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, 2020

GLOBAL LI-ION GRAPHITE CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars)
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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, 2020		August 31, 2020
ASSETS				
Current				
Cash	$	259,824	$	165,327
Amounts receivable		897		897
GST recoverable		12,742		2,777
Deposits and prepaid expenses		154,995		78,062
Amounts due from related parties (Note 3)		14,907		14,907
Investments (Note 4)		30,000		30,000
		473,365		291,970
Non-Current				
Exploration and evaluation assets (Note 5)		3,760,616		3,751,632
Total Assets	$	4,233,981	$	4,043,602
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	133,852	$	216,399
Amounts due to related parties (Note 3)		209,654		269,220
		343,506		485,619
EQUITY				
Share capital (Note 6)		10,155,235		9,386,894
Share subscriptions received		-		159,366
Contributed surplus		1,337,826		1,250,333
Deficit		(7,602,586)		(7,238,610)
		3,890,475		3,557,983
Total Liabilities and Equity	$	4,233,981	$	4,043,602

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Directors on January 29, 2021:

"John Roozendaal" 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
(Expressed in Canadian Dollars)
(Unaudited – Prepared by management)

	For the three months ended November 30, 2020	November 30, 2019
EXPENSES		
Administration fees (Note 7)	$ 11,521	$ 11,400
Advertising and awareness	109,821	1,000
Consulting fees (Note 7)	102,451	33,750
Foreign exchange loss	23	1,795
General and administrative (Note 7)	13,193	7,702
Management fees (Note 7)	5,000	15,000
Professional fees (Note 7)	13,914	11,951
Stock-based compensation (Notes 6 and 7)	87,493	-
Travel, meals and entertainment	3,967	3,090
	(347,383)	(85,688)
Interest income	2,022	-
Unrealized gain on investment (Note 4)	-	500
Write-down of exploration and evaluation assets (Note 5)	(18,615)	-
Net and comprehensive loss	$ (363,976)	$ (85,188)
Loss per share – basic and diluted	$ (0.01)	$ (0.00)
Weighted average number of shares outstanding – basic and diluted	58,242,036	47,146,869

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	Contributed surplus	Deficit	Total
Balance August 31, 2019	47,083,682	$ 9,304,394	$ -	$ 1,102,436	$ (6,702,773)	$ 3,704,057
Shares issued pursuant to:						
Property acquisition	250,000	22,500	-	-	-	22,500
Net loss for the period	-	-	-	-	(85,188)	(85,188)
Balance November 30, 2019	47,333,682	$ 9,326,894	$ -	$ 1,102,436	$ (6,787,961)	$ 3,641,369
Balance August 31, 2020	47,833,682	$ 9,386,894	$ 159,366	$ 1,250,333	$ (7,238,610)	$ 3,557,983
Shares issued pursuant to:						
Private placement	9,000,684	540,041	(159,366)	-	-	380,675
Exercise of warrants	1,950,000	234,000	-	-	-	234,000
Share issuance costs	-	(5,700)	-	-	-	(5,700)
Stock-based compensation	-	-	-	87,493	-	87,493
Net loss for the period	-	-	-	-	(363,976)	(363,976)
Balance November 30, 2020	58,784,366	$ 10,155,235	$ -	$ 1,337,826	$ (7,602,586)	$ 3,890,475

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
(Expressed in Canadian Dollars)
(Unaudited – Prepared by management)

	For the three months ended November 30, 2020	For the three months ended November 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (363,976)	$ (85,188)
Realized and unrealized gain on investments	-	(500)
Stock-based compensation	87,493	-
Write-down of exploration and evaluation assets	18,615	-
Changes in working capital:		
GST recoverable	(9,965)	12
Deposits and prepaid expenses	(76,933)	4,725
Accounts payable and accrued liabilities	(82,547)	(7,057)
Cash used in operating activities	(427,313)	(88,008)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued, net of share issuance costs	608,975	-
Advances from (repayments to) related parties	(59,566)	25,486
Cash provided by financing activities	549,409	25,486
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(27,599)	(29,876)
Cash used in investing activities	(27,599)	(29,876)
Change in cash	94,497	(92,398)
Cash, beginning	165,327	226,160
Cash, ending	$ 259,824	$ 133,762
Supplemental disclosures		
Fair value of shares issued for the acquisition of exploration and evaluation assets	$ -	$ 22,500

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 three months ended November 30, 2020, the Company has not generated revenues, net loss was $363,976 (2019: $85,188) and, as at November 30, 2020, it had working capital of $129,859 (August 31, 2020: working capital deficit of $193,649). The ability of the Company to remain in operation as a going concern is dependent on its ability to obtain necessary financing, generate positive cash flows and, ultimately, the achievement of profitable operations.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world's equity markets and the movement of people and goods has become restricted. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding. The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These events and conditions create a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. 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, 2020.

(b) Basis of Preparation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these 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, except as disclosed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Preparation (continued)

The condensed interim consolidated financial statements include Global Li-Ion Graphite Corp. and its wholly owned subsidiary Khensani Limited ("Khensani") from the date of acquisition, April 4, 2018, which owns 100% of Avana Industrial Minerals ("AIM"). All inter-company transactions have been eliminated.

Subsidiaries are 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.

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 its wholly owned subsidiaries, is the Canadian dollar, which is also the Company's presentation currency.

(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. 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.

(Expressed in Canadian Dollars)

3. AMOUNTS DUE TO AND FROM RELATED PARTIES

Bios Energy Corp., Bua Capital Management Ltd., Bua Group Holdings, Incubara Capital Corp., Swiss EMX and Zadar Ventures Ltd. are 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, 2020	August 31, 2020
Director	$ 3,940	$ 3,940
Swiss EMX	10,967	10,967
Total	$ 14,907	$ 14,907

Amounts due to related parties

	November 30, 2020	August 31, 2030
Bua Capital Management Ltd.	$ 79,315	$ 129,782
Bua Group Holdings	3,455	15,110
Incubara Capital Corp.	19,384	19,384
Zadar Ventures Ltd.	-	1,944
Directors	107,500	103,000
Total	$ 209,654	$ 269,220

The amount due to Incubara Capital Corp. was interest-bearing at 25% and was 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 year ended August 31, 2019, the Company accrued interest of $13,635 and made repayments consisting of cash of $125,230 and issued 312,500 common shares of the Company valued at $82,812 resulting in a loss on settlement of debt of $51,563. The Company is currently negotiating the terms of repayment of the outstanding interest amount of $19,384.

4. INVESTMENTS

On December 22, 2015, the Company acquired 100,000 units in Zadar Ventures Ltd. ("Zadar"), a company with directors in common, for $0.10 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 $0.50 per share. Effective April 8, 2019, Zadar consolidated its common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares. The number of shares and per share amounts of Zadar have been retroactively restated in these consolidated financial statements to reflect this share consolidation.

The fair value of the share portion of the unit was determined using the stock price of Zadar as at the date of the consolidated 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. On December 4, 2017, the Company sold the Zadar warrants for total consideration of $10,000.

As at November 30, 2020, the 100,000 common shares of Zadar was determined to have a fair value of $30,000 (August 31, 2020: $30,000). The Company recorded an unrealized gain on investment of $Nil during period (2019: unrealized gain of $500).

5. 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.

b) Chedic property

Effective December 31, 2016, the Company 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.

5. EXPLORATION AND EVALUATION ASSETS (continued)

b) Chedic property (continued)

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.

During the year ended August 31, 2019, the Company abandoned the Chedic property and recorded an asset impairment loss of $1,207,320.

c) Neuron Graphite Project

On October 27, 2017, and amended October 25, 2019, 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. On November 7, 2019, the Company agreed to extend the deadline to issue these common shares by one full year. In consideration for this extension, the Company issued an additional 250,000 common shares to Callinex valued at $22,500 (Note 6). On October 25, 2020, Callinex and the Company entered into a second amendment agreement to extend the deadline to issue 1,000,000 common shares to Callinex by October 27, 2021.

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.

c) 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);

5. EXPLORATION AND EVALUATION ASSETS (continued)

c) Madagascar Graphite Project (continued)

- 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);
- 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 shares 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.

d) MVZ Silver-Gold Mine

During the three months ended November 30, 2020, the Company entered into a letter agreement with Grupo Minero Diflor S.A. de C.V., a private Mexican company, to acquire a 100% interest in the MVZ Silver-Gold Mine Property in Chihuahua, Mexico. Subsequently, the Company abandoned the property resulting in an asset impairment loss of $18,615 during the three months ended November 30, 2020.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

	Lac de Gras	Neuron Graphite	Madagascar Graphite	MVZ Silver-Gold Mine	Total
Acquisition Costs					
Balance, August 31, 2019	$ 10,000	$1,036,000	$ 2,550,558	$ -	$3,596,558
Additions – cash	-	-	10,714	-	10,714
Additions – shares	-	22,500	-	-	22,500
Balance, August 31, 2020	10,000	1,058,500	2,561,272	-	3,629,772
Additions – cash	-	-	-	-	-
Additions – shares	-	-	-	-	-
Balance, November 30, 2020	10,000	1,058,500	2,561,272	-	3,629,772
Deferred Exploration Costs					
Balance, August 31, 2019	-	50,280	41,704	-	91,984
Geological consulting	-	-	10,586	-	10,586
Technical reports	-	715	-	-	715
Other	-	1,500	17,075	-	18,575
Balance, August 31, 2020	-	52,495	69,365	-	121,860
Other	-	-	8,984	18,615	27,599
Write-down	-	-	-	(18,615)	(18,615)
Balance, November 30, 2020	$ -	$ 52,495	$ 78,349	$ -	$ 130,844
Balance at August 31, 2020	$ 10,000	$1,110,995	$ 2,630,637	$ -	$3,751,632
Balance at November 30, 2020	$ 10,000	$1,110,995	$ 2,639,621	$ -	$3,760,616

6. SHARE CAPITAL AND RESERVES

a) Authorized

An unlimited number of Common shares, without par value.

b) Issued

On November 7, 2019, the Company agreed to extend the deadline to issue 1,000,000 common shares to Callinex related to the Neuron Graphite Project by one full year (Note 5). In consideration for this extension, the Company issued an additional 250,000 common shares to Callinex valued at $22,500.

On February 24, 2020, 500,000 common shares were issued to settle accounts payable of $60,000 pursuant to the exercise of warrants at a price of $0.12 per share.

On September 3, 2020, the Company closed a non-brokered private placement and issued 9,000,684 units at a price of $0.06 per unit for gross proceeds of $540,041. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable to acquire one common share at an exercise price of $0.10 per share until September 3, 2022.

During the three months ended November 30, 2020, 1,950,000 common shares were issued pursuant to the exercise of warrants at a price of $0.12 per share for total proceeds of $234,000.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (continued)

c) Options

The Company has an incentive stock option plan (the "Plan"), whereby the Company may grant stock options to directors, officers, employees or consultants. Under the Plan, options are exercisable up to a maximum of 5 years and vest as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceding the day on which the Company announces the grant of options. The Plan provides for the issuance of up to 10% of the Company's issued common shares at the date of the grant. Options awarded under the Plan are equity settled.

On February 19, 2019, the Company granted 600,000 stock options to various directors, officers, and/or consultants. Each option is exercisable to acquire one common share at $0.30 per common share for a period of 2 years. The fair value of the stock options granted was $47,039 calculated using the Black-Scholes Option Pricing Model using the following assumptions: spot price: $0.20; expected volatility: 93%, expected life: 2 years, forfeiture rate: 0%, dividend yield rate: 0%, and risk-free interest rate: 1.77%. Expected volatility is based on the historical volatility of the Company.

On February 20, 2020, the Company granted 2,500,000 stock options to various directors, officers, or consultants. Each option is exercisable to acquire one common share at $0.12 per common share for a period of 2 years. The fair value of the stock options granted was $147,897 calculated using the Black-Scholes Option Pricing Model using the following assumptions: spot price: $0.11; expected volatility: 107%, expected life: 2 years, forfeiture rate: 0%, dividend yield rate: 0%, and risk-free interest rate: 1.45%. Expected volatility is based on the historical volatility of the Company.

On November 18, 2020, the Company granted 1,000,000 stock options to various directors, officers, or consultants. Each option is exercisable to acquire one common share at $0.12 per common share for a period of 2 years. The fair value of the stock options granted was $87,493 calculated using the Black-Scholes Option Pricing Model using the following assumptions: spot price: $0.12; expected volatility: 155%, expected life: 2 years, forfeiture rate: 0%, dividend yield rate: 0%, and risk-free interest rate: 0.26%. Expected volatility is based on the historical volatility of the Company.

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

	Number of options	Weighted average exercise price
Outstanding, August 31, 2019	2,850,000	$ 0.52
Granted	2,500,000	0.12
Expired	(2,250,000)	0.58
Outstanding, August 31, 2020	3,100,000	0.15
Granted	1,000,000	0.12
Outstanding, November 30, 2020	4,100,000	$ 0.15

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (continued)

c) Options (continued)

Options outstanding and exercisable at November 30, 2020 are as follows:

Number of options	Exercise price	Grant date	Expiry date	Remaining life (years)
600,000	$0.30	February 19, 2019	February 19, 2021	0.22
2,500,000	$0.12	February 20, 2020	February 20, 2022	1.22
1,000,000	$0.12	November 18, 2020	November 18, 2022	1.97
4,100,000	$0.15			1.26

d) Warrants

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

	Number of warrants	Weighted average exercise price
Outstanding, August 31, 2019	9,104,000*	$ 0.50
Exercised	(500,000)	0.12
Expired	(3,008,000)	1.00
Outstanding, August 31, 2020	5,596,000	0.12
Granted	9,000,684	0.10
Exercised	(1,950,000)	0.12
Outstanding, November 30, 2020	12,646,684	$ 0.11

In relation to the 500,000 warrants exercised during the year ended August 31, 2020, the weighted average trading price of the Company's shares was $0.12 on the date of exercise.

In relation to the 1,950,000 warrants exercised during the three months ended November 30, 2020, the weighted average trading price of the Company's shares was $0.13 on the date of exercise.

Warrants outstanding at November 30, 2020 are as follows:

Number of warrants	Exercise price	Grant date	Expiry date
3,646,000	$0.12*	February 12, 2019	February 12, 2021
9,000,684	$0.10	September 3, 2020	September 3, 2022
12,646,684	$0.11		

* During the year ended August 31, 2020, the Company amended the exercise price of 6,096,000 warrants from $0.25 per warrant to $0.12 per warrant

(Expressed in Canadian Dollars)

7. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes directors and officers of the Company. The Company paid or accrued fees to companies controlled by key management personnel as follows:

	For the three months ended	
	November 30, 2020	November 30, 2019
Administration fees	$ 11,400	$ 11,400
Professional fees	10,500	10,500
Management and consulting fees	35,000	30,000
Rent, included in general and administrative	2,365	4,500
Stock-based compensation	65,620	-
	$ 124,885	$ 56,400

Refer to Note 3 for balances owing to and from other related parties as at November 30, 2020 and August 31, 2020.

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.

8. 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.

9. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, amounts receivable, amounts due from related parties, investments, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of these financial instruments, except for investments which are discussed below, approximates their carrying amounts, due to their short terms to maturity.

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.

9. FINANCIAL RISK MANAGEMENT (continued)

The Company's investments are measured at FVTPL in accordance with 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, amounts receivable 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 amounts receivable and 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 a working capital deficit of $129,859 as at November 30, 2020. Management is assessing various options to raise funds including the issuance of shares.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market 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 investments primarily relates to the change in the market prices of the investment in Zadar common shares. As at November 30, 2020, the Company owns 100,000 common shares. Each common share is valued at $0.30 (August 31, 2020: $0.30). A 10% change in the market price of Zadar would have an impact of $3,000 (2019: $1,150) to profit or loss. 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, and accounts payable and accrued liabilities. As at November 30, 2020, the Company held US$49,283 cash, and US$98,760 accounts payable and accrued liabilities. As at November 30, 2020, a 10% change in the foreign exchange rate would have impacted profit or loss by approximately $19,000.