

**GRAPHANO ENERGY LTD.**

**CONDENSED  
INTERIM FINANCIAL STATEMENTS**

**SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**

**UNAUDITED  
(Expressed in Canadian dollars)**

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## **Notice of Disclosure of Non-auditor review of the Interim Financial Statements**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the interim period ended Jan 31, 2023 have been prepared in accordance with international accounting standards for interim financial reporting under IAS 34. The accompanying unaudited condensed interim financial statements are the responsibility of the Company's management.

The Company's independent auditors, Wasserman Ramsay, Chartered Accountants, have **not** performed a review of these interim financial statements in accordance with the standards established for a review of interim financial statements by an entity's auditor.

March 24, 2023

*Dr. Luisa Moreno*  
Chief Executive Officer

**GRAPHANO ENERGY LTD.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited, expressed in Canadian dollars)

As at,	January 31, 2023	July 31, 2022
	\$	\$
<b>ASSETS</b>		
<i><b>Current assets</b></i>		
Cash & cash equivalents (note 6)	2,550,576	3,353,722
Prepayments and other receivables	123,547	85,935
Sales taxes receivable	251,828	191,050
<b>Total current assets</b>	<b>2,925,951</b>	<b>3,630,707</b>
<b>Total assets</b>	<b>2,925,951</b>	<b>3,630,707</b>
<b>LIABILITIES</b>		
<i><b>Current liabilities</b></i>		
Accounts payable and accrued liabilities (note 7)	225,835	55,045
Flow through share premium liability	-	138,718
<b>Total liabilities</b>	<b>225,835</b>	<b>193,763</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	4,189,129	4,189,129
Reserves	2,310,039	2,310,039
Deficit	(3,799,052)	(3,062,224)
<b>Total shareholders' equity</b>	<b>2,700,116</b>	<b>3,436,944</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>2,925,951</b>	<b>3,630,707</b>

Going concern (Note 2) and subsequent events (Note 16)

The Company's board of directors approved the condensed interim financial statements on March 24, 2023.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

Signed "James Richardson" Director and CFO

Signed "Luisa Moreno" Director and CEO

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

**GRAPHANO ENERGY LTD.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**  
(Unaudited, expressed in Canadian dollars)

	SHARE CAPITAL		RESERVES	DEFICIT	TOTAL
	#	\$	\$	\$	\$
<b>Balance, as at July 31, 2021 (restated)</b>	<b>15,559,049</b>	<b>776,443</b>	<b>-</b>	<b>(782,443)</b>	<b>(6,000)</b>
Private placements	81,945,660	2,453,505	1,643,474	-	4,096,979
<b>Consolidation of shares (6.5:1), Sep 3, 2021</b>	<b>15,000,720</b>	<b>3,229,948</b>	<b>1,643,474</b>	<b>(782,443)</b>	<b>4,090,979</b>
Issue of shares for acquisition of Royalty	153,846	50,000	-	-	50,000
Share issue costs	-	(145,000)	-	-	(145,000)
Flow-through Private placements	1,562,500	907,706	267,294	-	1,175,000
Warrants exercised	188,462	119,314	(21,314)	-	98,000
Options issued	-	-	649,591	-	649,591
Cancellation of shares	(1,875)	-	-	-	-
Adjustment w.r.t volatility	-	219,437	(219,437)	-	-
Warrants exercised	84,615	53,569	(9,569)	-	44,000
Issue of shares for option on property	50,000	10,875	-	-	10,875
Flow-through share premium	-	(256,720)	-	-	(256,720)
Net loss for the period	-	-	-	(2,279,780)	(2,279,780)
<b>Balance, as at July 31, 2022</b>	<b>17,038,268</b>	<b>4,189,129</b>	<b>2,310,039</b>	<b>(3,062,224)</b>	<b>3,436,944</b>
Net loss for the period	-	-	-	(97,950)	(97,950)
<b>Balance, as at October 31, 2022</b>	<b>17,038,268</b>	<b>4,189,129</b>	<b>2,310,039</b>	<b>(3,160,174)</b>	<b>3,338,994</b>
Net loss for the period	-	-	-	(638,878)	(638,878)
<b>Balance, as at January 31, 2023</b>	<b>17,038,268</b>	<b>4,189,129</b>	<b>2,310,039</b>	<b>(3,799,052)</b>	<b>2,700,116</b>

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

**GRAPHANO ENERGY LTD.**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS/(INCOME)**  
**FOR THE SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**  
(Unaudited, expressed in Canadian dollars)

For the period ended January 31,	Three months ended		Six months ended	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Revenues</b>	-	-	-	-
<b>Operating Expenses/(Income)</b>				
Expenditures on E&E properties	623,434	72,675	656,090	129,441
Research cost	-	29,500	-	29,500
Management fees	75,750	76,700	151,500	214,700
Professional and consulting fees	5,632	79,435	16,560	236,085
Finance fees	-	-	-	145,000
Advertising and marketing	11,284	63,833	18,278	101,503
Foreign exchange loss	65	964	1,096	990
Other operating expenses	58,120	36,471	80,066	53,797
Stock-based compensation	-	649,591	-	649,591
Write off of Exploration properties earlier incurred	-	-	-	826,253
	<b>774,285</b>	<b>1,009,170</b>	<b>923,589</b>	<b>2,386,860</b>
<b>Other Expenses/(Income)</b>				
Deferred income tax recovery	(111,295)	-	(138,718)	-
Interest income	(24,111)	(2,569)	(48,061)	(2,569)
Other expenses/(income)	-	(20,300)	18	149,682
	<b>(135,407)</b>	<b>(22,869)</b>	<b>(186,761)</b>	<b>147,113</b>
<b>Net loss and comprehensive loss</b>	<b>638,878</b>	<b>986,300</b>	<b>736,829</b>	<b>2,533,973</b>
Loss per share - basic & diluted	<b>0.04</b>	0.061	<b>0.043</b>	0.162
Weighted average number of shares outstanding	<b>17,038,268</b>	16,261,048	<b>17,038,268</b>	15,678,852

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

**GRAPHANO ENERGY LTD.**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**  
(Unaudited, expressed in Canadian dollars)

For six months ended,	January 31, 2023	January 31, 2022
	\$	\$
<b>Cash used in operating activities</b>		
Net loss for the period	(736,829)	(2,539,111)
<i>Adjustments for items not involving cash:</i>		
Stock based compensation	-	649,591
Exploration properties write off	-	826,253
Reversal of Flow through share liability	(138,718)	-
<i>Changes in non-cash working capital items:</i>		
Receivables and other	(60,778)	(83,269)
Prepayments and other receivables	(37,611)	(47,718)
Accounts payable and accrued liabilities	170,790	239,069
	<b>(803,146)</b>	<b>(955,185)</b>
<b>Cash used in investing activities</b>		
Investment in LAB Property	-	(50,000)
	-	(50,000)
<b>Cash flows from financing activities</b>		
Proceeds from private placement	-	5,271,979
Proceeds from issue of shares	-	50,000
Warrants exercised	-	97,999
Loans and advances	-	(4,096,979)
	-	1,322,999
Increase (decrease) in cash and cash equivalents	(803,146)	317,814
Cash and cash equivalents, beginning of the period	3,353,722	4,096,979
<b>Cash and cash equivalents, end of the period</b>	<b>2,550,576</b>	<b>4,414,793</b>

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

**GRAPHANO ENERGY LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**  
**(Unaudited, expressed in Canadian dollars)**

**1. GENERAL INFORMATION**

Graphano Energy Ltd (the "Company", "Graphano" or "GEL") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporation Act* (British Columbia) on October 5, 2020 by its then parent company, Manganese X Energy ("MN"). It is a mining company that is focused on evaluating, acquiring and developing graphite resources with potential—from exploration to production.

The Company's shares were accepted for listing in September 2021 and are listed under the symbol 'GEL' on the TSX Venture Exchange (the "Exchange"), '97GO' on the Frankfurt Exchange and 'GELEF' on the OTCQB Marketplace in the United States. The registered office of the Company is located at 1000 - 595 Burrard Street, Vancouver, British Columbia, and the Company maintains a business office at 120 Carlton Street, Suite 219, Toronto, Ontario.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on March 24, 2023.

**2. GOING CONCERN DISCLOSURE**

The business of mining exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims and non-compliance with regulatory requirements.

The ability of the Company to continue as a going concern (as is assumed in the presentation of these statements) is uncertain and is dependent upon its ability to fund its working capital, complete the development of its explorations, and eventually to generate positive cash flows from operations. Management may explore alternative possible means to assist in its development, including joint ventures, debt and equity financings, and merger opportunities.

Several adverse conditions and events cast substantial doubt upon the validity of this assumption. Graphano is not currently generating any revenue from its operations. For the six months ended January 31, 2023, the Company recorded a net comprehensive loss of \$736,829 and had an accumulated deficit of \$3,799,052 but a positive shareholders' equity of \$2,700,116 and cash and GICs of \$25,576 and \$2,525,000, respectively. Management is of the opinion that the Company has enough funds to operate for the next 12 month period without the need to raise additional capital.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

**GRAPHANO ENERGY LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Statement of Compliance**

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and effective as of January 31, 2023.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. These financial statements of the Company have been prepared using historical costs and fair values of certain items. Items measured at fair value include cash and cash equivalents, warrants, and share based payments.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

**(b) Basis of Measurement**

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

**(c) Functional and Presentation Currency**

The Company's functional and presentation currency is the Canadian dollar (“\$”).

**4. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS**

Readers should refer to the July 31, 2022 annual audited financial statements for the accounting policies used in the preparation of these condensed interim financial statements. The IASB continues to amend and add to current IFRS standards and interpretations with several projects underway.

Accordingly, the accounting policies adopted by the Company for the Company's IFRS annual financial statements will be determined as at July 31, 2023. In the event that accounting policies adopted at July 31, 2023 differ materially from the accounting policies used in the preparation of these Financial Statements, these Financial Statements would be restated to retrospectively account for the application of those policies adopted at July 31, 2023.

**5. FUTURE ACCOUNTING PRONOUNCEMENTS**

The following standards had been issued but not yet adopted at the date of approval of Financial Statements for quarter ended January 31, 2023.

Amendment to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current. In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2022, with early adoption permitted.

**GRAPHANO ENERGY LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however, early adoption is permitted.

The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Earlier application is permitted. The Company is in the process of assessing the impact the amendments may have on future financial statements and plans to adopt the new standard retrospectively on the required effective date.

The amendments are not expected to have an impact on the Company’s financial statements.

**6. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are as follows:

	Jan 31, 2023	July 31, 2022
	\$	\$
Cash Canadian banks	12,192	36,868
Cash held in Solicitors' Trust Account(s)	13,384	16,854
GIC's	2,525,000	3,300,000
	<u>2,550,576</u>	<u>3,353,722</u>

Last year the Company raised \$1,250,000 via a flow-through share financing. These funds were committed to be spent on Canadian Exploration Expenditures. All required expenditures were completed as of December 31, 2022.

The GIC’s are issued by a major Canadian Chartered Bank.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Trade payables as at January 31, 2023, are \$225,835. Accounts payable includes an amount of \$1,978 due to related parties (see Note 10).

**GRAPHANO ENERGY LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**  
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**8. SHARE CAPITAL**

**A Authorized share capital**

An unlimited number of common shares, without par value.

An unlimited number of preferred shares (note: none issued as of January 31, 2023).

**B Common Shares Issued**

- a) On September 3, 2021 the Company consolidated its shares on a 1:6.5 basis.
- b) On September 1, 2021, the Company issued 76,923 post consolidation common shares to each of Lawrence Nemeth and Geomap Exploration Inc. at \$0.325 per share to repurchase the royalty they previously held on the Lac Aux Bouleaux graphite property. The property is now free of royalty interests and held 100% by the Company.

On December 23, 2021, the Company issued 1,562,500 Flow through units ("FT Unit") at a price of \$0.80 per FT Unit for aggregate gross proceeds of \$1,250,000. Each FT Unit consists of one common share of the Company and one-half of one common share purchase warrant (a "Warrant") of the Company, whereby each whole Warrant of the Company entitles the holder thereof to purchase a common share of the Company at an exercise price of \$1.10 until December 23, 2023. In connection with the Offering, the Company paid a cash finder's fee of \$75,000, representing 6% of the Proceeds raised from investors introduced to the Company by GloRes Securities Inc., and issued an aggregate of 93,750 finders' warrants, representing 6% of the number of FT Units sold under the Offering. Each finder's warrant is exercisable into a Share at an exercise price of \$1.10 until December 23, 2023. The fair value of the warrants at issue date (including the finder's warrants) was \$267,294, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.53; 125% expected volatility (estimated on assumed volatility of 125%, as 'Graphano' does not have volatility history), risk free interest rate of 1.04%; and an expected dividend yield of 0%. Volatility is estimated based on the experience of similar companies owing to the Company's very short trading history.

The common shares were issued at a premium on the date of issuance resulting in a flow through share liability in the amount of \$256,720. The liability is being reversed on a pro-rata basis as the funds are expended, and as a result of the Company completing the required expenditures as of December 31, 2022, the liability has been fully reversed as at Jan 31, 2023. As the liability reverses, the Company is able to recognize the premium that the shares were issued at as an income, stated as Deferred Income Tax Recovery in the Statements of Comprehensive Loss/(Income).

**C Share purchase warrants**

The movement in the number of warrants outstanding and their weighted average exercise prices are as follows:

**GRAPHANO ENERGY LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**  
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	Warrants #	Weighted average exercise price \$
<b>Balance - July 31, 2021</b>	-	-
Re: Private Placement	12,607,019	0.52
Re: Private Placement	781,250	1.10
Warrants issued	93,750	1.10
Warrants exercised	(188,462)	0.52
Warrants exercised	(84,615)	0.52
<b>Balance - July 31, 2022</b>	<b>13,208,942</b>	<b>0.56</b>
	-	-
<b>Balance - October 31, 2022</b>	<b>13,208,942</b>	<b>0.56</b>
	-	-
<b>Balance - January 31, 2023</b>	<b>13,208,942</b>	<b>0.56</b>

The fair value of the 12,607,019 (81,945,660 pre-consolidation) warrants at issue date was \$1,424,038, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.05/.325 post consolidation; strike price of \$0.52; 125% expected volatility (based on a peer company, as 'Graphano' does not have volatility history); risk free interest rate of 0.31%; and an expected dividend yield of 0%. The allocation of the total proceeds to share capital and warrant reserve was effected by pro-rating the then current trading value of the shares with the Black-Scholes calculated value of the warrants over the total purchase consideration.

The fair value of the 781,250 warrants at issue date was \$243,280, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.53; strike price of \$1.10; 125% expected volatility (as above); risk free interest rate of 1.04%; and an expected dividend yield of 0%. The allocation of the total proceeds to share capital and warrant reserve was effected by pro-rating the then current trading value of the shares with the Black-Scholes calculated value of the warrants over the total purchase consideration.

The fair value of the 93,750 warrants issued as part of Units with a strike price of \$1.10 was \$24,015, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.53; strike price of \$1.10; 125% expected volatility (as above); risk free interest rate of 1.04%; and an expected dividend yield of 0% and pro-rated similarly as above.

As at January 31, 2023, the outstanding share purchase warrants were as follows:

Exercise price	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry dates
\$0.52	12,333,942	0.6	Aug 2023
\$1.10	781,250	0.9	Dec 2023
\$1.10	93,750	0.9	Dec 2023
<b>Balance - January 31, 2023</b>	<b>13,208,942</b>	<b>0.6</b>	

**GRAPHANO ENERGY LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**D Stock options**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. As such, the Plan is subject to review and approval by shareholders annually at the Annual General Meeting. Under the plan, the exercise price of each option equals the market price of the Company's stock, not less than the previous day's Closing Price, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors. The option activity, under the share option plan and information concerning outstanding and exercisable options is as follows:

	No. of Options Vested	Weighted Average Exercise Price (\$)
<b>Balance - July 31, 2021</b>	-	-
Options issued	1,500,000	0.50
<b>Balance - July 31, 2022</b>	<b>1,500,000</b>	<b>0.50</b>
	-	-
<b>Balance - October 31, 2022</b>	<b>1,500,000</b>	<b>0.50</b>
	-	-
<b>Balance - January 31, 2023</b>	<b>1,500,000</b>	<b>0.50</b>

The fair value of the 1,500,000 stock options at the issue date (November 11, 2021) was \$649,591 calculated using the Black-Scholes option pricing model with the following assumptions: 60 months expected average life; share price and strike price of \$0.50; 132.80% expected volatility (estimated based on a peer company, as 'Graphano' does not have volatility history); risk free interest rate of 1.10%; and an expected dividend yield of 0%.

As at January 31, 2023, stock options issued and outstanding are as follows:

	Options granted	Options exercisable	Weighted Average Exercise Price (\$)	Expiry dates
	1,500,000	1,500,000	0.50	Nov 2026
<b>Balance - January 31, 2023</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>0.50</b>	

**9. EXPLORATION PROPERTIES**

**Lac Aux Bouleaux Property**

The Company acquired its Lac Aux Bouleaux graphite property (the "LAB Graphite Property") project from its former parent Company, Manganese X Energy Corp. ("MN"), which entered into an arrangement agreement (the "Arrangement Agreement") with its wholly-owned subsidiary to effect the divesting out of the LAB Graphite Property project to its shareholders through GEL. The Arrangement resulted in the creation of Graphano as an independent public company, which is initially focused on the exploration of the LAB Graphite Property for graphite. On September 1, 2021, the Company issued 76,923 common shares to each of Lawrence Nemeth and Geomap Exploration Inc. at \$0.325 per share to purchase the royalty they previously held on the Lac Aux Bouleaux graphite property. The property is now free of royalty interests and held 100% by the Company.

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**Standard Graphite Mine**

During the year the Company entered into an option agreement pursuant to which the Company has been granted the exclusive right and option to acquire 100% of the Standard graphite historical mine ("Standard") subject to a 2% NSR, located 32 km northeast of the Company's Lac Aux Bouleaux graphite project. The Option Agreement covers six claims totalling 355 hectares. At the closing of the Option Agreement the Vendor will receive 50,000 common shares of the Company (issued). In order to complete the option agreement and acquire a 100% interest in the property the Company is required to issue/pay the following: a further 50,000 common shares on the first anniversary and a further 100,000 common shares and \$20,000 in cash on the second anniversary. The Company will have the option to purchase the royalty for \$600,000 cash at any time.

In addition to the claims noted above the Company has staked two additional claims nears its Lac Aux Bouleaux Property.

**10. RELATED PARTY TRANSACTIONS AND BALANCES**

In addition to share issuances to which many of its Insiders were Subscribers, transactions with related parties were as follows:

<b>For the six months period ended January 31,</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Management and other fees paid to companies controlled by Officers and Directors	<b>151,500</b>	214,700
Exploration expenditures paid to an officer as geological consultant to the company	<b>32,567</b>	-
Stock-Based compensation expense - directors and officers	-	562,979
	<b>184,067</b>	<b>777,679</b>

<b>For the three-months period ended January 31,</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Management and other fees paid to companies controlled by Officers and Directors	<b>75,750</b>	76,700
Exploration expenditures paid to an officer as geological consultant to the company	<b>9,594</b>	-
Stock-Based compensation expense - directors and officers	-	562,979
	<b>85,344</b>	<b>639,679</b>

Amounts payable to related parties included in the non-current liabilities and in the accounts payable and accrued liabilities were as follows:

<b>Included in the accounts payable and accrued liabilities</b>	<b>January 31, 2023</b>	<b>January 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Consulting fees payable to companies controlled by officers and Directors	<b>1,978</b>	140,107
Exploration expenditures due to directors	-	1,041
	<b>1,978</b>	<b>141,148</b>

**GRAPHANO ENERGY LTD.**  
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**SIX MONTHS ENDED JANUARY 31, 2023 AND 2022**  
**(Unaudited, expressed in Canadian dollars)**

**11. EARNINGS PER SHARE (“EPS”)**

*(a) Basic EPS*

Basic EPS is computed by dividing net income for a period by the weighted average number of common shares outstanding during that period.

*(b) Diluted EPS*

Diluted EPS is computed by dividing net income for a period by the diluted number of common shares. Diluted common shares includes the effects of instruments, such as share options, which could cause the number of common shares outstanding to increase.

The Company reported net losses for the six months period ended January 31, 2023; the Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the statements of comprehensive loss. Diluted loss per share did not include the effect of share purchase options and warrants as they would be anti-dilutive.

**12. CAPITAL MANAGEMENT**

The Company considers its capital to include all components of Shareholders' Equity. The Company currently manages its capital structure and makes adjustments to it, based on cash and other resources expected to be available to the Company, and required by the Company in order to support the planned exploration and development of mineral property interests and meet its obligations as they fall due. Management has not established quantitative targets for its capital structure. Capital needs are reviewed on a regular basis by management.

The Company, beyond its present cash resources, currently is dependent on externally provided equity financing to fund its future activities. In order to carry out planned exploration and development and fund administrative costs, the Company will allocate its existing capital and plans to raise additional amounts as needed through equity and related party advances if available. Management reviews the capital management approach on an ongoing basis and believes that this approach is reasonable for the current state of the markets and its place in its activities.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 12 months. As of January 31, 2023, the Company appears to be compliant with the policies of the TSXV.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the periods covered in these statements.

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**14. FINANCIAL INSTRUMENTS**

At January 31, 2023, the Company's financial instruments include cash and cash equivalents, other receivable, related party receivables and accounts payable for which there are no differences in the carrying values and fair values, due to their short-term nature. The types of risk exposure are detailed below.

The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents are measured using Level 1 inputs, the warrant liability and other captions above are measured using Level 2 inputs.

**15. FINANCIAL RISK FACTORS**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow and fair value interest rate risk); credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge these risks.

***Market risk***

*Foreign exchange risk:* the Company conduct its business primarily in Canada and is therefore exposed to only a nominal amount of financial risk that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The company recorded a foreign exchange loss of \$1,096 related to its foreign currency transactions for the six months period ended January 31, 2023.

*Commodity price risk:* while the value of the Company's core mineral asset is related to the price of graphite (natural and synthetic) and other battery metals (e.g., lithium), the Company currently does not have any operating mines and hence does not have any commodity-based risks in respect of its operational activities. Graphite and other battery metals prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative trading activities, electric vehicles present and projected sales, advances in technology, prices and availability of substitutes, actions taken by governments, global economic and political developments (including, global events such as the COVID-19 pandemic) and certain other factors. Adverse movements in the prices of graphite and other battery metals may also negatively affect the Company's ability to raise capital and meet its financial commitments.

*Cash flow and fair value interest rate risk:* the Company could be exposed to fluctuations in its future cash flows arising from changes in interest rates through variable rate financial assets and liabilities. Other liabilities negotiated at a fixed rate could expose the Company to fair value interest rate risk. The Company does not hold or owe any interest-bearing debt.

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**Credit risk**

Credit risk arises from cash with banks and financial institutions and amounts receivable. The Company reduces this risk by dealing only with the most creditworthy financial institutions but may be exposed to such risk with respect to other counterparties. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentrations of credit risk through Cash and cash equivalents, and receivables but minimizes such risks by dealing with a major Schedule A Canadian Chartered Bank and its solicitor's Trust account and monitoring its modest receivables, most of which are from Canadian Governments in respect of Sales Taxes refundable.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuance. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The liquidity risk for the junior resource sector which the Company is in is usually considered high, but the Company's present cash and cash equivalents resources appear to have effectively eliminated this risk for now.

**COVID-19**

In early 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed and other quarantine periods and social and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and periodic weakness. Governments and central banks have reacted with significant monetary and fiscal interventions (which may carry their own risks) designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods. The recent news on the development and rapid implementation of several vaccines which appear to have very good effect on the virus has generated considerable optimism that life will get to a more normal pace and practice during the course of 2022 but uncertainty continues to be very high as a result of the appearance of new variants. As at the date of these statements, these expectations seem to be reflected in the Canadian situation, but the incidence of Covid-19 does seem to be on the rise again. The Company will continue to monitor developments closely.

**16. SUBSEQUENT EVENTS**

There are no significant or material events to report since January 31, 2023 and the Company will continue to issue press releases on all material events on a timely basis.