GREAT LAKES GRAPHITE INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JANUARY 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements of Great Lakes Graphite Inc. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited condensed interim 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 periods presented by, the unaudited condensed interim financial statements and (ii) the unaudited condensed interim 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 periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim 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 unaudited condensed interim 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.

NOTICE TO READER

The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The financial statements have not been reviewed by the Company's auditors.

Great Lakes Graphite Inc.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

As at	**January 31, 2017**	October 31, 2016
ASSETS		
Current		
Restricted cash (Note 10)	**$ 70,358**	$ 68,336
Accounts receivable	**131,856**	167,732
Inventory	**205,750**	190,698
Tax credits and credit on duties receivable	**171,050**	171,050
HST and QST recoverable	**15,290**	10,876
Prepaid expenses	**23,197**	3,730
	617,501	612,422
Other Assets		
Exploration and evaluation assets (Note 3)	**2,458,819**	2,458,219
Leasehold improvements	**819,896**	794,962
	3,278,715	3,253,181
TOTAL ASSETS	**$ 3,896,216**	$ 3,865,603
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 11)	**$ 1,743,391**	$ 1,606,268
Flow-through share premium (Note 8)	**42,097**	42,097
	1,785,488	1,648,365
Long-term		
Convertible debentures (Note 4(ii))	**593,652**	553,624
NOHFC Loan facility (Note 5)	**128,697**	123,429
	722,349	677,053
	2,507,837	2,325,418
EQUITY		
Equity portion of convertible debt (Note 4)	**898,607**	898,607
Share capital (Note 6)	**6,167,411**	5,727,329
Reserve for warrants (Note 10)	**2,106,276**	2,091,358
Reserve for share-based payments (Note 9)	**717,069**	707,539
Contributed surplus	**575,286**	575,286
Deficit	**(9,076,270)**	(8,459,934)
	1,388,379	1,540,185
TOTAL LIABILITIES AND EQUITY	**$ 3,896,216**	$ 3,865,603

Nature of Business and Going Concern (Note 1)
Commitments and Contingencies (Note 13)

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

Great Lakes Graphite Inc.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

For the Three Months Ended January 31,	2017	2016
REVENUE		
Graphite Sales	**$ 144,851**	$ -
Cost of sales	**(206,975)**	-
Gross (loss) margin	**$ (62,124)**	$ -
EXPENSES		
Professional fees	**$ 46,209**	$ 30,144
Management and consulting fees (Note 11)	**175,347**	212,121
Transfer agent, regulatory and filing fees	**7,138**	3,371
Corporate development and administration	**173,583**	143,228
Shareholder information	**20,674**	23,887
Insurance	**6,765**	19,247
Interest and bank charges	**3,398**	1,041
Finance fees	**38,321**	-
Share-based payments (Note 9)	**9,530**	399,500
Interest on convertible debt (Note 4)	**53,016**	35,735
Accretion on convertible debt (Note 4)	**20,231**	13,491
Operating loss before the following	**(616,336)**	(881,765)
Grants received, net of costs	**-**	7,949
NET LOSS AND COMPREHENSIVE LOSS	**$ (616,336)**	$ (873,816)
Basic and diluted loss per share (Note 9)	**$ (0.01)**	$ (0.01)
Weighted average number of shares - outstanding - basic and diluted	**121,945,539**	99,076,736

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

Great Lakes Graphite Inc.
CONDENSED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

	Equity Portion of Convertible Debt	Share Capital	Shares to be Issued	Warrant Reserve	Share-based Payment Reserve	Contributed Surplus	Deficit	Total
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	-	227,750	-	-	-	-	-	227,750
Fair value of warrants issued	-	(225,273)	-	225,273	-	-	-	-
Share issue cost - cash	-	(18,220)	-	-	-	-	-	(18,220)
Share-based payments	-	-	-	-	399,500	-	-	399,500
Net loss for the period	-	-	-	-	-	-	(873,816)	(873,816)
Balance, January 31, 2016	**$ 898,607**	**$4,630,639**	**$ 20,000**	**$ 2,091,609**	**$ 707,539**	**$ 575,286**	**$(6,713,685)**	**$ 2,209,995**
Balance, October 31, 2016	898,607	5,727,329	-	2,091,358	707,539	575,286	(8,459,934)	1,540,185
Issued for cash under private placement	-	500,000	-	-	-	-	-	500,000
Share Issue cost - cash	-	(45,000)	-	-	-	-	-	(45,000)
Fair value of warrants issued	-	(14,918)	-	14,918	-	-	-	-
Share-based payments	-	-	-	-	9,530	-	-	9,530
Net loss for the period	-	-	-	-	-	-	(616,336)	(616,336)
Balance, January 31, 2017	**$ 898,607**	**$ 6,167,411**	**$ -**	**$ 2,106,276**	**$ 717,069**	**$ 575,286**	**$(9,076,270)**	**$ 1,388,379**

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

Great Lakes Graphite Inc.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

For the Three Months Ended January 31,	2017	2016
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Net loss for the period	**$ (616,336)**	$ (873,816)
Items not affecting cash:		
Share-based payments	**9,530**	399,500
Accretion of convertible debenture	**20,231**	13,491
Accrued interest on convertible debenture	**53,015**	19,797
Accrued interest on NOHFC loan facility	**5,268**	-
Net change in non-cash working capital:		
HST/QST recoverable	**(4,414)**	(54,820)
Accounts receivable	**35,876**	-
Inventory	**(15,052)**	-
Prepaid expenses	**(19,467)**	11,668
Accounts payable and accrued liabilities	**103,905**	8,864
	(427,444)	(475,316)
INVESTING ACTIVITIES		
Exploration and evaluation assets	**(600)**	(26,498)
Restricted cash	**(2,022)**	211,161
Leasehold improvements	**(24,934)**	(65,338)
Funds in trust	**-**	146,461
	(27,556)	265,786
FINANCING ACTIVITIES		
Issuance of common shares, net of share issuance costs	**455,000**	209,530
CHANGE IN CASH	**-**	-
CASH, BEGINNING OF PERIOD	**-**	-
CASH, END OF PERIOD	**$ -**	$ -

The accompanying notes are an integral part of these condensed interim 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 The Canadian Venture Building, 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 $616,336 during the three months ended January 31, 2017 (three months ended January 31, 2016 - $873,816). The Company is also required to spend $1,631,450 in flow-through expenditures by December 31, 2017. As at January 31, 2017, the Company has an accumulated deficit of $9,076,270 (October 31, 2016 - $8,459,934). 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 condensed interim 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. ACCOUNTING POLICIES

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2016.

These condensed interim financial statements were authorized for issuance by the Board of Directors of the Company on April 3, 2017.

2. ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

In the preparation of these unaudited condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

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.

(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.

(EXPRESSED IN CANADIAN DOLLARS)

3. EXPLORATION AND EVALUATION ASSETS

Accumulated exploration and evaluation assets have been incurred as follows:

	Balance, November 1, 2016	Acquisition	Exploration	Recoveries	Impairment	**Balance, January 31, 2017**
Lochaber	$ 2,458,219	$ -	$ 600	$ -	$ -	**$ 2,458,819**

	Balance, November 1, 2015	Acquisition	Exploration	Recoveries	Impairment	**Balance, January 31, 2016**
Lochaber	$ 2,376,239	$ -	$ 26,498	$ -	$ -	**$ 2,402,737**

For a full description of the Company's exploration and evaluation assets, and the associated commitments therein, please see Note 5 of the Company's October 31, 2016 audited financial statements.

4. 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 January 31, 2017, the Gross Overriding Royalty was assigned a fair value of $nil (October 31, 2016 - $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.

(EXPRESSED IN CANADIAN DOLLARS)

4. CONVERTIBLE DEBENTURES (Continued)

ii) (Continued)

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 January 31, 2017, the Gross Overriding Royalty was assigned a fair value of $nil (October 31, 2016 - $nil), given the inherent uncertainty of achieving commercial production.

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.

A summary of the movement for the three months ended Janaury 31, 2017 is as follows:

Balance, liability component, October 31, 2016	$	553,624
Add: accretion charges for the three months ended January 31, 2017		20,231
Add: interest on face value accrued for the three months ended January 31, 2017		19,797
Balance, liability component, January 31, 2017	**$**	**593,652**

(EXPRESSED IN CANADIAN DOLLARS)

5. 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%.

Balance, liability component, October 31, 2016	$	123,429
interest and accretion of balance		5,268
Balance, liability component, October 31, 2016	**$**	**128,697**

(EXPRESSED IN CANADIAN DOLLARS)

6. 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, 2016	117,561,978	$ 5,727,329
Issued for cash under unit private placements (i)	5,882,352	500,000
Fair value of warrants issued (i)	-	(14,918)
Share issue cost - cash (i)	-	(45,000)
Balance - January 31, 2017	**123,444,330**	**$ 6,167,411**

	Shares	Amount
Balance - October 31, 2015	97,974,075	$ 4,646,382
Issued for cash under unit private placements	3,253,570	227,750
Fair value of warrants issued	-	(208,554)
Share issue cost - cash	-	(18,220)
Share issue cost - finders warrants	-	(16,719)
Balance - January 31, 2016	**101,227,645**	**$ 4,630,639**

(i) On November 24, 2016, the Company closed a non-brokered private placement consisting 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 were subject to a hold period of four months plus one day.

The 470,588 finder's warrants were ascribed a fair value of $14,918 using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 118.50%; a risk-free interest rate of 0.68% and an expected life of 2 years.

(EXPRESSED IN CANADIAN DOLLARS)

7. 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 three months ended January 31, 2017 and 2015:

	Number of Stock Options Outstanding	Weighted Average Exercise Price
Balance - October 31, 2016	3,826,740	$ 0.11
Granted (i)	5,685,000	$ 0.08
Balance - January 31, 2017	**9,511,740**	**$ 0.09**
Balance - October 31, 2015	2,851,740	$ 0.11
Granted	4,700,000	$ 0.10
Balance - January 31, 2016	**7,551,740**	**$ 0.10**

(i) On January 17, 2017, the Company granted 5,685,000 incentive stock options to officers, directors and consultants of the Company. The options are exercisable at $0.08 per share, expire January 17, 2022, and vest immediately upon grant. The resulting fair value of $417,279 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 153.88%; a risk-free interest rate of 1.09% and an expected life of 5 years.

(EXPRESSED IN CANADIAN DOLLARS)

7. STOCK OPTIONS (Continued)

The following table reflects the stock options outstanding as at January 31, 2017:

Expiry Date	Exercise Price	Weighted Average Life Remaining	Options Outstanding
August 6, 2019	$ 0.12	2.51 years	1,100,000
May 16, 2019	0.10	2.29 years	250,000
May 22, 2017	0.10	0.30 years	276,740
January 26, 2021	0.10	3.99 years	2,200,000
January 17, 2022	0.08	4.96 years	5,685,000
	$ 0.09	**4.25 years**	**9,511,740**

As at January 31, 2017, 3,826,740 issued and outstanding stock options were fully vested and exercisable.

8. WARRANTS

The following table reflects the continuity of warrants for the three months ended January 31, 2017 and 2016:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance - October 31, 2016	33,072,609	$ 0.11
Finders warrants issued (Notes 6(b)(i))	470,588	$ 0.085
Expired	(8,370,000)	$ 0.12
Balance - January 31, 2017	**25,173,197**	**$ 0.10**
Balance - October 31, 2015	44,487,075	$ 0.12
Issued pursuant to financings	3,253,570	$ 0.10
Finders warrants issued	260,826	$ 0.10
Expired	(4,313,000)	$ 0.19
Balance - January 31, 2016	**43,688,471**	**$ 0.11**

(EXPRESSED IN CANADIAN DOLLARS)

8. WARRANTS (Continued)

The following table reflects the warrants outstanding as at January 31, 2017:

Expiry Date	Exercise Price	Weighted Average Life Remaining	Warrants Outstanding
April 10, 2017	0.100	0.19 years	14,389,255
April 10, 2017	0.100	0.19 years	732,000
July 2, 2019	0.100	2.42 years	48,000
September 15, 2019	0.100	2.62 years	2,334,078
October 20, 2017	0.100	0.72 years	70,000
December 29, 2017	0.100	0.92 years	3,253,570
December 29, 2017	0.100	0.92 years	260,826
June 24, 2018	0.100	1.39 years	48,000
June 24, 2018	0.100	1.39 years	3,160,000
June 24, 2019	0.075	2.39 years	406,880
November 24, 2018	0.085	1.81 years	470,588
	$ 0.100	0.85 years	25,173,197

9. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. 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 three months ended January 31, 2017 and 2016, as it would be anti-dilutive.

10. RESTRICTED CASH

As of January 31, 2017, the Company is committed to spend $1,598,315 (October 31, 2016 - $1,098,315), representing the remaining proceeds of flow-though share issuances resulting from private placements completed through fiscal 2015, 2016 and 2017.

11. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the financial statements during the three months ended January 31, 2017 and 2016:

For the three months ended January 31,	2017	2016
Management fees charged by the Chief Financial Officer	$ 6,000	$ 6,000
Management fees charged by a company controlled by the Chief Executive Officer	30,000	30,000
Consulting fees charged by the Chief Marketing Officer who is a Director	21,000	21,000
Geological consulting fees charged by a company controlled by the Sr. Vice-President who is also a Director	-	12,000
Consulting fees charged by a company controlled by the Chief Operating Officer	-	49,800
Consulting fees charged by a company controlled by the Senior Vice-President of Sales	66,943	69,010
	$ 123,943	$ 187,810

11. RELATED PARTY TRANSACTIONS (Continued)

As at January 31, 2017, accounts payable and accrued liabilities include $130,808 (October 31, 2016 - $161,372) 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 three months ended January 31, 2017 amounted to $123,943 (three months ended January 31 2016 - $187,810).

During the three months ended January 31, 2017, the Company expensed $21,960 (three months ended January 31, 2016 - $27,268) 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;
(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 January 31, 2017, the Marrelli Group was owed $32,884 (October 31, 2016 - $21,929). These amounts are included in accounts payable and accrued liabilities.

During the three months ended January 31, 2017 the Black-Scholes fair value of stock-based compensation granted to officers and directors amounted to $380,579.

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.

12. FLOW-THROUGH SHARE LIABILITY

As of January 31, 2017, the Company was committed to spend $500,000 in regards to the November 2016 flow-through private placement consisting of 5,882,352 flow through units at $0.085 per unit by December 31, 2017.

As of January 31, 2017, 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 January 31, 2017, 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 January 31, 2017, 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.

13. 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;

(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;

13. COMMITMENTS AND CONTINGENCIES (Continued)

ii) (Continued)

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. Once complete, the leasehold improvement costs incurred will be amortized on a straight line basis, over the term of the underlying lease.

As at January 31, 2017, the Company was in arrears with respect to usage and access payments required under the Agreement of $54,049. These amounts are included in accounts payable and accrued liabilities on the Company's condensed interim statement of financial position.

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.