GREAT LAKES GRAPHITE INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2016 AND 2015

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Great Lakes Graphite Inc. (the "Company") were prepared in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 3 to the financial statements.

Management has established processes, which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the years presented by the financial statements.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Independent Auditors' Report

To the Shareholders of Great Lakes Graphite Inc.:

We have audited the accompanying financial statements of Great Lakes Graphite Inc., which comprise the statements of financial position as at October 31, 2016 and 2015, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statement, based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Great Lakes Graphite Inc., as at October 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes the material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

MNP LLP

Toronto, Ontario
February 28, 2017

Chartered Professional Accountants
Licensed Public Accountants

MNP

Great Lakes Graphite Inc.
STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at October 31,	2016	2015
ASSETS		
Current		
Restricted cash (Note 12)	**$ 68,336**	$ 389,876
Funds in trust	**-**	146,461
Accounts receivable	**167,732**	-
Inventory	**190,698**	-
Tax credits and credit on duties receivable	**171,050**	157,549
HST and QST recoverable	**10,876**	126,649
Prepaid expenses	**3,730**	21,168
	612,422	841,703
Other Assets		
Exploration and evaluation assets (Note 5)	**2,458,219**	2,376,239
Leasehold improvements	**794,962**	546,177
	3,253,181	2,922,416
TOTAL ASSETS	**$ 3,865,603**	$ 3,764,119
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 13)	**$ 1,606,268**	$ 867,937
Flow-through share premium (Note 8)	**42,097**	-
	1,648,365	867,937
Long-term		
Convertible debentures (Note 6(ii))	**553,624**	421,401
NOHFC Loan facility (Note 7)	**123,429**	-
	677,053	421,401
	2,325,418	1,289,338
EQUITY		
Equity portion of convertible debt (Note 6)	**898,607**	898,607
Share capital (Note 8)	**5,727,329**	4,646,382
Units and shares to be issued	**-**	20,000
Reserve for warrants (Note 10)	**2,091,358**	1,866,336
Reserve for share-based payments (Note 9)	**707,539**	308,039
Contributed surplus	**575,286**	575,286
Deficit	**(8,459,934)**	(5,839,869)
	1,540,185	2,474,781
TOTAL LIABILITIES AND EQUITY	**$ 3,865,603**	$ 3,764,119

Nature of Business and Going Concern (Note 1)
Commitments and Contingencies (Note 18)
Subsequent Events (Note 19)

Approved on Behalf of the Board:

"Paul Gorman"
Director

"Greg Murphy"
Director

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

Great Lakes Graphite Inc.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

For the year ended October 31,	2016	2015
REVENUE		
Graphite Sales	$ 226,522	$ -
Cost of sales	(263,154)	-
Gross (loss) margin	$ (36,632)	$ -
EXPENSES		
Professional fees	$ 457,109	$ 295,402
Management and consulting fees (Note 13)	771,818	740,073
Severance payments	-	240,000
Part XII.6 tax, interest, penalties and flow-through liability	164,294	-
Transfer agent, regulatory and filing fees	28,752	33,307
Corporate development and administration	447,449	414,222
Shareholder information	71,385	141,170
Insurance	52,658	31,665
Interest and bank charges	4,196	2,897
Finance fees	62,748	-
Share-based payments (Note 9)	399,500	-
Interest on convertible debt (Note 6)	142,253	23,695
Accretion on convertible debt (Note 6)	53,589	1,701
Operating loss before the following	(2,692,383)	(1,924,132)
Grants received, net of costs (Note 18(iii))	8,949	-
Recovery of tax credits	63,369	-
Impairment of exploration and evaluation assets	-	(507,603)
NET LOSS AND COMPREHENSIVE LOSS	$(2,620,065)	$(2,324,238)
Basic and diluted loss per share (Note 11)	$ (0.03)	$ (0.03)
Weighted average number of shares - outstanding - basic and diluted	103,330,969	87,570,344

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

Great Lakes Graphite Inc.

STATEMENTS OF SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	Equity Portion of Convertible Debt	Share Capital	Shares to be Issued	Warrant Reserve	Share-based Payment Reserve	Contributed Surplus	Deficit	Total
Balance, October 31, 2014	$ -	$3,421,251	$ 28,500	$ 700,487	$ 461,315	$ 309,170	$(3,515,631)	$ 1,405,092
Issued for cash under private placement	-	1,494,463	(8,500)	-	-	-	-	1,485,963
Fair value of warrants issued	-	(979,784)	-	979,784	-	-	-	-
Share issue cost - cash	-	(108,600)	-	-	-	-	-	(108,600)
Share issue cost - finders warrants	-	(61,198)	-	61,198	-	-	-	-
Fair value of expired options	-	-	-	-	(153,276)	153,276	-	-
Fair value of expired warrants	-	-	-	(112,840)	-	112,840	-	-
Issued on settlement of debt	-	310,000	-	-	-	-	-	310,000
Equity portion of convertible debt	1,006,103	-	-	130,211	-	-	-	1,136,314
Deferred tax on convertible debt	(107,496)	-	-	107,496	-	-	-	-
Issued for exploration and evaluation assets	-	570,250	-	-	-	-	-	570,250
Net loss for the year	-	-	-	-	-	-	(2,324,238)	(2,324,238)
Balance, October 31, 2015	**$ 898,607**	**$4,646,382**	**$ 20,000**	**$ 1,866,336**	**$ 308,039**	**$ 575,286**	**$(5,839,869)**	**$ 2,474,781**
Issued for cash under private placement	-	1,415,750	(20,000)	-	-	-	-	1,395,750
Fair value of warrants issued	-	(225,022)	-	225,022	-	-	-	-
Flow-through share premium	-	(42,097)	-	-	-	-	-	(42,097)
Share Issue cost - cash	-	(82,684)	-	-	-	-	-	(82,684)
Share-based payments	-	-	-	-	399,500	-	-	399,500
Issued on settlement of debt	-	15,000	-	-	-	-	-	15,000
Net loss for the year	-	-	-	-	-	-	(2,620,065)	(2,620,065)
Balance, October 31, 2016	**$ 898,607**	**$5,727,329**	**$ -**	**$ 2,091,358**	**$ 707,539**	**$ 575,286**	**$(8,459,934)**	**$ 1,540,185**

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

Great Lakes Graphite Inc.
STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

For the year ended October 31,	2016	2015
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss for the year	**$ (2,620,065)**	$ (2,324,238)
Items not affecting cash:		
Share-based payments	**399,500**	-
Shares issued on settlement of debt	**15,000**	310,000
Accretion of convertible debenture	**53,589**	1,701
Accrued interest on convertible debenture	**142,253**	-
Impairment of exploration and evaluation assets	**-**	507,603
Deferred income tax recovery	**-**	(107,497)
Net change in non-cash working capital:		
HST/QST recoverable	**115,773**	(57,808)
Tax credits and credit on duties receivable	**(13,501)**	-
Accounts receivable	**(167,732)**	-
Inventory	**(190,698)**	-
Prepaid expenses	**17,438**	118,322
Accounts payable and accrued liabilities	**676,823**	708,931
	(1,571,620)	(842,986)
INVESTING ACTIVITIES		
Exploration and evaluation assets	**(81,980)**	(1,152,242)
Restricted cash	**321,540**	(357,121)
Leasehold improvements	**(416,119)**	(546,177)
Funds in trust	**146,461**	(146,461)
	(30,098)	(2,202,001)
FINANCING ACTIVITIES		
Proceeds from NOHFC loan facility	**288,652**	-
Issuance of common shares, net of share issuance costs	**1,313,066**	1,385,863
Proceeds from convertible debentures, net of costs	**-**	1,659,124
	1,601,718	3,044,987
CHANGE IN CASH	**-**	-
CASH, BEGINNING OF YEAR	**-**	-
CASH, END OF YEAR	**$ -**	$ -

SUPPLEMENTARY CASH FLOW INFORMATION:

	2016	2015
Common shares issued for settlement of accounts payable	**$ 15,000**	$ 284,000
Fair value of warrants issued	**$ 225,022**	$ 1,494,463
Common shares issued for exploration and evaluation assets	**$ -**	$ 550,000

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

1. NATURE OF BUSINESS AND GOING CONCERN

Great Lakes Graphite Inc. (the "Company") is an industrial minerals company focused on bringing carbon properties and products to a well defined market through a vertically integrated supply chain. To date the Company has not earned significant revenue and is considered to be in the exploration stage. Great Lakes Graphite Inc. is a TSX Venture Tier 2 Company listed under the symbol "GLK". In January 2015, the Company's shares were listed for trading on the Frankfurt Stock Exchange, under the symbol "8GL". The Company's registered office is at 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes the Company will continue in operation for the foreseeable future and it will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

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. Management is aware, in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, as explained in the following paragraph.

The Company has incurred a loss of $ 2,620,065 (2015 - $2,324,238) in the year ended October 31, 2016. The Company is also required to spend $1,131,450 in flow-through expenditures by December 31, 2017. As at October 31, 2016, the Company has an accumulated deficit of $8,459,934 (2015 - a deficit of $5,839,869). The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations, exploration, and development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

The Company currently does not have sufficient cash on hand to meet all exploration, general expenses and property payments for the 2017 fiscal year. The Company plans to raise additional capital to further develop and explore its projects, however the Company may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB") as of February 28, 2017.

These financial statements were authorized for issuance by the Board of Directors of the Company on February 27, 2017

Basis of Presentation

These financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the presentation and functional currency of the Company.

Critical Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: impairment of exploration and evaluation assets; inputs used in the valuation of share-based payments, options and warrants; value of the gross overriding royalty; and provision for deferred income tax, including the effects of flow-through shares.

Judgments

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Share-based payment - The Company uses the fair value based method of accounting for stock options granted to employees and others and broker's warrants. Under this method, the fair value of the stock options at the date of the grant, as determined using the Black-Scholes option pricing model, is recognized to expense over the vesting period. The fair value of the broker's warrants at the date of issuance, as determined using the Black- Scholes model, is recognized as share issuance costs, with the offsetting credit to reserve for warrants. If the stock options or broker's warrants are exercised, the proceeds are credited to share capital and the fair value of the options or warrants exercised is reclassified from share-based payments reserve or reserve for warrants to share capital (see note 8). When warrants are issued in conjunction with another security ("Unit") the Company attributes fair value of the warrants using the Black-Scholes option pricing model, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares. (see note 8)

2. BASIS OF PRESENTATION (Continued)

Critical Accounting Judgments and Estimates (Continued)

Exploration and evaluation assets - The Company capitalizes mineral exploration costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's mineral properties is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at fair value less costs to sell. (see note 5)

Title to exploration and evaluation assets - Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Leasehold improvements - The Company capitalizes facility improvment costs with respect to the Matheson facility which are to be amortized when production is commenced or the balance thereof written off should the Matheson facility be abandoned.

Deferred income tax - Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. (see note 17)

Going concern - Significant judgments are used in the Company's assessment of its ability to continue as a going concern as described in note 1.

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Restricted cash balances include unspent cash committed to be expended on prescribed resource expenditures pursuant to flow-through common share agreements.

Share Capital

Share capital issued for non-monetary consideration is recorded at an amount based on the quoted trading price of those shares on the TSX Venture at the grant date, less associated share issue costs.

Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note 9. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Upon exercise of the options, consideration paid by the option holder together with the fair value amount previously recognized in the reserve for share-based payments account is recorded as an increase to share capital. For those options that expire after vesting, the recorded fair value is transferred to contributed surplus.

Valuation of Equity Instruments in Private Placements

The Company has adopted a residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of the warrants using the Black-Scholes option pricing model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

The proceeds from the issue of units are allocated between share capital and reserve for warrants. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital. For those warrants that expire after vesting, the recorded value is transferred to contributed surplus.

Broker Warrants

The Company uses the fair value method based on the Black-Scholes pricing model to determine the fair value of the warrants issued to brokers and records a debit to share issue costs with a corresponding credit to reserve for warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclamation Obligations

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of an exploration and evaluation interest.

The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. No such obligations existed as at October 31, 2016 or 2015.

Flow-Through Shares

Canadian tax legislation permits the Company to issue flow-through shares. Flow-through shares are securities whereby the deductions for tax purposes related to exploration and evaluation expenditures may be claimed by the investors rather than the Company, subject to a renouncement process. Renouncement may occur prospectively (the flow-through shares are issued, renouncement then occurs and eligible expenditures are incurred subsequently) or retrospectively (the flow-through shares are issued, eligible expenditures are then incurred and renouncement occurs subsequently).

The issue of flow-through shares is treated as an issue of shares and the sale of tax deductions. The Company uses the residual method to measure the sale of tax deductions. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as a flow-through share premium liability on the statement of financial position. When the Company fulfills its obligation to pass on the tax deduction to the investors, the sale of tax deductions is recognized as other income in the statement of comprehensive loss and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base. To the extent that the Company has deferred tax assets that were not recognized in prior periods, a deferred tax recovery is recorded as an offsetting recovery in profit or loss. As the qualifying expenditures are incurred the flow-through share premium liability is reduced and recognized on the statement of loss and comprehensive loss.

If the renouncement is prospective, the obligation is fulfilled when eligible expenditures are incurred. If the renouncement is retrospective, the obligation is fulfilled when the paperwork to renounce is filed.

Loss Per Share

Basic loss per share is computed by dividing the net loss for the year available to common shareholders by the weighted average number of common shares outstanding during the year. 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. Diluted earnings per share are calculated giving effect to the potential dilution that could occur if securities or other contracts to common shares were exercised or converted to such shares at the later of the beginning of the year or the issuance date. The computation of diluted loss per share assumes the conversion or the exercise of securities only when such conversion or exercise would have a dilutive effect on earnings per share. All convertible debt, options and warrants described below have been excluded from the calculation of diluted loss per share since they have an anti-dilutive effect and therefore basic and diluted loss per share is the same for the years ended October 31, 2016 and October 31, 2015.

Current and Deferred Income Tax

Income tax expense comprises current and deferred tax and is recognized in the statement of comprehensive loss/income except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current and Deferred Income Tax (Continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Exploration Credits

The Company is entitled to refundable mineral exploration tax credits and refundable mining duties as a result of incurring mineral exploration expenses in Quebec. The Company recognizes these amounts when the amount to be received can be reasonably estimated and collection is reasonably assured. In addition, once recovered, these amounts are treated as a reduction of the carrying value of exploration and evaluation assets.

Impairment of Non-Financial Assets

The Company reviews its long lived assets within its cash generating units, consisting primarily of exploration and evaluation assets and leasehold improvements, at each reporting period end, for any indicators of impairment whenever events or changes in circumstances indicate that such carrying value may not be recoverable.

To determine whether a long lived asset may be impaired, the recoverable amount is compared to the carrying value of the individual asset. If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down and the impairment loss is recognized in the Statements of Loss and Comprehensive Loss. Where it is not possible to estimate the recoverable amount of a specific non-financial asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

A previously recognized impairment loss may be reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount and is recognized in the Statements of Loss and Comprehensive Loss. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

Inventory

Inventory consists primarily of raw materials. The Company values inventory at the lower of cost and net realizable value. The inventory value is determined using the first-in first-out method. Obsolete inventories are written down to their estimated net realizable value.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue consists of the sale of raw minerals which are negotiated with third parties. The following specific conditions must all be met before revenue is recognized:

- The title, specific risks and rewards of ownership have been transferred to the purchaser;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the sale can be measured reliably.

Financial Instruments

a) Recognition

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transactions costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

a) Recognition (Continued)

Fair Value Through Profit or Loss

Financial assets and liabilities classified as fair value through profit or loss are initially recorded at fair value. Subsequent to initial recognition, they are measured at fair value and changes are recognized in profit or loss.

Other Financial Liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs.

Subsequent to initial recognition these financial liabilities are measured at amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

b) Classification

Financial Asset/Liability	Classification
Restricted cash	Loans and receivables
Funds in trust	Loans and receivables
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Convertible debentures	Other financial liabilities
NOHFC loan facility	Other financial liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

c) Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

d) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

e) Amortized Cost Measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

f) Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

f) Fair Value Measurement (Continued)

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Company believes a third-party market participant would take them into account in pricing a transaction.

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

The gross overriding royalty ("GOR") associated with the convertible debentures described in note 6 is classified as a level three financial instrument and is carried at fair value. As at October 31, 2016 and 2015, the GOR had a fair value of $nil. See Note 6.

The Company does not carry any other financial instruments at fair value.

g) Identification and Measurement of Impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired.

A financial asset or a group of financial assets is (are) impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognized through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Company writes off certain loans and receivable when they are determined to be uncollectible.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Provisions

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

As at October 31, 2016, the Company has recorded a $175,000 provision for costs associated with a legal claim against the company (See Note 18(iv)).

Additionally, as at October 31, 2016, the Company has recorded a provision for Part XII tax, penalties and flow-through indemnity of $164,294. (See Note 15)

4. ACCOUNTING PRONOUNCEMENTS

Future Accounting Changes

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements.

(i) IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in October 2010 and in its final form in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective as at January 1, 2018. The Company intends to adopt the standard on its effective date.

(ii) In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

(iii) Leases In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined.

4. ACCOUNTING PRONOUNCEMENTS (Continued)

Future Accounting Changes (Continued)

(iv) IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), was issued in May 2014, and replaces IAS 11, "Construction Contracts", IAS 18, "Revenue Recognition", IFRIC 13, "Customer Loyalty Programmes", IFRIC 15, "Agreements for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers", and SIC-31, "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 provides a single, principles-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17 "Leases"; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, "Consolidated Financial Statements", and IFRS 11, "Joint Arrangements". In addition to the fivestep model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities.

IFRS 15 is required for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is in the process of assessing the impact of IFRS 15 on its financial statements.

5. EXPLORATION AND EVALUATION ASSETS

Accumulated exploration and evaluation assets have been incurred as follows:

	Balance, November 1, 2015	Acquisition	Exploration	Recoveries	Impairment	**Balance, October 31, 2016**
Lochaber	$ 2,376,239	$ -	$ 81,980	$ -	$ -	**$ 2,458,219**

	Balance, November 1, 2014	Acquisition	Exploration	Recoveries	Impairment	**Balance, October 31, 2015**
Summit-Gaber	$ 487,354	$ 20,250	$ -	$ -	$ (507,604)	**$ -**
Lochaber	673,996	750,000	952,243	-	-	**2,376,239**
	$ 1,161,350	**$ 770,250**	**$ 952,243**	**$ -**	**$ (507,604)**	**$ 2,376,239**

Summit-Graber Property

On September 29, 2010, the Company entered into an Option and Joint Venture Agreement (the “Agreement”) with Eloro Resources Ltd. to acquire a 50% interest over a three year period in certain mineral claims referred to as the Summit-Gaber Property in La Grande Greenstone Belt, Quebec. The property is subject to a 1% net smelter royalty.

On July 28, 2015, the Company relinquished its option for this property. In order to address the obligations under the agreement and to leave the joint venture property in good standing, the Company negotiated an agreement to leave the Joint Venture property in good standing through the issuance of 270,000 common shares in the capital of the Company, ascribed a fair value of $20,250. As at October 31, 2015, the carrying value of this property had been written down by $507,603 to $nil.

Lochaber Property

On March 3, 2014, the Company executed a definitive purchase agreement with Rock Tech Lithium Inc. (“Rock Tech”) to acquire a 100% interest in the Lochaber graphite deposit (the “Lochaber Graphite Property”), located in the prolific Buckingham Graphite region in Gatineau, Québec.

Under the terms of the agreement, the Company was committed to pay Rock Tech a total of $300,000 in cash and issue a total of 15,000,000 common shares of the Company to Rock Tech or to whom it may direct at an agreed price per share of $0.09. Accordingly, the aggregate transaction value amounts to $1,650,000.

The payment terms, among other things, were amended on May 16, 2014, and further amended on September 22, 2014. Accordingly, in consideration for the interest, the Company is committed to the following:

a) 5,000,000 common shares (issued in fiscal 2014) and a cash payment of $100,000 (paid) upon execution of the amending agreement;
b) 5,000,000 common shares (issued in fiscal 2015; and a cash payment of $200,000 (paid) upon completion a NI 43-101 resource estimate of the deposit; and
c) 5,000,000 common shares (issued in fiscal 2015) upon the earlier of a Preliminary Economic Assessment, Pre-Feasibilty or Feasibility Study on the Lochaber Graphite Deposit on or before January 30, 2015

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Lochaber Property (Continued)

The Company incurred a cash success fee of $10,000 and issued 400,000 common shares with a fair value of $42,000 associated with the foregoing Lochaber property acquisition in fiscal 2014.

Rock Tech appointed one nominee to the Board of Directors of the Company.

In Quebec, mineral properties are subject to minimum assessment work expenditures.

Accordingly, the property is subject to minimum assessment work expenditures every two years of $44,400 ($1,200 per claim) in order to maintain the claims in good standing. The Company has fulfilled the foregoing requirement and; therefore, the claims are in good standing. The property is subject to a 3% net smelter royalty of which the Company may purchase up to 2% for $1,000,000 per 1%.

During the year ended October 31, 2016, 8 ancilliary claims were allowed to lapse.

6. CONVERTIBLE DEBENTURES

i) On June 25, 2015, the Company entered into an agreement with F2 Capital of Lincoln, Massachusetts to provide project funding for the recommissioning of the Matheson Graphite Micronization Facility. The financing has been structured as a debenture that provides the Company with debt financing of $750,000.

The terms of Note 1 with F2 Capital are: an interest rate of 8.5% per annum, for a term of four years; a 4% Gross Overriding Royalty on the gross sales price received by the Company on the first 30,000 tons produced from the micronization plant; the option of either the Company or the lender to convert the principal amount under Note 1 into common shares of GLK at a conversion price of $0.10. The Company also has the option to convert the interest into common shares of the Company. In addition, the lender has also been issued 1,875,000 warrants, with each warrant exercisable into a common share of the Company at an exercise price of $0.10 per share for a period of four years. As at October 31, 2016, the Gross Overriding Royalty was assigned a fair value of $nil (October 31, 2015 - $nil), given the inherent uncertainty of achieving commercial production.

As the debenture was considered to be an equity instrument, the face value of $750,000, less costs of $11,752 and $137,813 allocated to warrants, has been allocated to the conversion option and is included in shareholders' equity in the Company's statement of financial position.

In connection with this financing, 1,875,000 warrants, issued under the terms of the agreement were assigned an aggregate fair value of $137,813 using the Black-Scholes valuation model with the following assumptions: share price $0.08 dividend yield 0%, expected volatility 178.78%, risk-free rate of return 0.68% and expected life of 4 years.

ii) On October 20, 2015, the Company closed a convertible debenture financing to provide project funding for the recommissioning of the Matheson Graphite Micronization Facility. The financing raised gross proceeds of $933,631, of which $146,461 was held in trust by the Company's legal counsel at October 31, 2015. During the period, the funds in trust were transferred to the Company's main operating bank account.

The convertible debentures have the following terms: maturity date of September 15, 2019; an interest rate of 8.5% per annum, which will be accrued and become payable on maturity of the Note; 4% Gross Overriding Royalty on the first $90,000,000 in revenues produced from the Matheson Micronization Facility; and, the option of the lenders to convert the principal amount under Note 2 into common shares of GLK at a conversion price of $0.10. In addition, the convertible debenture holders have been issued a total of 2,334,078 warrants with each warrant exercisable into a common share of the Company at an exercise price of $0.10 per share until September 15, 2019. In addition the Company incurred costs of issue of $10,775 and issued 70,000 finder’s warrants, with each warrant exercisable into a common share of the Company at an exercise price of $0.10 per share for a period of two years. As at October 31, 2016, the Gross Overriding Royalty was assigned a fair value of $nil (2015 - $nil), given the inherent uncertainty of achieving commercial production.

6. CONVERTIBLE DEBENTURES (Continued)

ii) (Continued)

As the debenture was considered to be a compound financial instrument, the liability component and the equity components (the conversion right and the warrants) were presented separately, as determined at October 20, 2015 (date of issue), using the residual method. The liability component was determined by discounting the future stream of interest and principal repayments at the prevailing market rate of 32.5% for a comparable liability that does not have an associated equity component. The balance of $502,280 was allocated to the conversion option and warrants using their relative fair values and are included in shareholders' equity in the Company's statement of financial position. A deferred tax liability of $107,497 was recorded on the conversion option on the date of issue.

The debenture is being accreted to its face value at maturity over the term of the debt, plus accrued and unpaid interest by way of a charge to interest expense. The actual interest recorded for the year ended 31, 2016 was $78,634. The accretion attributed to the convertible debenture for the year ended October 31, 2016 was $53,589, for a total interest and accretion expense attributable to the convertible debenture, recognized during the year ended October 31, 2016 of $132,223. These amounts have been recognized on the Company's statement of loss and comprehensive loss for the year ended October 31, 2016

A summary of the above transaction is as follows:

Balance, October 31, 2014		$	-
Add:	present value of liability component on date of issue (October 20, 2015)		417,314
Add:	interest on face value accrued for the year ended October 31, 2015		1,701
Add:	accretion charges for the year ended October 31, 2015		2,386
Balance, liability component, October 31, 2015		$	421,401
Add:	accretion charges for the year ended October 31, 2016		53,589
Add:	interest on face value accrued for the year ended October 31, 2016		78,634
Balance, liability component, October 31, 2016		**$**	**553,624**

7. NOHFC LOAN FACILITY

On December 31, 2015, the Company received approval for financial assistance from the Northern Ontario Heritage Fund Corporation ("NOHFC") for an aggregate of $412,360 provided by way of:

a) a term loan of $288,652; and

b) a conditional contribution in an amount not to exceed $123,708

The total amount of the financial assistance may not exceed 50% of the actual eligible project costs related to the refurbishment of the Company's Matheson facility.

A General Security Agreement, ranking in first priority with respect to prior encumberances has been provided in favour of the NOHFC on all property, except consumer goods.

The term loan is pre-payable in whole or in part at any time, bearing interest at a rate of 3.7% per annum. The Company is required to make interest-only monthly payments on the outstanding principal balance of the loan until such time as the loan is fully drawn down, after which the Company is required to make 108 consecutive monthly blended payments of $3,146. As of October 31, 2016, the loan was not fully drawn down, with the final funding under the terms of the agreement occurring on February 15, 2017. Interest of $2,111 has been accrued for the period ended October 31, 2016. The loan facility has been discounted over the term of the loan at a market rate of 32%.

Loan facility - principal	$	288,652
Discount		(167,065)
Carrying amount		121,587
interest and accretion of balance		1,842
Balance, liability component, October 31, 2016	**$**	**123,429**

8. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common shares

Unlimited number of preferred shares, issuable in series and classes as may be determined by the Directors of the Company.

Unlimited number of special, non-voting shares, issuable in series and classes as may be determined by the Directors of the Company.

(b) ISSUED

	Shares		Amount
Balance - October 31, 2015	97,974,075	$	4,646,382
Issued for cash under unit private placements (i)(ii)	19,337,903		1,415,750
Fair value of warrants issued (i)(ii)	-		(225,022)
Share issue cost - cash (i)(ii)	-		(82,684)
Flow-through share premium	-		(42,097)
Issued on settlement of debt (iii)	250,000		15,000
Balance - October 31, 2016	**117,561,978**	**$**	**5,727,329**

	Shares		Amount
Balance - October 31, 2014	60,964,819	$	3,421,251
Issued for cash under unit private placements (iv)(v)	22,139,255		1,494,463
Fair value of warrants issued (iv)(v)	-		(979,784)
Issued on settlement of debt (vi)	2,600,000		130,000
Issued on settlement of severance obligation (viii)	2,000,000		180,000
Share issue cost - cash (iv)(v)	-		(108,600)
Share issue cost - finders warrants (iv)(v)	-		(61,198)
Issued for exploration and evaluation assets (vii)(ix)	10,270,001		570,250
Balance - October 31, 2015	**97,974,075**	**$**	**4,646,382**

(i) On December 29, 2015, the Company completed a private placement, issuing 3,253,570 flow-through units at a price of $0.07 per flow-through unit ("Flow-through unit") for gross proceeds of $227,750. Each Flow-through unit consists of one flow-through eligible common share and one common share purchase warrant (the "FT Warrant"); each FT Warrant entitles the holder to purchase one additional common share at a price of $0.10 for a period of 24 months after closing.

In connection with the private placement, the Company paid fees of $18,220 and issued 260,826 finders warrants exercisable for a period of 24 months from closing at $0.10 per finder warrant.

The fair value of the warrants issued in connection with this private placement were calculated using the Black-Scholes option pricing model with the following assumptions:

Share price	$ 0.09
Risk-free rate	0.43%
Expected volatility based on historical volatility	154,71%
Expected life of warrants	2 years
Expected dividend yield	0%
Fair value of 3,253,570 flow-through warrants issued	$103,669
Fair value of 260,826 finders warrants issued	$15,254

8. SHARE CAPITAL (Continued)

(ii) On June 24, 2016, the Company completed a private placement, issuing 8,419,333 flow-through shares at a price of $0.075 per flow-through unit ("Flow-through share") for gross proceeds of $631,450. Also on June 24, 2016, the Company completed two additional tranches of this private placement, issuing an aggregate of 4,505,000 non flow-through common shares and 3,160,000 non flow-through units ("Non Flow-through unit"). Each Non Flow-through unit consists of one common share and one common share purchase warrant (the "Warrant"); each Warrant entitles the holder to purchase one additional common share at a price of $0.10 for a period of 24 months after closing. Aggregate gross proceeds raised in connection with all three tranches of this financing was $1,168,000. As part of the financing, the Company recorded a flow-through premium of $42,097.

The fair value of the warrants and finders issued in connection with this private placement were calculated using the Black-Scholes option pricing model with the following assumptions:

Share price	$ 0.07
Risk-free rate	0.54%-0.57%
Expected volatility based on historical volatility	130.25%-153.39%
Expected life of warrants	2-3 years
Expected dividend yield	0%
Fair value of 3,160,000 warrants issued	$81,073
Fair value of 454,880 finders warrants issued	$25,055

In connection with the private placement, the Company paid fees of $64,464 and issued 454,880 finders warrants, with 406,880 exercisable for a period of 36 months from closing at $0.075 per finder warrant, and 48,000 exercisable for a period of 24 months from closing at $0.10 per finder warrant

(iii) On June 6, 2016, the Company issued 250,000 common shares with a fair value of $15,000, and paid USD$35,000 (CDN$45,905) in facilitation fees in connection with an equity financing agreement with Global Corporate Finance LLC through which up to USD$4,000,000 is being made available to the Company over a two year period. The facility is intended to provide access to working capital to fund operations of the Company. Aggregate facilitation fees paid during the period of $63,405 have been recognized as financing fees in the Company's statement of operations. As of July 31, 2016, the Company had not drawn upon the underlying facility.

iv) In November 2014, the Company completed a private placement and issued 7,750,000 flowthrough units at a price of $0.10 per unit for gross proceeds of $775,000. Each unit is composed of one flow-through common share of the Company and one common share purchase warrant. Each common share purchase warrant will entitle the holder to acquire one additional common share at an exercise price of $0.12 per share for a period of 24 months from the date of issuance.

In connection with the private placement, the Company paid a finder fee of $62,000 and issued 620,400 finders warrants with a fair value of $31,186. In addition, a work fee of $10,000 was paid with respect to the foregoing private placement.

The fair value of the 7,750,000 warrants issued in connection with this private placement were calculated using the Black-Scholes option pricing model with the following assumptions:

Share price	$ 0.07
Risk-free rate	1.035%
Expected volatility based on historical volatility	173.35%
Expected life of warrants	2 years
Expected dividend yield	0%
Fair value of warrants issued under private placement	$389,825
Fair value per warrant	$ 0.05

8. SHARE CAPITAL (CONTINUED)

v) On April 10, 2015, the Company completed a non-brokered private placement, issuing 6,689,255 units at a price of $0.05 per unit ("Unit") and 7,700,000 flow-through units ("Flow-through unit") at a price of $0.05 per unit for gross proceeds of $719,463. Each unit consists of one common share of the Company and one common share purchase warrant (the "Warrants"); each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 for a period of 24 months from the date of closing. Each Flow-through unit consists of one flow-through eligible common share and one common share purchase warrant (the "FT Warrant"); each FT Warrant entitles the holder to purchase one additional common share at a price of $0.10 for a period of 24 months after closing.

In connection with the private placement, the Company paid a finder fee of $36,600 and issued 732,000 finders warrants exercisable for a period of 24 months from closing at $0.10 per finders warrant.

The fair value of the warrants issued in connection with this private placement were calculated using the Black-Scholes option pricing model with the following assumptions:

Share price	$ 0.055
Risk-free rate	0.52%
Expected volatility based on historical volatility	183.93%
Expected life of warrants	2 years
Expected dividend yield	0%
Fair value of 6,689,255 warrants issued	$274,259
Fair value of 7,700,000 flow-through warrants issued	$315,700
Fair value of 732,000 finders warrants issued	$30,012
Fair value per warrant $ 0.0410	

vi) On February 12, 2015, the Company entered into a debt settlement agreement with Darioush Capital Corp. for an aggregate settlement amount of $130,000. The Company issued 2,600,000 common shares for settlement of the foregoing debt with a fair value of $130,000.

vii) During the year ended October 31, 2015, the company issued 10,000,001 common shares, ascribed a fair value of $550,000, in settlement of a property obligation pertaining to the Lochaber project.

viii) On July 15, 2015, the Company issued 2,000,000 common shares, ascribed a fair value of $180,000, and issued cash payments of $60,000 under the terms of accordance severance agreements for Paul Ankcorn, the Company's former Chief Financial Officer, and John Siriunas, the Company's former Vice President - Exploration.

ix) On July 28, 2015, the Company relinquished its option for the Summit-Graber property. In order to address the obligations under the agreement and to leave the joint venture property in good standing, the Company negotiated an agreement to leave the Joint Venture property in good standing through the issuance of 270,000 common shares in the capital of the Company, ascribed a fair value of $20,250.

9. STOCK OPTIONS

The shareholders have approved a Stock Option Plan (the “Plan”) that provides for the issue of up to 10% (the “Threshold) of the number of issued and outstanding common shares of the Company to eligible employees, directors, officers and consultants of the Company (“Participants”). The issuance of stock options may exceed the Threshold if the Company receives the permission of the stock exchange.

The Plan authorizes the granting of options to purchase common shares of the Company at a price that is not less than that permitted under the rules of any stock exchange or exchanges on which the Company’s shares are then listed. The vesting of options is determined by the board of directors, but cannot exceed a maximum term of 10 years.

The number of options granted to any one consultant in a twelve month period shall not exceed 2% of the total number of issued and outstanding common shares.

The aggregate number of common shares reserved for issuance to any one Participant of the Plan shall not exceed 5% of the total number of issued and outstanding common shares of the Company in any twelve month period unless the Company receives the permission of the stock exchange.

The aggregate number of options granted to persons employed to provide investor relations activities shall not exceed 2% of the total number of issued and outstanding Shares in any twelve month period.

The following table reflects the continuity of stock options for the year ended October 31, 2016 and 2015:

	Number of Stock Options Outstanding	Weighted Average Exercise Price
Balance - October 31, 2015	2,851,740	$ 0.11
Issued	4,700,000	$ 0.10
Expired/cancelled	(3,725,000)	$ 0.10
Balance - October 31, 2016	**3,826,740**	**$ 0.11**
Balance - October 31, 2014	4,534,094	$ 0.11
Expired/cancelled	(1,682,354)	$ 0.11
Balance - October 31, 2015	**2,851,740**	**$ 0.11**

(i) On January 26, 2016, the Company granted 4,700,000 incentive stock options to officers, directors and consultants of the Company. The options are exercisable at $0.10 per share, expire January 26, 2021, and vest immediately upon grant. The resulting fair value of $399,500 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 172.52%; a risk-free interest rate of 0.71% and an expected life of 5 years.

The following table reflects the stock options outstanding as at October 31, 2016:

Expiry Date	Exercise Price	Weighted Average Life Remaining	Options Outstanding
August 6, 2019	$ 0.12	2.76 years	1,100,000
May 16, 2019	0.10	2.54years	250,000
May 22, 2017	0.10	0.56 years	276,740
January 26, 2021	0.10	4.24 years	2,200,000
	$ 0.11	**3.44 years**	**3,826,740**

9. STOCK OPTIONS (Continued)

As at October 31, 2016, all of the 3,826,740 issued and outstanding stock options were fully vested and exercisable.

10. WARRANTS

The following table reflects the continuity of warrants for the year ended October 31, 2016 and 2015:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance - October 31, 2015	44,487,075	$ 0.12
Issued pursuant to private placements (Notes 8(i) and 8(ii))	6,413,570	$ 0.10
Finders warrants issued (Notes 8(i) and (ii))	715,706	$ 0.10
Expired	(16,716,742)	$ 0.13
Balance - October 31, 2016	**34,899,609**	**$ 0.11**
Balance - October 31, 2014	24,440,942	$ 0.12
Issued pursuant to financings (Notes 6, 8(iv) and 8(v))	26,348,333	$ 0.11
Finders warrants issued (Notes 6, 8(iv) and86(v))	1,422,000	$ 0.10
Expired	(7,724,200)	$ 0.10
Balance - October 31, 2015	**44,487,075**	**$ 0.12**

The following table reflects the warrants outstanding as at October 31, 2016:

Expiry Date	Exercise Price	Weighted Average Life Remaining	Warrants Outstanding
November 7, 2016	0.120	0.02 years	7,750,000
November 7, 2016	0.100	0.02 years	620,000
April 10, 2017	0.100	0.44 years	14,389,255
April 10, 2017	0.100	0.44 years	732,000
July 2, 2019	0.100	2.67 years	48,000
September 15, 2019	0.100	2.87 years	2,334,078
October 20, 2017	0.100	0.97 years	70,000
December 29, 2017	0.100	1.17 years	3,253,570
December 29, 2017	0.100	1.17 years	260,826
June 24, 2018	0.100	1.65 years	48,000
June 24, 2018	0.100	1.65 years	3,160,000
June 24, 2019	0.075	2.87 years	406,880
	$ 0.100	0.83 years	34,899,609

11. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of warrants and stock options, is the same as basic loss per share for the years ended October 31, 2016 and 2015, as it would be anti-dilutive.

12. RESTRICTED CASH

As of October 31, 2016, the Company is committed to spend $1,098,315 (2015 - $490,431), representing the remaining proceeds of flow-though share issuances resulting from private placements completed through fiscal 2015 and 2016. (see Note 15)

13. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the financial statements during the years ended October 31, 2016 and 2015:

For the year ended October 31,	**2016**	2015
Management fees charged by the former Chief Financial Officer	**$ -**	$ 35,000
Severance paid to the former Chief Financial Officer	**-**	120,000
Management fees charged by the current Chief Financial Officer	**24,000**	14,000
Management fees charged by a company controlled by the Chief Executive Officer	**120,000**	120,000
Consulting fees charged by the Chief Marketing Officer who is a Director	**84,000**	84,000
Geological consulting fees charged by a company controlled by the Sr. Vice-President who is also a Director	**8,000**	102,000
Consulting fees charged by a company controlled by the Chief Operating Officer	**49,800**	116,200
Consulting fees charged by a company controlled by the Senior Vice-President of Sales	**150,974**	144,692
Materials purchases from DNI Metals Inc. (Note 18(i))	**185,212**	27,643
	$ 621,986	$ 763,535

13. RELATED PARTY TRANSACTIONS (Continued)

As at October 31, 2016, accounts payable and accrued liabilities include $161,372 (2015 - $85,433) owing to related parties of the Company.

The Company's key management personnel has the authority and responsibility for planning, directing and controlling the activities of the Company and consists of its Directors, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Sr. VP of Sales. Total compensation paid to the Company's key management personnel during the year ended October 31, 2016 amounted to $436,774 (2015 - $735,892).

During the year ended October 31, 2016, the Company expensed $110,305 ($50,791) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. ("DSA"), together known as the "Marrelli Group" for:

(i) Robert D.B. Suttie, Vice President of Marrelli Support, to act as Chief Financial Officer ("CFO") of the Company, commencing June 1, 2015;
(ii) Bookkeeping and office support services;
(iii) Regulatory filing services
(iv) Corporate secretarial services

The Marrelli Group is also reimbursed for out of pocket expenses.

As of October 31, 2016, the Marrelli Group was owed $21,929 (2015 - $13,224). These amounts are included in accounts payable and accrued liabilities.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

14. CAPITAL MANAGEMENT

The Company considers its capital to include components of shareholders' equity, which is comprised of share capital, equity component of debt, units and shares to be issued, reserve for warrants, reserve for share-based payments, contributed surplus and deficit, which as at October 31, 2016 amounted to $1,452,522 (2014 – $2,474,781).

The Company's objectives in managing capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue investments and new projects of merit; and to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during 2016. The Company is not subject to externally imposed capital requirements other than flow-through expenditure requirements.

15. FLOW-THROUGH SHARE LIABILITY

As of October 31, 2016, the Company was committed to spend $631,450 in regards to the June 2016 flow-through private placement consisting of 8,419,333 flow through units at $0.075 per unit by December 31, 2017.

As of October 31, 2016, the Company was committed to spend a total of $522,750 in regards to the April 2015 flow-through private placement consisting of 7,700,000 flow through units at $0.05 and the December 2015 flow-through private placement consisting of 3,253,570 flow-through units at $0.07 per unit by December 31, 2016. As at December 31, 2016, the Company had an unspent amount of $466,865.

As of December 31, 2015, the Company had unspent flow-through amounts of $247,058. The Company has recorded an accrual of $164,294 for Part XII.6 tax, interest, penalties and potential indemnifications of shareholders.

There is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-bank Rule, in accordance with Canadian taxation authorities flow-through regulations. When applicable, this tax is accrued as Part XII.6 expense until paid.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview

The Company is engaged primarily in the mineral exploration field and accordingly it may be at risk for environmental issues and fluctuations in commodity pricing relating to the mineral extraction and exploration industry. The Company is subject to provincial and federal environmental regulations. Management has designed procedures and policies to provide for environmental compliance however, due to the diversity of environmental laws and regulations, compliance at all times cannot be assured.

Although management has taken steps to verify title on the properties on which it conducts exploration and in which it has an interest, these procedures may not guarantee the Company’s title. Property title may be at risk from unregistered prior agreements, unregistered claims, other land claims and noncompliance with regulatory and environmental requirements.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and funding risk
- Market risk

The Board of Directors approves and monitors the risk management processes.

Credit Risk

Credit risk is the risk of loss associated with counterparty’s inability to fulfill its payment obligations. The Company's exposure to credit risk is on its restricted cash, funds in trust, accounts receivable, and credit on duties receivable and unit subscription receivable. Restricted cash consists primarily of cash bank balances held with a Canadian chartered bank. Accounts receivable consists of funds owed to the company from graphite sales. The Company manages the credit exposure related to cash by holding its funds with reputable financial institutions, and closely managing its customer base. As of October 31, 2016, the Company’s maximum credit exposure amounts to $343,749 (2015 - $693,886).

Liquidity Risk

Liquidity and funding risk is the risk that the Company will not have sufficient capital to meet short-term operating requirements, after taking into account the Company’s holdings of restricted cash.

As at October 31, 2016, the Company had a working capital deficiency of $1,035,943 (2015 – working capital deficiency of $26,234). In the case of cash deficits arising from exploration commitments and general operating budgets, the Company will have to seek debt or equity financing. There is no assurance that such financing will be available on terms acceptable to the Company.

The Company determined that it will require additional capital in order to meet short-term business requirements, after taking into account the Company’s holdings of restricted cash. The Company is actively looking to raise cash funds from private placements. The Company’s restricted cash balance is invested in business accounts as of October 31, 2016.

Market risk – Market risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge their obligation.

Foreign currency risk – The Company has limited exposure to fluctuation in USD/CAD foreign exchange rates related to its purchase and sale of graphite and graphite products.

Interest rate risk – Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company’s financial instruments. The Company’s exposure to interest rate risk is limited due to the fixed rate nature of its financial instruments.

17. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% to the effective tax is as follows:

	2016	2015
Loss before recovery of income taxes	**$ (2,620,065)**	$ (2,431,735)
Expected income tax recovery	**(694,317)**	(644,410)
Adjustments resulting from:		
Other non-deductible items	**3,151**	21,629
Effect of flow-through renunciation	**72,440**	292,292
Non-deductible portion of meals and entertainment	**1,226**	621
Temporary differences not recorded	**617,500**	222,371
Income tax recovery reflected in the statement of operations	**$ -**	(107,497)

Deferred Income Taxes

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in repect of these items because it is not probable that future taxable profit will be available against which the Company and its subsidiary can utilize the benefits therefrom. Non-capital loss carry forwards expire as noted in the table below. Share issue costs will be fully amortized in 2020. The remaining deductible temporary differences may be carried forward indefinitely. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2016	2015
Non-capital losses carried forward	**$ 1,372,312**	$ 1,591,221
Leasehold improvements	**280,467**	-
Share issue costs	**112,376**	183,750
Mineral resource property	**(1,395,923)**	(1,273,516)
Convertible debenture	**(369,232)**	(501,455)
Net deferred income tax asset	**-**	-

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in Net Deferred Tax Liabilities

	2016	2015
Recognized in loss and comprehensive loss	**-**	107,497
Recognized in equity	**-**	(107,497)
	$ -	$ -

Unrecognized Deferred Tax Assets

	2016	2015
Non-capital losses	**$ 1,357,779**	$ 671,942
Share issue costs	**75,404**	72,063
	$ 1,433,183	$ 744,005

17. Income Taxes (Continued)

The Company's Canadian non-capital income tax losses expire as follows:

2025		2,183,276
2026	$	109,644
2027		57,816
2028		99,020
2029		119,232
2030		174,641
2031		209,631
2032		318,688
2033		413,425
2034		919,999
2035		2,007,994
2036		2,183,276
	$	6,613,366

18. COMMITMENTS AND CONTINGENCIES

i) On March 9, 2015, the Company entered into a graphite offtake agreement with DNI Metals Inc.; whereby, the Company intends on purchasing up to 500 metric tons in 2015; 3,500 metric tons in 2016; and 10,000 metric tons in 2016 through to 2019. The Company and DNI Metals Inc. have a common director and advisory board member. During the three months ended January 31, 2015, the Company advanced funds amounting to $31,780, in aggregate, to DNI Metals Inc. to assist DNI Metals Inc. in securing a graphite property located Brazil. The amounts advanced are interest free and due on demand. These amounts were fully repaid during the quarter ended April 30, 2015. The CEO of Great Lakes Graphite was a director of DNI Metals Inc until the third quarter of fiscal 2016.

ii) On March 11, 2015, the Company entered into a facilities use agreement with Northfil Resources Limited (“NRL”) for the use of the plant and certain equipment located at the plant owned by NRL on Vimy Ridge Road, Matheson, Ontario for the purpose of micronizing graphite (the “Agreement”).

The Agreement has a term commencing on March 11, 2015 and ending on December 31, 2019. The Company has the ability to extend the term of the Agreement by an additional five years by providing NRL notice prior to January 1, 2019.

In consideration for the use of the equipment and plant facilities, the Company is committed to pay the following usage and access fees:

(i) $15,000 payable on execution of the Agreement for the first year of the term of the Agreement. (paid)

(ii) $60,000 payable in monthly installments of $5,000 for the second year of the term of the Agreement.

(iii) $300,000 payable in monthly installments of $25,000 for the third year of the term of the Agreement; provided however, if the Company processes more than 5,660 tonnes of graphite feed material at the plant during such year, the Company shall pay NRL an additional usage and access fees equal to $53 for each such tonne processed in excess of the foregoing threshold. The additional fees are due 90 days following the end of the third term;

(iv) $500,000 payable in monthly installments of $41,667 for the fourth year of the term of the Agreement.; provided however, if the Company processes more than 9,434 tonnes of graphite feed material at the plant during such year, the Company shall pay NRL an additional usage and access fees equal to $53 for each such tonne processed in excess of the foregoing threshold. The additional fees are due 90 days following the end of the fourth term;

18. COMMITMENTS AND CONTINGENCIES (Continued)

ii) (Continued)

(v) $500,000 payable in monthly installments of $41,667 for the fifth year of the term of the Agreement.; provided however, if the Company processes more than 8,620 tonnes of graphite feed material at the plant during such year, the Company shall pay NRL an additional usage and access fees equal to $58 for each such tonne processed in excess of the foregoing threshold. The additional fees are due 90 days following the end of the fourth year of the term;

The total lease payments of the agreement have been expensed monthly over the life of the lease.

The Company also agreed to make a minimum of $750,000 in capital improvements and refurbishments with respect to the plant facilities and equipment to be completed by no later than December 31, 2016. In addition, the Company is committed to pay all operating and maintenance costs associated with the plant facilities and equipment over the term of the Agreement. Costs incurred with respect to refurbishment are recorded as additions to leasehold improvements on the Company's statement of financial position, and will be subject to depreciation once production has commenced. As at October 31, 2016, $794,962 in refurbishment costs had been incurred, net of grants and recoveries. Once complete, the leasehold improvement costs incurred will be amortized on a straight line basis, over the term of the underlying lease.

iii) In September 2015 the Company was advised of a financial contribution of up to $30,000 from the National Research Council of Canada Industrial Research Assistance Program (NRC-IRAP) to help support graphite purification research and development at Process Research ORTECH, located in Mississauga, Ontario. In January 2016, the Company received $9,751, net of $6,000 in grant issuance costs, of the proceeds associated with this financial contribution.

iv) The Company has been named as a defendant, along with Mike Coscia and Jerry Janik in a claim filed in the Ontario Superior Court in May 2015, and amended in September 2015, whereby Ontario Graphite Limited ("OGL") seeks from the Company damages of $1,000,000, punitive and exemplary damages of $1,000,000 and disgorgement of profits from the Company. OGL alleges that, in relation to the OGL's position that Mike Coscia and Jerry Janik breached certain non-solicitation, non-competition, and confidentiality clauses of their employment agreements with their former employer, OGL.

On February 19, 2016, the Ontario Superior Court of Justice (the "Court") released its decision regarding certain interlocutory injunctive relief that had been requested by Ontario Graphite Ltd. ("OGL") in its legal action against Mike Coscia, Jerry Janik and the Company. The legal claim was brought by OGL based on, among other things, non-compete agreements that existed with Mike Coscia and Jerry Janik when they were employed in management positions with OGL. In its decision, the Court found that the Company and OGL are competitors and thus granted injunctive relief with respect to Mr. Coscia and Mr. Janik's involvement with the Company. Specifically, the Court ordered that Mike Coscia, the Senior Vice President of Sales of the Company’s Innovations division, not work for the Company for six (6) months and that Jerry Janik, the COO of the Company’s Innovations division, not work for the Company for one (1) year. No injunction was granted against the Company prohibiting its activities at the Matheson facility and the Company is therefore allowed to continue all of its activities at the Matheson Micronization Facility. This is a provisional order only, and not finally decisive of the case. The Company believes this case is without merit, and continues to vigorously defend the action of which the order is part. The Company has recorded a $175,000 provision for costs associated with this action.

19. SUBSEQUENT EVENTS

On November 7 2016, 8,370,000 warrants with exercise prices ranging from $0.10 to $0.12 expired without exercise.

On January 17, 2017, the Company issued 5,685,000 options, exercisable at $0.08 and expiring Jan 17, 2022.

On November 24, 2016, the Company closed the non-brokered private placement consisting of an offering of 5,882,352 Flow-through shares at a price of $0.085 per share, for gross proceeds of $500,000. A finder's fee of $40,000, equal to a cash commission of 8% of the aggregate gross proceeds from the Shares sold was paid to the finder, in addition to 470,588 finder's warrants (the "Finder's Warrants"). The Finder was also paid a $5,000 settlement fee. Each Finder's Warrant will entitle the holder to purchase one additional Great Lakes common share at a price of $0.085 for a period of twenty-four (24) months after the closing of the Offering. All securities issued by the Offering will be subject to a hold period of four months plus one day.