Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2021 and 2020

(Expressed in Canadian dollars)
(Unaudited)

TSX-V: SRG

Management's Responsibilities over Financial Reporting

The accompanying unaudited condensed consolidated interim financial statements of SRG Mining Inc. (the "Company" or "SRG") for the three-month periods ended on March 31, 2021 and 2020 have been prepared by the management and are its responsibility. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretation of the International Financial Reporting Interpretations Committee ("IFRIC") and reflect management's best estimates and judgment based on information currently available.

These unaudited condensed consolidated interim financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

SRG Mining Inc.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited, in Canadian dollars)

	March 31, 2021	December 31, 2020
	$	$
ASSETS		
Current		
Cash and cash equivalents	**820,360**	**523,136**
Sales taxes and other receivables	**91,198**	**78,072**
Prepaid expenses and deposits (Note 7)	**423,552**	**28,952**
	1,335,110	**630,160**
Non-current		
Property and equipment	**531,652**	**593,209**
TOTAL ASSETS	**1,866,762**	**1,223,369**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**1,490,260**	**1,429,298**
Short-term portion of lease liability (Note 5)	**34,071**	**43,289**
Short-term loan (Note 6)	**700,000**	**700,000**
Convertible debenture host (Note 7)	**535,972**	**-**
Convertible debenture derivative (Note 7)	**436,106**	**-**
Interest payable (Note 6 & 7)	**90,295**	**58,685**
	3,286,704	**2,231,272**
Non-current		
Long-term portion of lease liabilitiy (Note 5)	**-**	**1,409**
Long-term loan (Note 6)	**47,502**	**45,910**
TOTAL LIABILITIES	**3,334,206**	**2,278,591**
EQUITY		
Share capital (Note 8)	**22,865,146**	**22,643,369**
Deferred share units	**87,500**	**87,500**
Contributed surplus (Note 9)	**7,778,605**	**7,572,554**
Deficit	**(32,198,695)**	**(31,358,645)**
TOTAL EQUITY	**(1,467,444)**	**(1,105,222)**
TOTAL LIABILITIES AND EQUITY	**1,866,762**	**1,223,369**

Nature of operation and goin concern assumption (Note 1)
Subsequent events (Note 16)

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

On behalf of the Board,

Marc Filion /s/
Director

Yves Grou /s/
Director

SRG Mining Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive loss

(Unaudited, in Canadian dollars)

	Three-month periods ended on March 31,	
	2021	2020
	$	$
Expenses		
Exploration and evaluation (Note 3)	**95,920**	338,411
General and administrative (Note 4)	**649,602**	697,491
Graphite production for customers and tests	**-**	24,322
	745,522	1,060,224
Other expenses (income)		
Other income	**-**	(133,733)
Change in fair value of embedded derivative (Note 7)	**20,960**	(117,111)
Interest revenue	**(225)**	(193)
Interest expense	**75,628**	162,264
Foreign exchange (income) loss	**(1,835)**	131,293
	94,528	42,480
Net loss and comprehensive loss for the period	**840,050**	1,102,704
Basic loss per common share for the period	**(0.01)**	(0.02)
Diluted loss per common share for the period	**(0.01)**	(0.02)
Weighted average number of shares - basic	**79,980,573**	72,604,707
Weighted average number of shares – diluted	**79,980,573**	72,604,707

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

SRG Mining Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited, in Canadian dollars)

	Number of issued and outstanding shares	Share capital	Deferred share units	Contributed surplus	Deficit	Total equity
		$		$	$	$
Balance as at January 1, 2021	**79,825,755**	**22,643,369**	**87,500**	**7,572,554**	**(31,358,645)**	**(1,055,222)**
Issuance of common shares (Note 8)	109,900	63,742	-	-	-	63,742
Exercise of stock options (Note 8 & 9)	200,000	158,035	-	(71,535)	-	86,500
Stock-based compensation (Note 9)	-	-	-	277,587	-	277,587
Net loss and comprehensive loss for the period	-	-	-	-	(840,050)	(840,050)
Balance as at March 31, 2021	**80,135,655**	**22,865,146**	**87,500**	**7,778,605**	**(32,198,695)**	**(1,467,444)**
Balance as at January 1, 2020	70,547,152	17,624,234	-	6,592,313	(27,818,958)	(3,602,411)
Issuance of units as part of a public offering (Note 8)	4,968,000	2,417,640	-	66,360	-	2,484,000
Share issuance costs (Note 8)	-	(96,536)	-	(3,475)	-	(100,011)
Issuance of broker warrants (Note 8)	-	-	-	35,636	-	35,636
Exercise of stock options (Note 8 & 9)	693,493	477,783	-	(224,658)	-	253,125
Stock-based compensation (Note 9)	-	-	-	151,995	-	151,995
Net loss and comprehensive loss for the period	-	-	-	-	(1,102,704)	(1,102,704)
Balance as at March 31, 2020	**76,208,645**	**20,423,121**	**-**	**6,618,172**	**(28,921,662)**	**(1,880,369)**

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

SRG Mining Inc.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited, in Canadian dollars)

	Three-month periods ended on March 31,	
	2021	2020
Cash flows provided by (used in)	**$**	$
OPERATING ACTIVITIES		
Net (loss) income for the period	**(840,050)**	(1,102,704)
Adjustments for non-cash items		
Depreciation	**61,557**	75,472
Accreted interest on lease liability (Note 5)	**1,104**	3,975
Foreign exchange on lease liability (Note 5)	**(546)**	6,029
Interest payable (Note 6 & 7)	**31,609**	(76,827)
Accreted interest on loan (Note 6)	**1,592**	-
Foreign exchange on convertible debenture (Note 7)	**(5,278)**	97,006
Accretion expense on convertible debenture (Note 7)	**40,487**	105,887
Change in fair value of embedded derivatives (Note 7)	**20,960**	(117,111)
Stock-based compensation (Note 9)	**277,587**	151,995
Change in non-cash working capital items (Note 13)	**53,237**	(940,370)
	(357,741)	(1,796,648)
INVESTING ACTIVITIES		
Property and equipment additions	**-**	(3,761)
Deposit for investment (Note 7 & 16)	**(400,000)**	-
	(400,000)	(3,761)
FINANCING ACTIVITIES		
Payment of lease liability (Note 5)	**(11,185)**	(27,650)
Issuance of units as part of a public offering (Note 8)	**-**	2,484,000
Issuance of shares (Note 8)	**63,742**	-
Share issuance costs (Note 8)	**-**	(64,375)
Exercise of stock options (Note 8 & 9)	**86,500**	253,125
Issuance of convertible debenture (Note 7)	**915,908**	-
	1,054,965	2,645,100
Net change in cash and cash equivalents	**297,224**	844,691
Cash and cash equivalents, beginning of period	**523,136**	170,328
Cash and cash equivalents, end of period	**820,360**	1,014,929

Supplemental cash flow information (Note 13)

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

1. NATURE OF OPERATIONS AND GOING CONCERN ASSUMPTION

SRG Mining 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 condensed consolidated interim financial statements were authorized for publication by the Board of Directors on May 31, 2021.

Based on the information available to date, the Company has not yet determined whether its mineral properties contain economically recoverable reserves.

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 condensed consolidated interim 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 exploration and evaluation activities. The Company has incurred a net loss and comprehensive loss for the period ended March 31, 2021 of $840,050 (March 31, 2020 – $1,102,704) and has an accumulated deficit of $32,198,695 (December 31, 2020 – $31,358,645). In addition, the Company had a negative working capital of $1,951,594 as at March 31, 2021 (December 31, 2020 – negative $1,601,112), including cash and cash equivalents of $820,360 (December 31, 2020 – $523,136). 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 spending, the Company will need to raise additional financing within the next 3-6 months to continue advancing 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 through March 31, 2022. 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 consolidated 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

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2020.

(Unaudited and in Canadian dollars)

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 condensed consolidated interim financial statements, except for the new accounting standards and the new accounting policy adopted in 2020 (Note 3).

(b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information.

(c) Basis of consolidation

In addition to the Company, the condensed consolidated interim 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
Sama Resources Guinee SARL (“SRG Guinée”)	Guinea
SRG Graphite International Inc. (“SRG Intl”)	Cayman Islands
SRG Liberia Inc. (“SRG Liberia”)	Liberia
SRG Lithium Inc. (“SRG Lithium”)	Canada

3. EXPLORATION AND EVALUATION EXPENSES

The Company has one project currently under evaluation which is named Lola Graphite.

On August 10, 2018, the Government of Guinea awarded SRG Guinée, through ministerial order NºA2018/5349/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). This research permit has been cancelled on November 6, 2019 when the mining permit has been issued.

On November 6, 2019, the Government of Guinea awarded SRG Guinée, through presidential order NºD/2019/291/PRG/SGG 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 square kilometers. SRG Guinée has agreed to develop the mine and has an obligation to invest US$110,000,000 during the first year of octroyal of the permit. On March 2021 Management has asked for a deferment to the government due to the ongoing Covid-19 crisis and is expecting the government to waive the clause.

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.

(Unaudited and in Canadian dollars)

Lola Graphite Property	**2021** **$**	**2020** **$**
Geochemistry	435	1,137
Camp operations, field supplies and other expenses	4,247	33,695
Engineering study	-	30,911
Metallurgical tests	6,250	35,025
HSEC Community relations on site	533	3,802
Stock-based compensation	16,762	29,697
Salaries and wages	24,773	161,116
Amortization	42,920	43,028
Total Lola Graphite Property	**95,920**	338,411
Total E&E expenses	**95,920**	338,411

4. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of expenditures required to manage 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.

	2021 **$**	**2020** **$**
Operating expenses		
Salaries and benefits	75,173	196,889
Consulting fees	146,372	104,942
Travel and representation	11,582	21,766
General and office expenses	32,458	44,632
Professional fees	80,936	71,836
Investor relation fees	101	77,550
Transfer agent and filing fees	19,918	11,124
Shareholder information	3,600	14,010
Stock-based compensation	260,825	122,298
Amortization	18,637	32,444
Total general and administrative expenses	**649,602**	**697,491**

5. LEASE LIABILITIES

	March 31, 2021 **$**	**December 31, 2020** **$**
Lease liabilities at the beginning of the period	44,698	199,808
Lease payments	(11,185)	(70,027)
Accreted interest	1,104	10,614
Modification of lease terms	-	(90,248)
Foreign exchange gain	(546)	(5,449)
Balance, end of period	**34,071**	**44,698**

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:

(Unaudited and in Canadian dollars)

	March 31, 2021 $	December 31, 2020 $
Short-term portion of lease liability	34,071	43,289
Long-term portion of lease liability	-	1,409
Total lease liability	**34,071**	**44,698**

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	**March 31, 2021**
Less than one year	33,554
One to two years	1,610
Two to three years	-
More than three years	-
Total undiscounted lease liabilities at March 31, 2021	**35,164**
Effect of discounting	(1,093)
Total lease liabilities at March 31, 2021	**34,071**
Current	34,071
Non-current	-

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.

6. 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. As at March 31, 2021 $775,945 remains unpaid including an interest charge of $75,945. The parties have agreed to extend the final maturity date for the repayment of the outstanding balance to December 31st, 2021 and if the Company completes a financing of at least $3,000,000 before December 31st, 2021, the outstanding balance will become due immediately.

In response to COVID-19, the Company has received a $60,000 emergency loan from the Canada Emergency Business Account ("CEBA"). The loan is interest-free until December 31, 2022, and if $40,000 is reimbursed by said date, the Company will be entitled to a $20,000 exemption as government grant.

Although the government grant of $ 20,000 is not refundable if the Company repays the amount of $ 40,000 by December 31, 2022, this amount will be recognized in income when the Company has reasonable assurance that it will comply with the terms of early repayment of this aid. As at March 31, 2021 the loan is measured at a fair value of $47,502 and $1,592 in accreted interest has been recorded for the period.

7. CONVERTIBLE DEBENTURE

On January 26, 2021, SRG entered into a private placement in the form of a convertible debt financing for US$7,500,000 with Sprott Private Resource Lending II (Collector), LP ("Sprott"). The first tranche ("First Tranche") of US$800,000 was received on January 25, 2021 and includes a subscription for 109,900 common shares of the Company (the "Incentive Shares"). Incentive Shares have been issued at $0.58 per share.

The First Tranche is convertible into common shares of the Company, at the discretion of Sprott, at a conversion price equal to $0.70 per share ("First Tranche Conversion Price").

(Unaudited and in Canadian dollars)

The interest rate of the convertible senior note under the Financing is 8.00% per annum, payable semi-annually in arrears on the last day of June and December in each year, commencing June 30, 2021 computed on the basis of a 360-day year composed of twelve 30-day months.

On January 25, 2021 as part of the closing of the First Tranche, a payment $400,000 have been made by Sprott to the monitor Raymond Chabot Inc. as a refundable deposit to secure the Company's bid to acquire NAL. See Note 16.

As at March 31, 2021, the embedded foreign exchange derivative liability was fair valued at $436,106 and the residual value of $535,972 was assigned to the debt host liability. A change in fair value of the embedded foreign exchange derivative liability between the initial recognition date and March 31, 2021 has generated a loss of $20,960 for the period.

As at March 31, 2021	**Host** **$**	**Derivative** **$**	**Total** **$**
Opening balance	500,763	415,146	915,909
Change in fair value of derivative	-	20,960	(20,960)
Change in foreign exchange rate	(5,278)	-	(5,278))
Accretion	40,487	-	40,487
Balance end of period	**535,972**	**436,106**	**972,078**

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

Stock price at the time of issuance	$0.66
Exercise price	$0.70
Expected life	1.51 year
Expected volatility	96.80%
Risk-free interest	0.17%

8. SHARE CAPITAL

2020

During the first quarter ended March 31, 2020, a total of 693,493 stock options were exercised at a price of $0.365 per stock option for total proceeds of $253,125.

On March 3, 2020, the Company closed the first tranche of a non-brokered private placement by issuing a total of 3,894,000 units of SRG at a price of $0.50 per units for gross proceeds of $1,947,000. Each unit comprises one common share of the Company and one non-transferable common share purchase warrant of the Company. Each warrant entitles the holder thereof to acquire one additional common share of the Company at an exercise price of $1.00 per common share at any time for a period of 36 months. Based on the residual method, a fair value of $nil was allocated to the warrants.

In addition, 145,800 brokers warrants were issued. The fair value of the 145,800 broker warrants was estimated at $27,152 using the Black–Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 83.30%, risk-free rate of return 0.99%, share price of $0.50 and expected maturity of 3 year.

On March 9, 2020, the Company closed the second tranche of a non-brokered private placement by issuing a total of total of 894,000 units of SRG at a price of $0.50 per units for gross proceeds of $447,000 on the same terms as the first tranche. Based on the residual method, a fair value of $35,760 was allocated to the warrants.

On March 31, 2020, the Company closed a concurrent non-brokered private placement for the issuance of a total of 180,000 units of SRG at a price of $0.50 per unit for gross proceeds of $90,000, all on the same terms and conditions of the units described hereinabove. Based on the residual method, a fair value of $30,600 was allocated to the warrants.

(Unaudited and in Canadian dollars)

In connection with the offering, the Company paid the underwriters a cash fee of $45,430 and a total of $20,277 in legal fees, filing fees and other fees. The share issuance costs were allocated between the common shares and the warrants for $96,536 and $3,510 respectively.

2021

During the quarter ended March 31, 2021, a total of 100,000 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 $86,500.

On January 27, 2021 as part of the Financing with Sprott, the Company has issued 109,900 Incentive Shares at a price of $0.58 per share. See Note 7.

Warrants

The following table shows the changes in warrants:

		March 31, 2021		**December 31, 2020**
	Number of warrants	**Weighted average exercise price $**	**Number of warrants**	**Weighted average exercise price $**
Outstanding, beginning of period	7,166,580	1.00	7,467,433	1.20
Issued	-	-	7,166,580	1.00
Expired	-	-	(7,467,433)	1.20
Exercised	-	-	-	-
Outstanding and exercisable, end of period	**7,166,580**	**1.00**	**7,166,580**	**1.00**

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

March 31, 2021 **Expiry date**	**Exercise price $**	**Number of warrants outstanding**
March 4, 2023	1.00	4,039,800
March 9, 2023	1.00	946,780
March 31, 2023	1.00	180,000
July 2, 2023	1.00	2,000,000
		7,166,580

9. 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 and in Canadian dollars)

The following table shows the changes in stock options:

	Number of stock options	March 31, 2021 Weighted average exercise price $	Number of stock options	December 31, 2020 Weighted average exercise price $
Outstanding, beginning of period	7,470,500	0.69	6,185,500	0.75
Granted	490,000	0.69	2,058,493	0.43
Exercised	(200,000)	0.43	(693,493)	0.365
Forfeited	-	-	(80,000)	0.89
Outstanding, end of period	7,760,500	0.70	7,470,500	0.69
Excercisable, end of period	6,091,250	0.69	6,046,250	0.68

Weighted average share price at the date of exercise was $0.94 in 2021 and $0.70 in 2020.

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

			March 31, 2021
Expiry date	**Exercise price $**	**Number outstanding**	**Number exercisable**
June 21, 2022	0.41	200,000	200,000
October 24, 2023	1.20	150,000	100,000
February 20, 2027	0.365	2,002,007	2,002,007
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	125,000	125,000
August 8, 2028	1.10	2,285,000	1,589,997
May 11, 2030	0.37	1,108,493	554,246
June 19, 2030	0.51	950,000	825,000
February 9, 2031	0.69	490,000	245,000
		7,760,500	6,091,250

The fair value of stock options granted was determined using the Black & Scholes valuation model based on the following weighted average assumptions:

	2021
Weighted average price at the grant date	$0.69
Weighted average exercise price	$0.69
Expected dividend	-$
Expected average volatility	98.31%
Risk-free average interest rate	0.99%
Expected average life	10 years
Weighted fair value per stock option	$0.61

A stock-based compensation expense of $277,587 was recognized during the period ended March 31, 2021 (2020 – $151,995). An amount of $16,762 and $260,825 (2020 – $29,697 and $122,298) was recognized in E&E expenses and in general and administrative expenses, respectively, in the consolidated statement of loss and comprehensive loss.

(Unaudited and in Canadian dollars)

10. 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 and develop the mine.

The Company considers its capital structure to include shareholders' equity, debts and convertible debentures. 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 and the exploration and evaluation of its E&E assets and develop the mine, 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, issue more debts or convertible debenture instruments, sell off permits 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 March 31, 2021.

The changes in the Company's capital are disclosed in the condensed consolidated interim statements of changes in shareholder's equity.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Classification

The Company's financial instruments as at March 31, 2021 and December 31, 2020 consist of cash and cash equivalents, receivable and other current assets, accounts payable and accrued liabilities, loans and convertible debenture.

The classification of financial instruments is summarized as follows:

	Carrying value as at March 31, 2021 $	Carrying value as at December 31, 2020 $
Financial assets at amortized costs		
Cash and cash equivalents	820,360	523,136
Receivables	789	2,078
Financial liabilities at amortized costs		
Accounts payables and accrued liabilities	1,490,260	1,429,298
Lease liability	34,071	44,698
Short-term loan	700,000	700,000
Long-term loan	47,502	45,910
Convertible debenture host	535,972	-
Interest payable	90,295	58,685

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 March 31, 2021 the Company had cash and cash equivalents of $820,360 to settle curent liabilities of $3,286,704.

As at March 31, 2021 management does not consider current funds to be sufficient for the Company to continue operating considering the intention to advance the Lola Graphite Property and to pursue other graphite projects in Liberia (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, issuance of debts, issuance of convertible debentures, further expenditure reductions, or other measures.

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 March 31, 2021 consist of cash and cash equivalents, accounts payable and accrued liabilities, loans and convertible debenture. The Company's financial assets and financial liabilities approximate their fair values due to their relatively short periods to maturity.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates.

Except for the fixed interest recognized on the convertible debenture and short-term loan, all of the Company's assets and liabilities are non-interest-bearing and, as such, are not subject to a significant amount of risk arising from fluctuations in interest rates.

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 and British pounds.

Accounts payable and accrued liabilities	**March 31, 2021 in CAD**	**Impact of 10% change in FX**	**December 31, 2020 in CAD**	**Impact of 10% change in FX**
United States dollar	18,073	+/- 1,807	17,678	+ / - $1,768
Guinea franc	84,822	+/- 8,482	186,410	+ / - $18,641

(Unaudited and in Canadian dollars)

Cash and cash equivalents	March 31, 2021 in CAD	Impact of 10% change in FX	December 31, 2020 in CAD	Impact of 10% change in FX
United States dollar	379,254	+/- 37,925	$927	+ / - $93
Guinea franc	40,603	+/- 4,060	$13,634	+ / - $1,363

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.

12. 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 March 31, 2021, the Company incurred fees of $35,972 (2020 – $29,125) with two officers. These fees are recorded under legal fees in administration expenses. As at, March 31, 2021, $69,154 was due to these officers (December 31, 2020 – $33,182).

During the period ended March 31, 2021, the Company incurred salaries of $29,333 (2020 – $88,000) to two employees who are officers of the Company, which $nil (2020 – $26,479) was recorded in E&E expenses, $nil (2020 – $12,271) was recorded in graphite production for customers and tests as well as $29,333 (2020 – $49,250) was recorded in general and administrative expenses. As at, March 31, 2021, $190,920 was due to these officers (December 31, 2020 – $161,587).

During the period ended March 31, 2021, the Company recognized stock-based compensation of $277,587 (2020 – $118,119) in connection with stock options granted to officers and directors solely, of which $16,762 was expensed under E&E expenses (2020 – $12,824) and $260,825 was expensed under general and administrative expenses (2020 – $105,375).

Transactions with related parties

During the period ended March 31, 2021, the Company incurred no fees from a consultant who is also a director and the Qualified Person under National Instrument NI 43-101 (2020 – $nil). As at, March 31, 2021, $40,000 was due to that consultant (December 31, 2020 – $40,000).

During the period ended March 31, 2021, the Company incurred consulting fees and administrative fees of $18,863 (2020 – $58,600) with a corporation where the Company's Executive Chairman is also a shareholder of that corporation. As at, March 31, 2021, $45,360 was due to that corporation (December 31, 2020 – $39,110).

During the period ended March 31, 2021, SRI and one of its subsidiaries charged the Company $1,255 for services recorded as E&E expenses as well as services recorded as general and administrative expenses (2020 – $3,470). As at, March 31, 2021 and December 31, 2020 no amount was due to Sama Resources Inc. and its subsidiary.

(Unaudited and in Canadian dollars)

In 2019, SRI has loaned $1,000,000 of which $775,945 remains unpaid as at March 31, 2021 (December 31, 2020 – $758,685). See Note 6.

During the period ended March 31, 2021, a corporation where the Company's Executive Chairman is also the Chairman and Chief Executive Officer, charged a total amount of $nil (2020 – $8,379) to the Company. This amount was expensed in consulting fees. These fees were for accounting and administration services. As at March 31, 2021, no amount was due to that corporation (December 31, 2020 – $nil).

During the period ended March 31, 2021, a corporation where the Company's Executive Chairman is also the President and Chief Executive Officer, charged a total amount of $2,803 (2020 – $nil). This amount is for administration expenses. As at, March 31, 2021, no amount was still owed by that corporation (December 31, 2020, $853).

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, 2021, the total amounts payable in respect of severance would amount to $827,750. If a change of control would occur during the year ending December 31, 2021, the total amounts payable in respect of severance, if elected by the executive members, would amount to $827,750.

13. SUPPLEMENTAL CASH FLOW INFORMATION

	Period ended	**March 31,**
	2021	2020
Changes in working capital items	**$**	$
Sales taxes and other receivables	(13,126)	(8,811)
Prepaid expenses and deposits	5,401	(8)
Accounts payable and accrued liabilities	60,962	(931,551)
	(53,237)	(940,370)

14. COMMITMENTS

The Company has entered into consulting agreements which call for total payments of $4,000 in 2021.

The Company must pay $8,913 in superficial rights every year for the next thirteen years to the government of Guinea to retain the rights of its mining title.

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

Year	**Other**
	$
2021	12,913
2022	8,913
2023	8,913
2024	8,913
Thereafter	80,214

15. OPERATING SEGMENTS

The Company operates in one reportable business segment: the exploration and evaluation of mineral properties. As at March 31, 2021, $481,373 of the Company's non-current assets are located in Guinea, Africa, and $50,279 are located in Montréal, Canada. As at December 31, 2020 $535,272 of the Company's non-current assets were located in Guinea, Africa and $57,937 in Montréal, Canada.

16. SUBSEQUENT EVENTS

Financing

On April 6, 2021, considering the Company's current working capital needs, market conditions and SRG's bid on the assets of North American Lithium Inc. ("NAL"), Sprott has agreed to refinance the First Tranche of the Financing and replace it with a new secured credit agreement for US$1,600,000 (the "US$1.6M Note") which was funded on April 6, 2021 and represents a fresh cash injection of US$800,000 as the balance will be used to refinance and replace the previously announced convertible financing under the First Tranche.

The US$1.6M Note, includes a refinancing and a replacement of the previously announced US$800,000 First Tranche, as well as a fresh cash injection on the same terms which are for the totality of the amount; (i) an interest rate of 8% per annum and is payable semi-annually in arrears on the last day of June and December in each year, (ii) a term expiring on July 31, 2023, (iii) is convertible into common shares of the Company, at the discretion of Sprott, at a conversion price equal to $0.69 per share and (iv) includes the issuance of transferable common share purchase warrants to Sprott exercisable for up to 2,913,623 common shares of the Company at $0.69 per share until July 31, 2023.

NAL

As of April 6, 2021, total payments of $1,500,000 have been made to the monitor Raymond Chabot Inc. as a refundable deposit to secure the Company's bid to acquire NAL. Since the Company was unsuccessful in its bid to acquire NAL, on April 16, 2021, the monitor has returned the $1,500,000 refundable deposit to Sprott and SRG is now in default with the terms of the US$1.6M Note with Sprott. The full amount outstanding including principal, implied interest, prepayment fee and expenses under the US$1.6M Note is due immediately. As at May 31, 2021, the amount due immediately to Sprott is estimated at $770,283.

The parties continue their discussions on a way to resolve this issue.