement the Company is also required to make the following minimum exploration expenditures:

- US$100,000 by the first anniversary of the effective date (incurred);
- An additional US$200,000 by the second anniversary of the effective date;
- An additional US$300,000 by the third anniversary of the effective date;
- An additional US$500,000 by the fourth anniversary of the effective date; and
- Minimum advanced annual royalties payments of US$100,000 on the fifth anniversary of the effective date; and annually thereafter.

Upon completion of an inferred resource calculation that confirms a minimum presence of 100,000 tons equivalent grading at no lower than 5% carbon content on the property, the Company shall pay a total of US$1,000,000 in cash or common shares of the Company, or a combination thereof at the Company's election.

Upon Completion of an Economic Assessment on the property, on or before the sixth anniversary of the effective date, the Company shall pay US$2,000,000 in cash or common shares of the Company, or a combination thereof at the election of the Company.

6. EXPLORATION AND EVALUATION ASSETS (continued)

c) Neuron Graphite Project

On October 27, 2017, the Company entered into an option agreement to purchase a 100% interest in the Neuron Graphite Project in the Thompson mining district of Northern Manitoba from Callinex Mines Inc. ("Callinex").

The Company may exercise its option to acquire 100% of the Neuron Graphite Project from Callinex by:

- Paying $200,000 cash (paid) and issuing 1,000,000 common shares (issued – fair value of $760,000) to Callinex within three days of signing the option agreement; and
- Issuing 1,000,000 common shares to Callinex on the second anniversary of signing the option agreement.

The Company also issued 100,000 common shares with a fair value of $76,000 as a finder's fees.

The Company is also required to issue 3,000,000 common shares to Callinex on the earlier of completing a Preliminary Economic Assessment, Pre-Feasibility Study or Feasibility Study on or before the third anniversary of signing the option agreement.

d) Madagascar Graphite project

On September 13, 2017, the Company entered into a memorandum of understanding ("MOU") with Avana Resources Limited ("Avana") to acquire a 100% interest in Avana's graphite interests in Madagascar. On April 4, 2018, the Company entered into and closed a definitive share purchase agreement with Avana for the acquisition of Avana's graphite interests in Madagascar. Pursuant to this agreement the Company acquired 100% of Khensani Limited which owns 100% of Avana Industrial Minerals ("AIM") which entered into an agreement to acquire certain mining permits from the original permit holders. The project comprises 3 mining exploitation permits totaling 4,375 hectares (10,811 acres), in the vicinity of Andasibe in Toamasina Province in Madagascar (collectively, the "Property").

Pursuant to the MOU and definitive share purchase agreement to acquire a 100% interest in the Property, the Company will make the following cash and share payments to Avana:

- US$40,000 within one day of signature of the MOU (paid);
- US$100,000 within 5 business days of signature of the Definitive Agreement (paid);
- US$100,000 within 30 business days of signature of the Definitive Agreement (paid);
- EUR$200,000 to be directed to certain third parties in respect of an agreement to transfer the Property from the original permit holders to AIM (paid);
- 4,000,000 common shares of the Company within 10 business days of approval by the CSE of the transaction (issued – fair value of $1,720,000);

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

- Upon the Company achieving an annualized production rate from the Property of at least 5,000 tons of graphite oxide per year as calculated on a monthly basis for at least three consecutive months;

  (i) US$1,000,000 in cash or in common shares of the Company; and
  (ii) The greater in terms of value of either 1,000,000 common shares of the Company or common share of the Company worth US$1,000,000.

The Company also issued 333,797 common shares with a fair value of $143,533 as a finder's fees.

The property is subject to a 3% gross value return royalty of which 2% can be purchased by the Company at any time for US$5,000,000.

	Chedic	Madagascar Graphite	Lac de Gras	Neuron	Total
Acquisition Costs					
Balance, August 31, 2017	$ 308,716	$ 62,645	$ 10,000	$ -	$ 381,361
Additions – cash	93,682	430,674	-	200,000	724,356
Additions – shares	410,000	1,863,533	-	836,000	3,109,533
Balance, August 31, 2018	812,398	2,356,852	10,000	1,036,000	4,215,250
Additions – cash	-	167,643	-	-	167,643
Balance, November 30, 2018	812,398	2,524,495	10,000	1,036,000	4,382,893
Deferred Exploration Costs					
Balance, August 31, 2017	256,699	-	-	-	256,699
Work program	138,223	-	-	-	138,223
Technical reports	-	22,762	-	13,230	35,992
Other	-	18,942	1,628	30,095	50,665
Write-down	-	-	(1,628)	-	(1,628)
Balance, August 31, 2018	394,922	41,704	-	43,325	479,951
Geological consulting	-	-	-	3,027	3,027
Balance, November 30, 2018	$ 394,922	$ 41,704	$ -	$ 46,352	$ 482,978
Balance as at August 31, 2018	$1,207,320	$ 2,398,556	$ 10,000	$1,079,325	$ 4,695,201
Balance as at November 30, 2018	$1,207,320	$ 2,566,199	$ 10,000	$1,082,352	$ 4,865,871

7. SHARE CAPITAL AND RESERVES

a) Authorized

An unlimited number of Common shares, without par value.

b) Issued

During the year ended August 31, 2018, 6,433,797 common shares valued at $3,109,533 were issued pursuant to exploration and evaluation asset property acquisition option agreements (Note 6). 1,100,000 of the common shares were valued at $0.76 per common share, 1,000,000 of the common shares were valued at $0.41 and 4,333,797 of the common shares were valued at $0.43.

During the year ended August 31, 2018, 1,103,000 common shares were issued pursuant to exercise of warrants at a price of $0.50 per share for total proceeds of $551,500.

During the year ended August 31, 2018, 375,000 common shares were issued pursuant to the exercise of options at a price of $0.25 per share for total proceeds of $93,750. Options were exercised on November 27, 2017, December 18, 2017, and January 12, 2018 when the Company's common shares' market prices were $0.56, $0.66, and $0.52, respectively.

On October 27, 2017, the Company closed a non-brokered private placement and issued 2,900,000 units at a price of $0.50 per unit for gross proceeds of $1,450,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable for a term of two years at a price of $0.75 in the first year from the date of issuance, and $1.00 in the second year from the date of issuance. Warrants were valued at $Nil using the residual value method. The Company paid finder's fees of $54,000 and issued 108,000 broker warrants. The broker warrants have the same exercise prices and term as the unit warrants.

On April 26, 2018, the Company closed a non-brokered private placement and issued 1,222,219 flow-through units ("FT Units") at a price of $0.45 per unit for gross proceeds of $550,000. Each FT Unit consists of one flow through common share and one-half of one share purchase warrant. Each warrant is exercisable at a price of $0.75 for a period of one year. Warrants were valued at $Nil using the residual value method. The flow-through liability associated with this issuance, representing the premium of the flow-through share price in excess of the trading price was $61,111.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (continued)

c) Options

On September 19, 2017, the Company granted 450,000 stock options to various directors, officers, and/or consultants. Each option is exercisable to acquire one common share at $0.52 per common share for a period of 2 years. The fair value of the stock options granted was $123,523 calculated using the Black-Scholes Option Pricing Model using the following assumptions: share price: $0.52; expected volatility: 100%; expected life: 2 years; dividend yield rate: 0%; and risk-free interest rate: 1.55%. Expected volatility is based on the historical volatility of other companies that the Company considers comparable.

On January 25, 2018, the Company granted 1,800,000 stock options to various directors, officers, and/or consultants. Each option is exercisable to acquire one common share at $0.60 per common share for a period of 2 years. The fair value of the stock options granted was $571,408 calculated using the Black-Scholes Option Pricing Model using the following assumptions: share price: $0.60; expected volatility: 100%, expected life: 2 years, dividend yield rate: 0%, and risk-free interest rate: 1.80%. Expected volatility is based on the historical volatility of other companies that the Company considers comparable.

Option transactions and the number of options outstanding are summarized as follows:

	Number of options	Weighted average exercise price
Outstanding, August 31, 2017	1,550,000	0.25
Granted	2,250,000	0.58
Exercised	(375,000)	0.25
Outstanding, August 31, 2018 and November 30, 2018	3,425,000	$ 0.47

Options outstanding and exercisable at November 30, 2018 are as follows:

Number of options	Exercise price	Grant date	Expiry date	Remaining life (years)
1,175,000	$0.25	July 14, 2017	July 14, 2019	0.62
450,000	$0.52	September 19, 2017	September 19, 2019	0.80
1,800,000	$0.60	January 25, 2018	January 25, 2020	1.15
3,425,000	$0.47			0.92

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (continued)

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding, August 31, 2017	10,444,000	0.50
Granted	3,619,106	0.75/1.00
Exercised	(1,103,000)	0.50
Expired	(1,844,000)	0.50
Outstanding, August 31, 2018 and November 30, 2018	11,116,106	$ 0.58

Broker warrants granted during the year ended August 31, 2018 were valued at $57,442 calculated using the Black-Scholes Option Pricing Model using the following assumptions: share price: $0.90; expected volatility: 100%, expected life: 2 years, dividend yield rate: 0%, and risk-free interest rate: 1.41%.

Warrants outstanding at November 30, 2018 are as follows:

Number of warrants	Exercise price	Grant date	Expiry date
7,497,000	$0.50	August 23, 2017	August 23, 2019*
3,008,000	$0.75/$1.00	October 27, 2017	October 27, 2019
611,106	$0.75	April 27, 2018	April 27, 2019
11,116,106			

* Expiry date of these warrants were extended for an additional year, expiring on August 23, 2019.

(Expressed in Canadian Dollars)

8. RELATED PARTY BALANCES AND TRANSACTIONS

Key management includes directors and officers of the Company. The Company paid or accrued fees to companies controlled by key management as follows:

	For the three months ended November 30, 2018	For the three months ended November 30, 2017
Administration fees	$ 12,000	$ 12,000
Accounting fees	10,500	10,000
Management and consulting fees	49,055	39,138
Rent	4,800	-
	$ 76,355	$ 61,138

As at November 30, 2018, accounts payable and accrued liabilities included $116,411 (August 31, 2018: $91,403) owed to companies controlled by directors of the Company. The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Refer to Note 3 for balances owing to and from other related parties as at November 30, 2018 and August 31, 2018.

These transactions were agreed upon by the board of directors and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

9. CAPITAL DISCLOSURES

The Company's principal source of capital is from the issuance of common shares. The Company's capital management objective is to obtain sufficient capital to develop new business opportunities for the benefit of its shareholders. To meet the objectives, management monitors the Company's ongoing capital requirements on specific business opportunities on a case by case basis. The capital structure of the Company consists of equity attributable to common shareholders, consisting of issued share capital, contributed surplus and deficit. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management from the previous year.

10. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, amounts due from related parties, investments, advances to BEGO Technologies Ltd., accounts payable and accrued liabilities, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying amounts, unless otherwise noted.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company has classified its investments at Level 1.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company has credit risk in the amount of its cash and amounts due from related parties, with the carrying amounts of each representing the Company's maximum exposure to credit risk. The Company manages credit risk by placing cash with major Canadian financial institutions. Management believes that credit risk related to due from related parties is nominal.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company has working capital of $59,349 as at November 30, 2018. Management is assessing various options to raise funds including the issuance of shares.

10. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk of loss that may arises from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Price risk is the risk that changes in market prices including commodity or equity prices will have an effect on the fair value or future cash flows associated with financial instruments. The equity price risk associated with the Company's current investment primarily relates to the change in the market prices of the investment in Zadar common shares. As at November 30, 2018, the Company owns 1,000,000 common shares. Each common share is valued at $0.04 (August 31, 2018: $0.05). A 10% change in the market price of Zadar would have an impact of $4,000 (2017: $14,000) on the Company's investments. Management believes there is price risk related to this investment.

While the Company will seek to maximize the proceeds it receives from the sale of its Zadar Shares on the TSX Venture Exchange, there is no assurance as to the timing of disposition or the amount that will be realized.

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is exposed to foreign exchange rate risk on its foreign currency denominated cash, advances to BEGO Technologies Ltd., and accounts payable and accrued liabilities. As at November 30, 2018, the Company held US$3,018 cash, US$175,000 advances to BEGO Technologies Ltd., and US$90,000 accounts payable and accrued liabilities. As at November 30, 2018, a 10% change in the foreign exchange rate would have impacted net and comprehensive loss by approximately $12,000.