SRG MINING

(formerly SRG Graphite Inc.)

Interim Condensed Consolidated Financial Statements
(“Financial Statements”)

For the three-month and nine-month periods ended September 30, 2019 and 2018

(Expressed in Canadian dollars)
(Unaudited)

TSX-V: SRG

NOTICE TO READER

The accompanying unaudited Financial Statements of SRG Mining Inc. (formerly SRG Graphite Inc.) (the "Company") for the three-month and nine-month periods ended on September 30, 2019 and 2018 have been prepared by the management and are its responsibility. These unaudited Financial Statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's Board of Directors. These unaudited Financial Statements have not been reviewed by the Company's auditors.

SRG MINING INC. (formerly SRG Graphite Inc.)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2019 and December 31, 2018 **(Unaudited - in Canadian dollars)**

	Notes	September 30, 2019	Adjusted - See Note 3 December 31, 2018
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		427,261	4,524,482
Sales taxes and other receivables		154,579	203,552
Prepaid expenses and deposits		159,541	463,118
		741,381	5,191,152
Non-current assets			
Property and equipment		1,021,190	934,321
		1,021,190	934,321
Total assets		1,762,571	6,125,473
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,835,285	1,739,049
Short-term portion of lease liability	6	100,875	-
Short-term loan	7	724,411	-
Convertible debenture host	8	952,323	
Convertile debenture derivative	8	182,119	
Interest payable on convertible debenture		19,534	
Due to a related company, without interest, due on demand		-	63,190
Total current liabilities		3,814,547	1,802,239
Long-term portion of lease liability	6	120,524	-
Total liabilities		3,935,071	1,802,239
SHAREHOLDERS' EQUITY			
Capital	9	17,061,734	17,061,734
Contributed surplus	10	6,434,781	4,647,663
Deficit		(25,669,014)	(17,386,163)
Total shareholders' equity		(2,172,500)	4,323,234
Total liabilities and shareholders' equity		1,762,571	6,125,473

Nature of operations and going concern (Note 1)
Subsequent events (Note 17)

On behalf of the Board of Directors,

Signed: "Benoit La Salle" , Director

Signed: "Yves Grou" , Director

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three-month and nine-month periods ended on September 30, 2019 and 2018 **(unaudited - in Canadian dollars)**

	Notes	September 30, 2019 (3 months)	Adjusted - see Note 3 September 30, 2018 (3 months)	September 30, 2019 (9 months)	Adjusted - see Note 3 September 30, 2018 (9 months)
		$	$	$	$
Expenses					
Exploration and evaluation	4	862,403	1,626,769	4,526,149	4,382,933
General and administrative	5	663,035	919,242	2,649,626	2,326,452
Graphite production for customers and tests		55,625	5,924	505,146	96,774
		1,581,063	2,551,934	7,680,921	6,806,158
Other expenses (income)					
Change in fair value of embedded derivative		(242,321)	-	(242,321)	-
Interest revenue		(704)	(26,985)	(14,974)	(45,189)
Interest expense		97,613	-	114,730	-
Foreign exchange loss		84,435	5,538	22,395	13,105
Total other expenses (income)		(60,977)	(21,447)	(120,170)	(32,084)
Net loss and comprehensive loss for the period		1,520,086	2,530,487	7,560,751	6,774,074
Net loss per common share, basic and diluted		0.02	0.04	0.11	0.10
Weighted average number of common shares outstanding		69,422,152	69,386,282	69,422,152	65,266,599

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

SRG MINING INC. (formerly SRG Graphite Inc.)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine-month periods ended on September 30, 2019 and 2018 **(unaudited - in Canadian dollars)**

	Notes	Capital		Contributed surplus	Deficit	Total
		Number	$	$	$	$
Balance on January 1st, 2018		61,279,719	7,044,172	3,050,139	(7,102,493)	2,991,818
Issuance of units as part of a public offering		6,134,100	8,747,760	453,390	-	9,201,150
Issuance of units as part of a private placement		1,333,333	1,946,667	53,333	-	2,000,000
Share issuance costs			(1,218,259)	167,123	-	(1,051,136)
Exercise of stock options	9 and 10	625,000	485,288	(225,412)	-	259,876
Stock-based compensation	10	-	-	771,500	-	771,500
Net loss and comprehensive loss		-	-	-	(6,774,074)	(6,774,074)
Balance on September 30, 2018		69,372,152	17,005,628	4,270,073	(13,876,567)	7,399,134
Balance on January 1st, 2019		69,422,152	17,061,734	4,647,663	(17,386,163)	4,323,234
Net loss and comprehensive loss		-	-	-	(7,560,751)	(7,560,751)
Modification of warrant terms	9	-	-	722,100	(722,100)	-
Stock-based compensation	10	-	-	1,065,018	-	1,065,018
Balance on September 30, 2019		69,422,152	17,061,734	6,434,781	(25,669,014)	(2,172,500)

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

SRG MINING INC. (formerly SRG Graphite Inc.)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine-month periods ended on September 30, 2019 and 2018 **(Unaudited - in Canadian dollars)**

	Notes	September 30, 2019	Adjusted - See Note 3 September 30, 2018
		$	$
CASH PROVIDED FROM (USED FOR):			
OPERATING ACTIVITIES			
Net loss for the period		(7,560,751)	(6,774,074)
Items not affecting cash			
Depreciation		222,394	34,016
Accreted interest on lease liability	6	16,034	-
Foreign exchange on lease liability	6	(4,408)	-
Interest on loan	7	24,411	-
Foreign Exchange on convertible debenture	8	4,445	-
Interest on convertible debenture	8	19,534	-
Theoretical interest on convertible debentu	8	46,411	-
Change in fair value of embedded derivative	8	(242,321)	
Stock-based compensation	9	1,065,018	771,500
		(6,409,232)	(5,968,558)
Change in non-cash working capital items			
Accounts receivable		-	(35,321)
Sales taxes receivable		48,973	(218,487)
Prepaid expenses and deposits		303,577	(348,218)
Accounts payables and accrued liabilities		96,236	585,335
		448,786	(16,691)
		(5,960,446)	(5,985,249)
INVESTING ACTIVITIES			
Deposits on property and equipment		-	110,078
Property and equipment additions		(12,947)	(810,952)
		(12,947)	(700,874)
FINANCING ACTIVITIES			
Payment of lease liability	6	(86,544)	-
Issuance of common shares	9	-	11,201,150
Share issuance costs		-	(1,050,462)
Exercise of stock options	9 and 10	-	259,876
Due to a related company		(63,190)	167,871
Issuance of convertible debenture	8	1,325,907	-
Short-term loan		700,000	-
		1,876,173	10,578,435
Increase (decrease) in cash during the period		(4,097,221)	3,892,312
Cash and cash equivalents, beginning of period		4,524,482	3,251,456
Cash and cash equivalents, end of period		427,261	7,143,768

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

1. NATURE OF OPERATIONS AND GOING CONCERN ASSUMPTION

SRG Mining Inc. ("SRG" or the "Company") (formerly SRG Graphite Inc.) is a Canadian-based mineral exploration and development business with activities in Africa. The Company was incorporated on April 16, 1996 under the *Canada Business Corporations Act*. The Company's common shares are listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "SRG.V". The Company's principal office is located at #132 – 1320 Graham Blvd., Mont-Royal, Quebec, Canada, H3P 3C8.

These Financial Statements were authorized for publication by the Board of Directors on November 28, 2019.

The Company's mining properties are located in the Republic of Guinea ("Guinea"), Africa, and hence are subject to the risks normally associated with unanticipated changes in taxes and royalties, renegotiation of contracts, foreign currency fluctuations and political uncertainties.

Going concern uncertainty

These consolidated financial statements have been prepared on a going concern basis, which presumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its evaluation and development activities. The Company has incurred a net loss and comprehensive loss for the period ended September 30, 2019 of $7,560,751 (September 30, 2018 – $6,774,074) and has an accumulated deficit of $25,669,014 (December 31, 2018 – $17,386,163). In addition, the Company had working capital of $(3,073,166) as at September 30, 2019 (December 31, 2018 – $3,388,913), including cash and cash equivalents of $427,261 (December 31, 2018 – $4,524,482). To date, the Company has financed its cash requirements primarily by issuing common shares, units or by borrowing money. The Company's ability to continue as a going concern is subject to its ability to raise additional financing or reduce its expenditure levels. The Company's discretionary activities do have some scope for flexibility in terms of the amount and timing of expenditures, and to a certain extent, expenditures may be adjusted accordingly. Based on the extent of the Company's current plan and anticipated expenditures, the Company will need to raise additional financing within the next 3 months to complete the evaluation and development of the Lola Graphite Property.

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, 12 months from the end of the reporting period. Management has assessed its liquidity needs and estimates that these funds will not be sufficient to meet its obligations, budgeted expenditures and commitments for the next 12 months. Based on the extent of the Company's current stage and anticipated plan, it will need to raise additional financing, which cast significant doubt on its ability to continue as a going concern. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to it.

If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements.

These Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The Company's unaudited Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board "IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

The unaudited Financial Statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2018.

The preparation of condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Companys accounting policies.

The Company has consistently applied the same accounting policies throughout all the periods presented in these unaudited Financial Statements, except for the new accounting standards and the new accounting policy adopted (Note 3).

The Company reviewed the classification of its expenses in the unaudited interim condensed consolidated statement of loss and comprehensive loss. Management believes that this new classification provides a clearer picture of the Company's operations. Comparative periods have been presented accordingly (Note 3). There is no other effect of this change in presentation. Refer to Note 4 for the desagregated amounts by nature of expenses.

(b) Basis of measurement

These Financial Statements have been prepared on a historical cost basis. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Basis of consolidation

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all companies over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Intercompany transactions and balances are eliminated upon consolidation. They are deconsolidated from the date that control by the Company ceases.

The subsidiaries of the Company, all of which are wholly owned, are as follows:

Subsidiaries	**Jurisdiction of incorporation**
SRG Guinée SARL ("SRG Guinée")	Guinea
SRG Graphite International Inc. ("SRG Intl")	Cayman Islands

3. CHANGE IN ACCOUNTING POLICIES

(a) E&E

The Company had historically capitalized expenditures on E&E activities after they had reached a certain stage in accordance with IFRS 6, *Exploration and Evaluation of Mineral Resources*.

During the fiscal year ended December 31, 2018, the Company adopted a voluntary change in accounting policy with respect to E&E expenses. The Company's new policy is to expense E&E expenses in the consolidated statement of loss until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives the Board of Directors' approval.

The Company has determined that such a voluntary change in accounting policy results in consolidated financial statements providing reliable and more relevant information and that it brings the Company in line with a similar accounting policy adopted by its peers. This change has been applied to all of the Company's E&E activities on all properties.

The Company has also regrouped in the consolidated statement of loss and comprehensive loss the line items comprising general and administrative expenses.

In accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the changes in accounting policies have been made retrospectively and the comparatives have been adjusted accordingly to all periods presented, as if the policy had always been applied.

The following tables summarize the impact of the change in accounting policy on affected line items within the Company's consolidated statements of loss and comprehensive loss and cash flows, respectively for the nine months period ended September 30, 2018:

(Unaudited - in Canadian dollars)

Consolidated statements of loss and comprehensive loss:

As previously reported **Nine months ended September 30, 2018**	**As previously reported** **$**	**Reclassification** **$**	**Before adjustment** **$**	**Adjustment** **$**	**Adjusted** **$**
Expenses:					
Exploration and evaluation	-	-		4,382,933	4,382,933
General and adminstrative	-	2,326,452	2,326,452	-	2,326,452
Graphite production for customers and tests	-	96,774	96,774	-	96,774
	-	2,423,226	2,423,226	4,382,933	6,806,158
Operating expenses:					
Salaries and benefits	436,691	(436,691)	-	-	-
Consulting fees	367,009	(367,009)	-	-	-
Travel and representation	289,443	(289,443)	-	-	-
General and office expenses	337,573	(337,573)	-	-	-
Graphite production for customers and tests	96,774	(96,774)			
Professional fees	257,145	(257,145)	-	-	-
Investor relation fees	46,000	(46,000)	-	-	-
Transfert agent and filing fees	43,390	(43,390)	-	-	-
Shareholders' information	12,144	(12,144)	-	-	-
Depreciation	3,737	(3,737)	-	-	-
Stock based compensation	533,250	(533,250)	-	-	-
Total operating expenses	**2,423,226**	**(2,423,226)**	-	-	-

Consolidated statements of cash flows:

CASH PROVIDED FROM (USED FOR): **Nine months ended September 30, 2018**	**As previously reported** **$**	**Adjustment** **$**	**Adjusted** **$**
Operating activities			
Net loss for the year	(2,391,142)	(4,382,933)	(6,774,074)
Items not affecting cash			
Depreciation	3,737	30,279	34,016
Stock-based compensation	533,350	238,150	771,500
Change in non-cash working capital items			
Accounts payable and accrued liabilities	278,277	307,058	585,335
Investing activities			
Exploration and evaluation expenditures	(3,807,446)	3,807,446	-

(b) Convertible debenture

Financial liability with embedded foreign exchange derivative liability is separated in two components: the derivative liability and the host liability. The embedded foreign exchange derivative liability is determined first, and the residual value is assigned to the debt host liability. On recognition, the derivative liability is measured at fair value using Black & Scholes. Subsequently, the foreign exchange derivative liability is measured at fair value with changes recognised in the statement of comprehensive loss. The debt liability is translated at the exchange rate at the reporting date. The effects of changes in foreign exchange rates with differences recognised in the statement of comprehensive loss. Interest expense, calculated on an effective rate method, is translated at the average rate for the period.

(c) Impact of adoption of new accounting standards that have been applied starting January 1, 2019

Overview of IFRS 16 Leases

The Company has adopted IFRS 16 *Leases* as of January 1, 2019 using the modified retrospective application method and has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing standard are therefore reflected as of January 1, 2019.

The Company leases real estate properties. Lease contracts are typically made for fixed periods of one to six years but may have extension options. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants on the Company and leased assets are not used as security for borrowing purposes.

Until the end of 2018, leases of property were classified as operating leases. Payments made under operating leases were charged to the Consolidated Statements of Profit and Comprehensive Profit on a straight-line basis over the period of the lease.

Effects of Adoption of IFRS 16

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the individual lease, if the rate could be readily determined, or the Company's incremental borrowing rates, if the rate could not be readily determined, as of January 1, 2019. According to IFRS 16, each lease payment is allocated between the lease liability and finance cost. The finance cost, or amortization of the discount, on the lease lability is charged to the Consolidated Statements of Profit and Comprehensive Profit using the effective interest method so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

The Company has considered the net present value of the following lease payments in the calculation of the lease liability on January 1, 2019:

• Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• Where a lease contains an extension option, the lease payments for the extension period were included in the calculation of the lease liability if the Company was reasonably certain that it would exercise the option; and

(Unaudited - in Canadian dollars)

• Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The weighted average discount rate applied to the lease liabilities on January 1, 2019 was 8.8%.

No adjustments were required upon adoption of IFRS 16 for finance leases as the Company did not have any leases previously classified as such as of December 31, 2018.

The effects of adoption of IFRS 16 as reflected on January 1, 2019 were to recognize a lease liability of $296,316 The short and long-term lease liabilities as at September 30, 2019 and upon adoption of IFRS 16 on January 1, 2019 are shown in the table below:

	Balance at September 30, 2019 $	**Balance at January 1, 2019 $**
Short-term portion of lease liability	100,875	133,305
Long-term portion of lease liability	120,524	163,011
Total lease liability	**221,399**	**296,316**

As shown in the table above, the total lease liability recognized as at January 1, 2019 was $296,316. The right-of-use assets were measured at an amount equal to the lease liability.

As shown in Note 6, the right-of-use assets are now shown as part of Property and equipment in the Consolidated Statements of Financial Position. Depreciation of right-of use assets are now included within general and administrative and exploration and evaluation expenses on the Consolidated Statements of Loss and Comprehensive Loss. The right-of-use asset is depreciated over the the lease term on a straight-line basis. Depreciation of right-of use assets are now included within the Accreted interest on lease liability in the Operating activities section of the Consolidated Statements of Cash Flows.

The right-of-use assets relate to the following types of assets:

	Balance at September 30, 2019 $	**Balance at January 1, 2019 $**
Real estate properties	222,630	296,316
Total right-of-use assets	**222,630**	**296,316**

As shown in Note 6, leases are now included within current and long-term liabilities in the Consolidated Statements of Financial Position. Interest expense on lease liabilities are now included within Interest expense on the Consolidated Statements of Loss and Comprehensive Loss. Cash payments for the interest and principal portions of lease liabilities are shown as cash flows from financing activities in the Consolidated Statements of Cash Flows.

(Unaudited - in Canadian dollars)

The effects of adoption of IFRS 16 by segments, as reflected on January 1, 2019 are shown in the table below:

Segments	**SRG Guinée**	**SRG**	**Total**
Right-of-use assets	104,711	191,605	296,316
Lease liabilities	(104,711)	(191,605)	296,316

Until the end of 2018, payments made under operating leases were charged to the Consolidated Statements of Loss and Comprehensive Loss on a straight-line basis over the period of the lease and thus operating lease payments were fully included in calculations of earnings per share. On adoption of IFRS 16, only depreciation charged from right-of-use assets and interest expense on lease liabilities are now included in the Consolidated Statements of Loss and Comprehensive Loss; and therefore, included in calculations of basic and diluted earnings per share. Principal portions of lease payments are not included in the Consolidated Statements of Loss and Comprehensive Loss and are instead applied against the lease liability in the Consolidated Statements of Financial Position.

Short-term lease payments and payments for leases of low-value assets are not included in the measurement of lease liabilities and are not shown in the Consolidated Statements of Financial Position in accordance with IFRS 16. These payments are shown within Exploration and evaluation or General and administrative expenses within the Consolidated Statements of Loss and Comprehensive Loss and also within the Operating activities section of the Consolidated Statements of Cash Flows. The net increase/decrease in cash and cash equivalents did not change as a result of adoption of IFRS 16.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has considered the following practical expedients permitted by the standard:

• The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
• The accounting for operating leases with a remaining term of less than 12 months as at January 1, 2019 as short-term leases;
• The exclusion of low value leases (i.e. those with a value of less than US$5,000);
• The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
• The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The significant judgments, estimates, and assumptions made by management applied in the preparation of these financial statements, specifically as they relate to IFRS 16 *Leases,* primarily included evaluating the appropriate discount rate to use to discount the lease liability for each lease or groups of assets covered under leases, as well as determining the lease term, when the lease contained an extension option, and assessing if the Company was reasonably certain that it would exercise the extension option. Significant judgments, estimates, and assumptions over both of these factors would affect the present value of the lease liabilities upon adoption of the new accounting standard, as well as the associated value of the right-of-use assets.

(Unaudited - in Canadian dollars)

IFRIC 23 - Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on the accounting for curret and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The adoption of IFRIC 23 did not have a material impact on the financial statements.

(d) Accounting standards and interpretations issued but not yet adopted

IAS 1 – Presentation of Financial Statements

Presentation of Financial Statements, has been revised to incorporate a new definition of "material" and IAS 8 has been revised to refer to this new definition in IAS1. The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted. The Company is evaluating the impact of the adoption of these amendments on its consolidated financial statements.

4. EXPLORATION AND EVALUATION EXPENSES

The Company has two projects currently under evaluation which are named Lola and Gogota; they are so named as the prospective deposits are close to the Guineaian communities of Lola and Gogota.

On August 10, 2018, the Government of Guinea awarded SRG Guinée, through ministerial order N°A2018/5349/MMG/SGG, the Lola Graphite research permit for a final two-year period, and, as per the legislation, the surface area was reduced to 94.38 square kilometers (from 187 square kilometers). SRG Guinée has agreed to complete an exploration program of US$4,532,445 (approximately $6,001,808) by August 9, 2020, of which US$443,189 ($739,156) has not yet been spent.

On March 22, 2019, the Company received its Environmental Conformity Certificate for the Lola Graphite Property from the Government of Guinea. This certificate is the only environmental and social permit required to move forward with the construction of the project on the property.

On March 22, 2019, the Company submitted its application for a mining licence for the Lola project, which approval is necessary to start the construction of the mine. The Company is waiting for the Government of Guinea to officially provide the mining license to the Company. See Note 17.

On May 15, 2018, the Company filed for a new research permit for the Gogota property. The Company is waiting for the Government of Guinea to officially provide the research permit to the Company. The Gogota permit was initially part of the 187 square kilometers of the Lola Graphite permit.

Lola Graphite Property	**September 30, 2019** **$**	**(Adjusted)** **September 30, 2018** **$**
Geology and prospecting	302,911	231,044
Geophysics	-	392,768
Geochemistry	17,725	310,872
Drilling	2,233	1,869,936
Camp operations, field supplies and other expenses	653,917	411,707
Engineering study	1,793,053	319,014
Technical consulting services	22,536	6,719
Assaying	12,271	-

(Unaudited - in Canadian dollars)

Metallurgical tests	636,520	94,959
Environmental study	421,891	139,194
Topography	2,560	33,181
Stock-based compensation	191,785	238,150
Salaries and wages	292,922	193,830
Amortization	113,028	-
Amortization right-of-use	14,158	-
Total Lola Graphite Property	**4,477,510**	**4,241,374**

Gogota Property	**September 30, 2019**	**(Adjusted) September 30, 2018**
	$	**$**
Geology and prospecting	-	41,591
Geochemistry	-	75,248
Camp operations, field supplies and other expenes	-	3,747
Technical consulting services	1,950	-
Metallurgical tests	46,689	-
Engineering study	-	18,256
Total Gogota Property	**48,639**	**141,559**
Total E&E expenses	**4,526,149**	**4,382,933**

5. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of expenditures required to administer the business but which are not directly linked to the sale of goods, the provision of services, and to the carrying out of construction or E&E activities.

	September 30, 2019	**(Adjusted) September 30, 2018**
	$	**$**
Operating expenses		
Salaries and benefits	779,985	436,691
Consulting fees	148,417	367,009
Travel and representation	179,278	289,443
General and office expenses	241,527	337,573
Professional fees	187,253	257,145
Investor relation fees	89,041	46,000
Transfer agent and filling fees	54,968	43,390
Shareholder information	716	12,114
Stock-based compensation	873,233	533,350
Amortization	35,680	3,737
Amortization right-of-use	59,528	-
Total general and administrative expenses	**2,649,626**	**2,326,452**

(Unaudited - in Canadian dollars)

6. LEASE LIABILITIES

	September 30, 2019 $	December 31, 2018 $
Balance at inception (1/1/2019)	296,316	
Lease payments	(86,544)	-
Accreted interest	16,034	-
Foreign exchange gain	(4,408)	-
Balance, end of period	**221,399**	**-**

As noted in Note 3b, the Company adopted IFRS 16 Leases on January 1, 2019. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments as of January 1, 2019, discounted using the interest rate implicit in the individual lease if the rate could be readily determined, or the Company's incremental borrowing rates, if the rate could not be readily determined. The weighted average discount rate applied to the lease liability on January 1, 2019 was 8.8%. Lease liabilities are now included within current and long-term liabilities in the Consolidated Statements of Financial Position. The finance cost or amortization of the discount on the lease liability is charged to the Consolidated Statements of Loss and Comprehensive Loss using the effective interest method.

The following table is a summary of the carrying amounts of the Company's lease liabilities measured at the present value of the remaining lease payments that are recognized in the Consolidated Statements of Financial Position as of:

	September 30, 2019 $	January 1, 2019 $
Short-term portion of lease liability	100,875	-
Long-term portion of lease liability	120,524	-
Total lease liability	**221,399**	**-**

The table below analyzes the Company's lease liabilities into relevant contractual maturity date groupings based on the remaining period at the Consolidated Statements of Financial Position date to the contractual maturity date of the lease. The amounts shown in the table below are the contractual undiscounted cash flows related to lease liabilities.

Maturity analysis – contractual undiscounted cash flows	**September 30, 2019**
Less than one year	$104,621
One to two years	$108,941
Two to three years	$29,072
More than three years	-
Total undiscounted lease liabilities at September 30, 2019	**$242,633**
Effect of discounting	$(21,234)
Total lease liabilities at September 30, 2019	**$221,399**
Current	$100,875
Non-current	$120,524

(Unaudited - in Canadian dollars)

The difference between the total contractual undiscounted cash flows related to lease payments to lessors and the carrying amount of the lease liability is the amortization of the discount related to the lease liability.

7. LOAN PAYABLE

On June 18, 2019, the Company received a bridge loan of $1,000,000 from Sama Resources Inc. ("SRI"), a related company, to fund the immediate cash requirements of the Company. The loan bears interest at 10% per annum and is repayable in 12 months. As at September 30, 2019, $724,411 remains unpaid including an interest charge of $24,411.

8. CONVERTIBLE DEBENTURE

On August 7, 2019, SRG entered into a Convertible Debt Agreement ("Debt Agreement") with SRI whereby SRI makes available to SRG a credit facility of up to US$5,000,000, bearing a 10% per annum interest rate which will be repayable in 12 months in cash or shares with a conversion price of $0.91 per SRG share at the election of SRI. A tranche of US$1,000,000 has been received on the date of the signature. SRI who owns 22,998,267 common shares of SRG, entered into a Share Purchase Agreement to sell 8,300,000 of its SRG shares to a US-based partner for an aggregate purchase price of US$5,000,000 (the "Sale"). As at September 30, 2019, SRI has sold 1,660,000 of its SRG shares. The Sale shall occur in five equal, monthly tranches and is expected to fully close by December 15, 2019.

On initial recognition, the value of the embedded derivative was determined using Black & Scholes valuation model on the following assumptions:

Stock price at the time of issuance	$0.91
Exercise price	$0.91
Expected life	1 year
Expected volatility	80.80%
Risk-free interest	1.40%

As at September 30, 2019, the embedded foreign exchange derivative liability has been fair valued at $182,119 and the residual value of $952,323 has been assigned to the debt host liability. A change in fair value of the embedded foreign exchange derivative liability between the initial recognition date and September 30, 2019 has generated a gain of $242,321 for the period.

9. SHARE CAPITAL

2018

During the first quarter ended March 31, 2018, a total of 125,000 stock options were exercised at a price of $0.365 per stock option and 100,000 stock options were exercised at a price of $0.50 per stock option for total proceeds of $95,625.

During the second quarter ended June 30, 2018, a total of 400,000 stock options were exercised at a price of $0.365 per stock option for total proceeds of $146,000.

During the third quarter ended September 30, 2018, a total of 50,000 stock options were exercised at a price of $0.365 per stock option for total proceeds of $18,250.

On May 18, 2018, the Company closed its marketed public offering by issuing 5,334,000 units of the Company at a price of $1.50 per unit for gross proceeds of $8,001,000. Each unit comprises one common share of the Company and one common share purchase warrant of the Company. Each warrant will entitle the holder thereof to acquire one additional common share of the Company at an exercise price of $2.30 per common share at any time for a period of 12 months. Based on the residual method, a fair value of $213,360 was allocated to the warrants.

In connection with the offering, the Company paid to the underwriters a cash fee of $480,060 and issued 320,040 broker warrants, with each such broker warrant entitling the holder thereof to acquire one common share of the Company at an exercise price of $1.50 for a period of 12 months. The fair value of the 320,040 broker warrants was estimated at $152,350 using the Black & Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 84.80%, risk free rate of return 1.99%, share price of $1.46 and expected maturity of one (1) year.

In addition, the Company has completed a concurrent non-brokered private placement with Coris Capital SA ("Coris"), pursuant to which Coris subscribed for 1,333,333 units of the Company, which were issued on the same terms and conditions as those issued under the marketed public offering, for gross proceeds of $2,000,000. Based on the residual method, a fair value of $53,333 was allocated to the warrants.

On June 15, 2018, the Company has fully exercised the overallotment option granted under the marketed public offering by issuing 800,100 additional units at a price of $1.50 per unit for additional gross proceeds of $1,200,150. Each unit comprises one common share of the Company and one common share purchase warrant of the Company. Each warrant will entitle the holder thereof to acquire one additional common share of the Company at an exercise price of $2.30 per common share at any time for a period of 12 months following the closing if the marketed public offering. Based on the residual method, a fair value of $240,030 was allocated to the warrants.

In connection with the overallotment option, the Company paid to the underwriters a cash fee of $72,009 and issued 48,006 broker warrants, with each such broker warrant entitling the holder thereof to acquire one common share of the Company at an exercise price of $1.50 for a period of 12 months. The fair value of the 48,006 broker warrants was estimated at $14,773 using the Black & Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 83.30%, risk free rate of return 1.88%, share price of $1.20 and expected maturity of 1 year.

As part of the marketed public offering, the private placement and the overallotment option, the Company paid a total of $499,068 in legal fees, filings fees and other fees.

2019

During the first nine-month period ended September 30, 2019, there was no change to the share capital of the Company.

Warrants

The following table shows the changes in warrants:

(Unaudited - in Canadian dollars)

	Number of warrants	September 30, 2019 Weighted average exercice price $	Number of warrants	December 31, 2018 Weighted average exercice price $
Outstanding, beginning of period	8,592,433	1.11	1,125,000	0.50
Issued	-	-	7,835,479	2.26
Exercised	-	-	-	-
Outstanding and exercisable, end of period	8,592,433	1.11	8,960,479	2.04

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

	2019	
Expiry date	Exercise price $	Number of warrants outstanding
October 24, 2019	0.50	1,125,000
March 20, 2020	1.20	7,467,433
		8,592,433

On May 17, 2019, a total of 7,467,433 Warrants with an exercise price of $2.30 that were scheduled to expire on May 18, 2019 have been amended. The term has been extended to 4:00 p.m. (Montreal time) on March 30, 2020. The exercise price of the Warrants has been amended to $1.20.

The amended Warrants are subject to an accelerated expiry date which will be reduced to 30 days, if, for any ten consecutive trading days during the unexpired term of the amended Warrant, the closing price of the Company's shares is $1.44, and for more certainty, the reduced exercise period of 30 days will begin no more than 7 calendar days after the tenth premium trading day.

All other terms of the Warrant indenture will remain unchanged. The change of the exercise price has resulted in an adjustment of $722,100 in the shareholders' equity.

10. STOCK OPTIONS

The Company has a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of each option ("Option") shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the Option is granted, less any discount permitted by the TSX-V and, in any event, the exercise price per Option will not be less than $0.05, being the minimum exercise price allowable under TSX-V policy.

(Unaudited - in Canadian dollars)

The following table shows the changes in stock options:

	Number of stock options	September 30, 2019 Weighted average exercise price $	Number of stock options	December 31, 2018 Weighted average exercise price $
Outstanding, beginning of period	6,208,000	0.75	4,233,000	0.45
Granted	-	-	2,650,000	1.13
Exercised	-	-	(675,000)	0.39
Expired	-	-	-	-
Forfeited	-	-	-	-
Outstanding, end of period	6,208,000	0.75	6,208,000	0.75
Excercisable, end of period	4,587,997	0.62	3,544,250	0.47

Weighted average share price at the date of exercise was $1.46 for the year ended December 31, 2018. No options were exercised during the nine-month period ended September 30, 2019.

The number of outstanding stock options that could be exercised for an equal number of common shares is as follows:

			September 30, 2019
Expiry date	**Exercise price $**	**Number outstanding**	**Number exercisable**
June 21, 2022	0.41	200,000	200,000
October 24, 2023	1.20	150,000	-
February 20, 2027	0.365	2,808,000	2,808,000
March 31, 2027	0.50	100,000	100,000
April 25, 2027	0.50	100,000	100,000
June 14, 2027	0.36	25,000	25,000
November 22, 2027	1.30	325,000	325,000
January 14, 2028	1.72	135,000	128,750
August 8, 2028	1.10	2,285,000	901,247
October 30, 2028	0.89	80,000	-
		6,208,000	4,587,997

A stock-based compensation expense of $1,065,018 was recognized during the period ended September 30, 2019 (2018 – $771,500). Amount of $191,785 and $873,233 (2018 – $238,150 and $533,350) was recognized in E&E expenses and in general and administrative expenses, respectively, in the consolidated statement of loss and comprehensive loss.

(Unaudited - in Canadian dollars)

11. ADDITIONAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the consolidated statements of cash flows:

	September 30, 2019 $	September 30, 2018 $
Change in short-term lease liabilities	100,875	-
Change in long-term lease liabilities	120,524	-

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern (note 1) and to maintain a flexible capital structure, which will allow it to pursue its E&E activities.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets and capital markets. In order to facilitate the management of capital, the Company prepares annual expenditure budgets, which are monitored and updated as considered necessary.

To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, sell off permits, borrow money and enter into joint venture arrangements.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the period ended September 30, 2019.

The changes in the Company's capital are disclosed in the consolidated equity.

13. FINANCIAL RISK FACTORS

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

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit concentration risk by holding cash and cash equivalents. This risk is minimized by holding cash and cash equivalents balances with large Canadian financial institutions and a minimal amount with local banks in Africa.

Liquidity risk

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its E&E programs. The Company also ensures that it has sufficient working capital available to meet its day-to-day commitments.

As at September 30, 2019, the Company had cash and cash equivalents of $427,261 to settle accounts payable and accrued liabilities of $1,835,285. It also has to reimburse $724,411 owed to SRI before June 18, 2020 and US$1,000,000 plus accrued interest of $19,534 before August 7, 2020.

As at September 30, 2019, management does not consider current funds to be sufficient for the Company to continue operating considering the intention to complete the evaluation and development of the Lola Graphite Property (Note 1). Any funding shortfall may be met in the future in a number of ways including, but not limited to, the issuance of new equity instruments, further expenditure reductions, or other measures. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements.

Fair value

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and other information about financial instruments.

The Company's financial instruments as at September 30, 2019, consist of cash and cash equivalents, accounts payable and accrued liabilities, loan payable, convertible debenture and due to a related company. The Company's financial assets and financial liabilities approximate their fair values considering their relatively short periods to maturity.

Market risk

Foreign exchange risk

Currency risk is the risk that future cash flows or fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange (''FX'') risk as cash is primarily held in Canadian dollars, while a significant portion of expenditures are denominated in US dollars and Guinean francs and, to a lesser extent, euros, Australian dollars, South African Rand and British pounds.

Accounts payable and accrued liabilities	**September 30, 2019 in CAD**	**Impact of 10% change in FX**	**December 31, 2018 in CAD**	**Impact of 10% change in FX**
United States dollar	$23,774	+ / - $2,377	$138,047	+ / - $13,805
Guinea franc	$562,279	+ / - $56,228	$472,838	+ / - $47,284
Euro	$11,996	+ / - $1,200	$19,492	+ / - $1,949
Australian dollar	$809	+ / - $81	$23,712	+ / - $2,371
British pound	$9,769	+ / - $977	$32,638	+ / - $3,264
South Afircan rand	$10,990	+ / - $1,099	$-	+ / - $-

Cash and cash equivalents	**September 30, 2019 in CAD**	**Impact of 10% change in FX**	**December 31, 2018 in CAD**	**Impact of 10% change in FX**
United States dollar	$218,221	+ / - $21,822	$63,622	+ / - $6,362
Guinea franc	$36,446	+ / - $3,645	$18,441	+ / - $1,844

Commodity price risk

Commodity price risk is the risk that the fair value or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and other currencies, as outlined above. As the Company has not yet developed commercial mineral interests, the Company is not a party to financial instruments exposed to the price of commodities. However, the Company is indirectly exposed to commodity price risk, as it impacts the Company's access to capital and funding.

14. RELATED PARTIES

Related parties include the Company's key management personnel and related companies. Unless otherwise stated, balances are usually settled in cash.

Transactions with key management personnel

Key management personnel are the members of the Board of Directors, the President and the Chief Financial Officer ("CFO"), the Vice-President Corporate and Legal Affairs, and the Vice-President Operations, Metallurgy, and Process Design.

Remuneration of key management personnel

During the period ended September 30, 2018, the Company incurred accounting fees of $50,220 and a termination fee of $54,000 with the former CFO. These fees are recorded under professional fees in the consolidated statement of loss and comprehensive loss. During the period ended September 30, 2019, $3,950 were incurred with the former CFO. As at September 30, 2019 no amount was due to the former CFO (September 30, 2018 - $2,552).

During the period ended September 30, 2019, the Company incurred fees of $87,375 (for the nine-month period ended September 30, 2018 – $78,625) with two officers. These fees are recorded under legal fees in administration expenses. As at September 30, 2019 and September 30, 2018, no amounts are due to these officers.

During the period ended September 30, 2019, the Company incurred salaries of $264,000 (for the nine-month period ended September 30, 2018 – $238,271) to two employees who are officers of the Company, which was recorded in E&E expenses as well as under general and administrative expenses. As at September 30, 2019, $2,372 is due to an employee and September 30, 2018, no amounts are due to these officers.

During the period ended September 30, 2019, the Company recognized stock-based compensation of $838,997 (for the nine-month period ended September 30, 2018 – $488,066) in connection with stock options granted to officers and directors solely, of which $75,549 was expensed under E&E expenses (for the nine-month period ended September 30, 2018 – 31,732) and $763,448 was expensed under general and administrative expenses (for the nine-month period ended September 30, 2018 – $456,733).

Transactions with related parties

During the period ended September 30, 2019, the Company incurred fees of $20,000 from a consultant who is also a director and the Qualified Person under National Instrument NI 43-101 (for the nine-month period ended September 30, 2018 – $45,000). This expense was recorded in E&E expenses under geology and prospecting. As at September 30, 2019, $nil (September 30, 2018 – $nil) was due to that consultant.

During the period ended September 30, 2019, a corporation where the Company's Executive Chairman is also the President and Chief Executive Officer, charged a total amount of $6,720 (for the nine-month period ended September 30, 2018 – $33,626) to the Company. This amount was expensed in consulting fees. These fees were for technical services which were rendered by a consultant of that corporation. As at September 30, 2019, and September 30, 2018 no amount is due to that corporation.

During the period ended September 30, 2018, the Company paid a salary of $25,920 to an individual related to the Company's Executive Chairman. This expense was recorded under salaries and benefits in administrative expenses. No amounts were paid to the individual in 2019. As at September 30, 2019, and September 30, 2018 no amounts were due to that individual.

During the period ended September 30, 2019, the Company incurred fees of $124,287 (for the nine-month period ended September 30, 2018 – $87,732) with a corporation where the Company's Executive Chairman is also a shareholder of that corporation. As at September 30, 2019, $2,532 was due to that corporation (September 30, 2018 – $nil).

During the period ended September 30, 2019, a subsidiary of SRI charged the Company $44,400 for services recorded as E&E expenses as well as services recorded as general and administrative expenses (for the nine-month period ended September 30, 2018 – $348,182). As at September 30, 2019, $1,575 was owing to Sama Resources Inc. and its subsidiary (September 30, 2018 – $6,422).

During the period ended September 30, 2019, SRI has loaned $1,000,000 of which $724,411 remains unpaid as at September 30, 2019. See Note 7. SRI has entered in a Debt Agreement for a credit facility of up to US$5,000,000 with the Company and the first tranche of US$1,000,000 has been received on August 7, 2019. See Note 8.

During the period ended September 30, 2019, a corporation where the Company's Executive Chairman is also the Chairman and Chief Executive Officer, charged a total amount of $34,125 (for the nine-month period ended September 30, 2018 – $269) to the Company. This amount was expensed in consulting fees. These fees were for accounting and administration services which were rendered by two employees of that corporation. As at September 30, 2019, $2,906 was due to that corporation (September 30, 2018 – $nil).

15. COMMITMENTS

The Company has lease commitments for office premises, exploration camps and land in Guinea, which call for total payments of GNF467,200,000 (approximately: $5,817 in 2019, $32,115 in 2020, $23,848 in 2021, $3,577 in 2022, $1,734 in 2023 and $434 in 2024).

The Company has lease commitments for office premises in Canada, which expire at the end of 2019 and call for a payment of $17,418 in 2019.

The Company has entered into a consulting agreement expiring on March 14, 2020 for total payment of $15,490 in 2019 and $12,909 in 2020 and another one expiring on May 31, 2020 for total payment of $19,500 in 2019 and $32,500 in 2020.

(Unaudited - in Canadian dollars)

Minimum annual payments relating to the above commitments in the next five fiscal years and thereafter are as follows:

Year	Leases $	Other $
2019	23,235	34,990
2020	32,115	45,409
2021	23,848	-
2022	3,577	-
2023	1,734	-
Thereafter	434	-

Termination and change of control provisions

Certain agreements between the executive team and the Company contain termination without cause and change of control provisions. Assuming that these agreements would be terminated without cause during the year ending December 31, 2019, the total amounts payable in respect of severance would amount to $765,250. If a change of control would occur during the year ending December 31, 2019, the total amounts payable in respect of severance, if elected by the executive members, would amount to $765,250.

16. OPERATING SEGMENT

The Company operates in one reportable business segment: the exploration and evaluation of mineral properties. As at September 30, 2019, $803,036 of the Company's non-current assets are located in Guinea, Africa, and $218,154 are located in Montréal, Canada. As at September 30, 2018, $446,808 of the Company's non-current assets were located in Guinea, Africa and $462,366 were located in Montréal, Canada.

17. SUBSEQUENT EVENTS

On November 27, the Company announced it has been formally awarded the mining permit for its Lola graphite project near the town of Lola in eastern Guinea, West Africa. The fifteen (15) year renewable permit was officially granted by the Government of Guinea through presidential decree number D/2019/291/PRG/SGG. The mining permit covers an area of 94.38 kilometers square. The Company needs to pay US$481,485 in superficial rights for the mining permit before December 15, 2019. In addition to that, the Company must commence development and exploitation work within a maximum of one year following the date of issuance of the mining permit.

On October 29, 2019, Coris Capital SA has exercised 1,125,000 share purchase warrants at a price of $0.50 for a total proceed of 562,500.