CKR CARBON CORPORATION
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

UNAUDITED – PREPARED BY MANAGEMENT

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 43 (3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been review by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CKR CARBON CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

	As at September 30, 2017 $	As at December 31, 2016 $
Assets		
Current		
Cash	514,397	303,170
Restricted cash (Note 5)	16,329	16,329
Receivables	93,393	79,920
Pepaid expenses	-	5,000
Loan receivable	4,605	-
	628,724	404,419
Exploration and evaluation assets (Note 4)	2,850,842	1,972,749
Property and equipment (Note 5)	451,645	438,895
	3,931,211	2,816,063
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	256,960	407,031
Flow through premium liability (Note 8)	38,381	13,333
	295,341	420,364
Shareholders' equity (deficiency)		
Share capital (Note 8)	11,325,105	9,721,073
Share based payment reserve (Note 8)	1,725,773	1,093,653
Deficit	(9,415,008)	(8,419,027)
	3,635,870	2,395,699
	3,931,211	2,816,063
Nature of Operations and Going Concern (Note 1)		-

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Sheldon Inwentash"	" Luisa Moreno"
Director	Director

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

CKR CARBON CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

	3 months ended September 30 2017	3 months ended September 30 2016	9 months ended September 30 2017	9 months ended September 30 2016
	$	$	$	$
Operating expenses				
Marketing	100,536	6,000	113,880	49,600
Investor relations	9,883	7,121	14,304	24,593
Consulting fees	21,000	-	42,000	61,250
Filing fees and permits	342	5,410	7,730	27,464
Interest	-	-	(34)	1,162
Management fees (Note 9)	33,910	20,000	97,323	795
Office and other	(1,181)	3,295	11,053	79,500
Professional fees	37,096	22,268	95,980	52,430
Share-based compensation	48,000	4,793	588,000	15,367
Travel, meals and accomodation	-	-	41,697	-
	(249,586)	(68,887)	(1,011,933)	(312,161)
Reversal of flow-through premium liability	15,952	-	15,952	-
Loss and comprehensive loss for the period	(233,634)	(68,887)	(995,981)	(312,161)
Basic and diluted loss per share	(0.003)	(0.002)	(0.015)	(0.010)
Weighted average number of shares outstan	71,213,620	34,097,218	64,351,186	29,556,842

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

CKR CARBON CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30,

	2017	2016
	$	$
Operating Activities		
Loss for the period	(995,981)	(331,750)
Non-cash items:		
Share-based compensation	588,000	15,367
Reversal of flow-through premium	(15,952)	-
Foreign exchange loss (gain)	439	-
Change in receivables	(13,473)	(37,319)
Change in subscription receivable	-	1,100
Change in prepaid expenses	5,000	-
Change in accounts payable and accrued liabilities	(150,071)	194,502
Cash used for operating activities	(582,038)	(158,100)
Investing Activities		
Exploration and evaluation expenditures, net of recoveries	(878,093)	(337,124)
Property and equipment	(12,750)	-
Loan receivable	(4,605)	-
Cash used for investing activities	(895,448)	(337,124)
Financing activities		
Proceeds from issuance of common shares	1,772,050	608,490
Share issuance costs	(212,826)	(88,381)
Proceeds from issuance of common shares from warrant reserve	129,919	
Loan repayment	-	(25,253)
Cash provided by financing activities	1,689,143	494,856
Foreign exchange gain (loss) on foreign denominated cash	(430)	-
Changes in cash during the period	211,227	(368)
Cash - beginning of period	303,170	5,765

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

CKR CARBON CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Share-based payment reserve	Deficit	Total equity
December 31, 2015	23,741,394	7,917,221	977,033	(7,806,714)	1,087,540
Shares issued for exploration and evaluation assets	-	-	-	-	-
Shares issued for private placements	8,692,714	608,490	-	-	608,490
Share issuance costs - cash	-	(88,381)	-	-	(88,381)
Share issuance costs - broker warrants	741,876	(54,000)	54,000	-	-
Shares issued for options exercised	-	-	-	-	-
Transfer of share based payment reserve to share capital for options exercised	-	-	-	-	-
Shares for debt	764,712	61,180	-	-	61,180
Share-based compensation	-	-	15,367	-	15,367
Loss for the period	-	-	-	(331,750)	(331,750)
September 30, 2016	33,940,696	$ 8,444,510	$ 1,046,400	$ (8,138,464)	$ 1,352,446
December 31, 2016	50,531,892	9,721,073	1,093,653	(8,419,027)	2,395,699
Shares issued for private placements	19,145,000	1,764,050	-	-	1,764,050
Shares issued for investor relations	139,077	8,000	-	-	8,000
Share issuance costs - cash	-	(212,826)	-	-	(212,826)
Share issuance costs - broker warrants	-	(70,460)	70,460	-	-
Shares issued for warrants exercised	1,341,877	156,268	(26,340)	-	129,928
Flow through share premium liability		(41,000)	-	-	(41,000)
Share-based compensation	-	-	588,000	-	588,000
Loss for the period	-	-	-	(995,981)	(995,981)
September 30, 2017	71,157,846	$ 11,325,105	$ 1,725,773	$ (9,415,008)	$ 3,635,870

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

1. NATURE OF OPERATIONS AND GOING CONCERN

On October 19, 2015, the Company changed its name to CKR Carbon Corporation (formerly Caribou King Resources Ltd.) (hereafter the "Company" or "CKR" which was incorporated under the Business Corporations Act (Ontario), R.S.O. 1990, on February 27, 2007 and is listed on the TSX Venture Exchange ("TSX-V"). The Company's corporate office is located at 96 Avenue Road, Toronto, Ontario, Canada. The Company is a junior exploration company primarily engaged in the acquisition and exploration of exploration and evaluation assets located primarily in Canada and Namibia.

These condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation for the foreseeable future. The operations of the Company were primarily funded by the issue of share capital and loans. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future. These condensed interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The Company is in the business of exploring for minerals that by its nature involves a high degree of risk. There can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of the exploration and evaluation assets 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, the ability of the Company to obtain financing or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. Additionally the Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The condensed interim financial statements are presented in Canadian dollars which is the functional currency of the Company.

In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The policies applied in the condensed interim financial statements are presented below and are based on IFRS' issued and outstanding as of November 15, 2017; the date the Board of Directors approved the condensed consolidated interim financial statements.

2. SUMMARY OF ACCOUNTING POLICIES (cont'd….)

Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment of the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statement of financial position.
ii) The inputs in the Black-Scholes option pricing model to value stock options and agent warrants.

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

i) Economic recoverability and probability of future benefits of exploration and evaluation costs

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

ii) Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity settled benefits.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

2. SUMMARY OF ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets (cont'd…)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash and marketable securities at fair value through profit or loss. The Company's due from related party and deposit is classified as loans and receivables.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category includes accounts payables and accrued liabilities and loans payable which are recognized at amortized cost using the effective interest method.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

2. SUMMARY OF ACCOUNTING POLICIES (cont'd…)

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

2. SUMMARY OF ACCOUNTING POLICIES (cont'd…)

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning and restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

During the period presented, the Company does not have any decommissioning or restoration obligations.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance are charged to profit or loss during the fiscal period in which they occur.

2. SUMMARY OF ACCOUNTING POLICIES (cont'd…)

Property and equipment (cont'd…)

Depreciation is calculated using a straight-line method to write-off the cost of the assets. The depreciation rates applicable to each category of property and equipment are as follows:

Asset	Basis	Period
Land	nil	nil
Equipment	Straight-line	3 years

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options and compensatory warrants are measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Share issue costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby any premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to flow-through premium liability and included in profit or loss at the same time the qualifying expenditures are made.

SUMMARY OF ACCOUNTING POLICIES (cont'd…)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

New accounting pronouncements not yet adopted

The international Accounting Standards Board has issued the following Standards, interpretations and amendments to Standards that are not yet effective and while considered relevant to the Company have not yet been adopted by the Company and the Company is currently assessing the impact of these new standards.

Effective for annual periods beginning on or after January 1, 2018

IFRS 9, Financial Instruments – Classification and Measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers:

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

(Expressed in Canadian Dollars)

2. SUMMARY OF ACCOUNTING POLICIES (cont'd…)

Effective for annual periods beginning on or after January 1, 2019

IFRS 16, Leases

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

3. LOAN RECEIVABLE

On May 31, 2017 the Company entered into a loan agreement to provide Next Graphite Inc. a loan of thirty nine thousand Namibian dollars. The loan is unsecured, bears interest at LIBOR +1% and is due on December 1, 2017. At September 30, 2017 $CDN 4,605 was outstanding.

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets summary

	September 30, 2017			
	Montpellier, Quebec	**Tac, Lac Vert and Buckingham, Quebec**	**Aukam Namibia**	**Total**
Acquisition costs, beginning of period	$ 250,993	$ 66,357	540,896	$ 858,246
Additions	-	-	58,717	58,717
Acquisition costs, end of period	216,993	215,660	599,613	916,963
Exploration costs, beginning of period	41,366	422,731	650,406	1,114,503
Additions				
Drilling	-	-	93,030	93,030
Assays	-	-	56,406	56,406
Field work, supplies and other	10,769	147,997	152,626	311,392
Geological and other consulting	1,159	-	224,179	225,338
Equipment	-	-	34,474	34,474
Travel & accommodation	-	-	67,333	67,333
Transport	-	-	31,403	31,403
Exploration costs, end of period	53,924	570,728	1,309,857	1,933,879
Total, end of period	$ 304,287	$ 637,085	1,909,470	$ 2,850.842

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

	December 31, 2016			
	Montpellier, Quebec	Tac, Lac Vert and Buckingham, Quebec	Aukam, Namibia	Total
Acquisition costs, beginning of year	$ 216,993	$ 215,660	$ 443,641	$ 876,294
Additions	34,000	-	97,255	131,255
Acquisition costs written off		(149,303)		(149,303)
Acquisition costs, end of year	250,993	66,357	540,896	858,246
Exploration costs, beginning of year	9,428	365,961	136,039	511,428
Additions				
Drilling	-	-	-	-
Field work, supplies and other	6,795	43,257	44,125	94,177
Geological and other consulting	6,759	5,815	47,446	60,020
Equipment	-	-	43,422	43,422
Surveying	18,384	21,216	4,460	44,060
Bulk sampling	-	-	327,982	327,982
Travel and accommodation	-	-	46,932	46,932
Exploration costs written off	-	(13,518)	-	(13,518)
Exploration costs, end of year	41,366	422,731	650,406	1,114,503
Total, end of year	292,359	489,088	1,191,302	1,972,749

Montpellier, Quebec

On December 9, 2013, the Company entered into an option agreement, with a corporation that is related by virtue of a common director, to acquire certain claims located in the Hartwell Township, Casse Laurentides Region in Quebec. As consideration the Company must:

i) issue 400,000 common shares (issued at a value of $210,000);
ii) issue 66,667 common shares by December 9, 2014 (issued at a valued at $6,000);
iii) incur $50,000 in exploration expenditures by December 9, 2015.

The vendors have been granted a 2% Net Smelter Royalty ("NSR"). The Company has the right to repurchase a 1% NSR from the vendors for $1,000,000.

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Tac, Lac Vert and Buckingham, Quebec

In February 2013, the Company entered into an option agreement, amended on April 22, 2014, to acquire a 100% interest in the Tac, Lac Vert and Buckingham properties located in the Province of Quebec. In consideration, the Company will:

i) issue 266,667 common shares (issued at a value of $160,000);
ii) issue 66,667 common shares by April 6, 2014 (issued at a value of $30,000);
iii) issue 33,333 common shares by September 16, 2014 (issued at a value of $1,500);
iv) issue 33,333 common shares by March 15, 2015 (issued at a value of $4,000);
v) spend exploration expenditures of $40,000 on or before May 31, 2013 (incurred);
vi) spend exploration expenditures of $110,000 by February 25, 2016. (incurred)

The Company also issued 26,667 common shares (at a value of $16,000) as a finder's fee.

The vendor has been granted a 3% NSR. The Company has the right to repurchase a 1% NSR from the vendor for $1,000,000.

During the year ended December 31, 2016, the Company decided not to continue exploring the Tac and Lac Vert properties and have written off all costs associated with the properties resulting in the amount of $162,821.

Aukam Graphite Project, Namibia

During the year ended December 31, 2015, the Company acquired 100% of the issued and outstanding share capital of Micron Investment Pty. Ltd. ("Micron') which held an option to acquire 63% of the Aukam Exclusive Prospecting License (EPL) 3895 (the "License") located in Namibia's Karas Region, Africa, which has been accounted for as an asset acquisition. In consideration for transfer of the option and net assets of $39,255, the Company issued 3,500,000 common shares (issued at a value of $350,000) and agreed to pay $30,000 in cash. The excess amounts paid over net assets acquired were allocated to the mineral property.

As per a Joint Venture Agreement dated June 8, 2015, amended July 17, 2015 between Micron and Next Graphite Pty. Ltd. ("Next") and a subsequent Farm-out Agreement dated September 12, 2016, between the Company, and Next, the Company can earn 63% of the License by:

i) Spending USD $1,100,000 on the property; or
ii) Completing the plant and infrastructure set up; and
iii) Obtaining government authorization to begin commercial operations; and
iv) Making quarterly payments for a total of USD$180,000 (USD$132,500 paid ($177,634 CDN) during the farm-out period (from June 8, 2015 until i, ii and iii are complete).

The Company shall have the option to buy an incremental 10% of Next's remaining interest for a cash payment of USD$180,000 if mutually agreed to by the parties. Should the Farm-out period need to be extended beyond six months following receipt of a mining license, Next will continue to be paid USD$25,000 until ii and iii are completed. In the case where the Farm-out period is extended as above and the revenue is less than USD$100,000 per month, the Company will loan Next US$25,000 per quarter. Interest on the loan will be compounded monthly at a rate equal to one-month term LIBOR plus one.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Aukam Graphite Project, Namibia (cont'd)

Should the Company fail to provide payment or work expenditures for any farm-out period or fail to complete ii) and iii) above 6 months after receipt of the mining licence it will forfeit 2% of its interest for each 30-day delay.

Following conclusion of the Farm-out period the Company will for the first 5 months fund all operations to run all plant related activities and expenditures. Thereafter, each party will contribute funding proportionate to their respective holdings.
As at December 31, 2016, The Company had earned a 51.84% participating interest in the Aukam license.

There is a 2% gross revenue royalty on the Aukam Mine.

In February 2017, the Company paid USD $47,500 ($58,717 CDN) relating to the quarterly payments within the farm-out agreement.

5. Property and Equipment

Cost	Land	Equipment	Total
At December 31, 2015	-	-	-
2016 Additions	369,434	69,461	438,895
At December 31, 2016	369,434	69,461	438,895
2017 Additions	-	12,750	12,750
At September 30, 2017	369,434	82,211	451,645

During the year end December 31, 2016, the Company acquired property in the town of Luderitz, Namibia in the acquisition of Ludbay Properties Pty Ltd. which has been accounted for as an asset acquisition. In consideration for all the outstanding shares of Ludbay, the Company issued 3,500,000 shares valued at $315,000, paid cash of $50,000, assumed restricted cash of $16,329, accounts payable of $20,743 with the net amount of $ 369,434 allocated to land.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2017	December 31, 2016
Trade payables	$ 197,905	$ 188,141
Accrued liabilities	59,055	91,250
	$ 256,960	$ 279,391

7. LOANS PAYABLE

On January 1, 2016 the Company repaid $25,253 of principal and accrued interest of a loan agreement in full through the issuance of 314,500 common shares.

During the period ended March 31, 2016 the Company arranged a $34,800 loan from a Namibian corporation. The loan bears monthly compound interest at LIBOR plus 1 percent for US dollar deposits. The loan was repaid in April 2016 through the issuance of 450,212 shares at a deemed price of $0.08 per share.

During the period ended March 31, 2016, the Company received a $9,000 loan from an officer of the Company. The loan was due on demand and bear interest at 12% per annum. The loan was repaid in May 2016.

8. SHARE CAPITAL

Common Shares

Authorized - An unlimited number of common shares

The following summarizes the share issuance transactions:

During the period ended September 30, 2017, the Company:

i) Completed a private placement of 15,045,000 units at a price of $0.09 per unit for aggregate gross proceeds of $1,354,050. Each unit consisted of one common share and one common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase an additional common share in the capital of the Company at a price of $0.20 per share until March 29, 2020.

   Completed a private placement of 4,100,000 flow-through units at a price of $0.10 per unit for aggregate gross proceeds of $410,000. Each flow-through unit consisted of one flow through share and one flow through share purchase warrant of the Company. Each warrant will entitle the holder to purchase one flow through common share in the capital of the Company at a price of $0.20 per warrant until March 29, 2020.

   The Company paid to the finders cash compensation of $176,405 and issued 1,504,500 broker warrants in relation to the sale of the non-flow through units with an exercise price if $0.09 and 410,000 broker options in relation to the flow through units.

ii) Issued 4,650,000 options to purchase common shares of the Company to officers and directors of the Company at an option price of $0.17 for a term of five years.

iii) Issued 1,000,000 options to purchase common shares of the Company to officers and directors of the Company at an option price of $0.07 for a term of five years.

iv) Issued 1,341,877 common shares upon exercise of warrants for gross proceeds of $156,268.

v) Issued 139,077 common shares for investors relations at a price of $0.06

vi) Received 51.84% of outstanding shares of Gazania Investments Two Hundred and Forty Two Pty Ltd. as a result of earning a 51.84% participating interest in the Aukam license (Note 3).

8. SHARE CAPITAL (cont'd…)

Common shares (cont'd…)

During the year ended December 31, 2016 the Company:

i) issued 314,500 shares (Note 6) to settle $25,163 of principal and accrued interest on a loan agreement at an issue price of $0.08 per share.

ii) issued 450,212 shares (Note 6) to settle a loan payable and accrued interest of $34,783 at an issue price of $0.08 per share

iii) completed a private placement of 8,692,714 units at a price of $0.07 per unit for aggregate gross proceeds of $608,490. Each unit consisted of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase an additional common share in the capital of the Company at a price of $0.13 per share until May 3, 2017.

The Company issued to the finders 741,876 broker warrants valued at $26,361. The broker warrants are convertible to 741,876 common shares and 370,938 warrants. The warrants entitle the holder to purchase up to 370,938 common shares of the Company at a price of $0.13 for a period of 12 months. In addition, the Company paid cash commissions to the finders totaling $88,380.

iv) issued 400,000 shares (Note 3) for the Montpellier property at a price of $0.09 per share for a total value of $34,000

v) completed a private placement of 12,099,738 units at a price of $0.08 per unit for a total proceeds of $967,979. Each unit consisted of one common share and one half common share purchase warrant. Each whole warrant will entitle the holder to purchase one share at an exercise price of $0.15 per share until November 4, 2017.

i) completed a private placement of 1,333,334 flow through common shares at a price of $0.09 per share for a total proceeds of $120,000. A fair value of $13,333 was attributed to the flow through premium liability.

In relation to the 12,099,738 units and 1,333,334 flow through common shares the Company issued 1,164,654 broker warrants with an exercise price of $0.08 per agent warrant until November 4, 2017 valued at $37,321. The broker warrant is comprised of one common share and one half common share purchase warrant. The warrant entitles the holder to purchase an additional common share at a price of $0.15 for a period of 12 months. In addition, the Company issued broker options exercisable at $0.09 per common share until November 4, 2017 valued at $3,265. The Company paid $134,134 in share issuance costs.

ii) issued 3,500,000 shares (Note 4) as part consideration for property acquired in Luderitz Namibia for a total value of $315,000.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Stock Options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Company options to purchase common shares, provided that the number of shares reserved for the issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares, exercisable for a period and the exercise price to be determined by the Board at the time the option is granted.

During the period ended September 30, 2017, the Company:

i) granted 4,650,000 stock options exercisable at $0.17 until April 4, 2022 and recorded share-based compensation of $540,000.

ii) granted 1,000,000 stock options exercisable at $0.07 until September 4, 2022 and recorded share-based compensation of $48,000.

During the year ended December 31, 2016, the Company:

i) granted 1,483,333 (2015 – 2,355,000) stock options with a fair value of $52,938 (2015 – $124,066) or $0.04 (2015 – $0.05) per option of which $49,673 relates to 1,350,000 stock options being issued to directors , officers and consultants recorded as share based compensation, and $3,265 relates to broker options. Refer to Note 7 common shares vi) for details

A summary of option transactions is as follows:

	Nine month period ended September 30, 2017		**Year ended December 31, 2016**	
	Number of options	Weighted average exercise price	**Number of options**	Weighted average exercise price
Balance, beginning of period	2,243,333	$ 0.11	1,958,333	$ 0.15
Granted	5,650,000	0.15	1,483,333	0.09
Exercised	-	-	-	-
Expired/Cancelled	(1,155,000)	0.12	(1,205,000)	0.15
Balance, end of period	6,738,333	$ 0.13	2,243,333	$ 0.11

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

At September 30, 2017, the following options were outstanding and exercisable:

Exercise price	Number outstanding	Weighted average exercise price	Number exercisable
$ 0.75	6,667	$ 0.75	6,667
1.05	23,333	1.05	23,333
0.10	850,000	0.10	850,000
0.08	300,000	0.08	300,000
0.09	133,333	0.09	133,333
0.17	4,425,000	0.17	4,425,000
0.07	1,000,000	0.07	1,000,000
	6,738,333	0.13	6,738,333

The fair value of each option granted is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Nine months ended September 30, 2017	Year ended December 31, 2016
Expected dividend yield	Nil	Nil
Stock price volatility	87.52%	87.52%
Risk-free interest rate	0.96%	.49%
Expected life of options	5.0 years	4.2 years

Warrants

The Company has issued and outstanding the following share purchase warrants:

	Nine months ended September 30, 2017		Year ended December 31, 2016	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Balance, beginning of period	14,931,021	$ 0.13	4,983,492	$ 0.21
Granted	18,464,000	0.19	13,256,021	0.13
Exercised	1,341,877	0.10	-	-
Expired	(5,792,295)	0.14	(3,308,492)	0.24
Balance, end of period	26,260,849	$ 0.17	14,931,021	$ 0.13

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (cont'd...)

Warrants (cont'd…)

As of September 30, 2017, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Number of Warrants	Weighted Average Exercise Price		Fair Value
November 4, 2017	1,164,654	0.08		-
November 4,2017	6,632,196	0.15		
March 29, 2019	1,504,500	0.09		
March 29, 2019	410,000	0.10		
March 29, 2020	16,549,500	0.20		-
	26,260,849	0.17	$	-

The fair value of agent's warrants is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Nine months ended September 30, 2017	Year ended December 31, 2016
Expected dividend yield	0.00%	0.00%
Stock price volatility	76.59%	90.23%
Risk-free interest rate	0.62%	0.62%
Expected life of warrants	2.0 years	1.0 years

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company defines key management as officers and directors.

During the nine months ended September 30, 2017, the Company:

i) paid management fees of $72,000 to a company controlled by the Chief Executive Officer
ii) paid management fees of $42,000 to a company controlled by the Chairman of the Board
iii) paid management fees of $34,000 to a company controlled by a director of the Company
iv) paid consulting fees of $28,000 to a director of the Company
v) paid $ 27,000 compensation to the Chief Financial Officer
vi) granted a total of 5,350,000 stock options to officers and directors of the Company, of which the fair market value was estimated at $534,500

10. SEGMENTED INFORMATION

The Company's primary business activity is the acquisition and exploration of mineral properties in Canada.

11. RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Fair value

The fair value of cash and marketable securities are measured on level 1 of the fair value hierarchy. Given that they will mature shortly, the fair value of due from related party, deposit, accounts payable and accrued liabilities and loan payable approximate their carrying value.

Financial Risk

The primary goals of the Company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Company's net assets from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risks through preventive controls and transferring risk to third parties. The Company's exposure to potential loss from financial instruments is primarily due to credit risk, liquidity risk and various market risks, including interest rate and foreign exchange.

Foreign Exchange

The Company's cash is held in US dollar and Canadian dollar denominated accounts with a major Canadian chartered bank. The Company is not exposed to financial risk arising from fluctuations in foreign exchange rates.

Interest Rate Risk

The Company has limited exposure to financial risk arising from fluctuations in interest rates earned on short-term investments given their short-term nature. As a result fluctuations in market interest rates during the current period would not have any material impact on the Company's financial results.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. The Company's ability to meet its commitments for exploration programs, and meet all of its general and administrative costs on a continuous basis is dependent on the continued support of the financial markets. In particular, the Company may have to issue additional common shares.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. All of the cash is held with one financial institution. Consequently the Company is exposed to concentration of credit risks of that institution. However, the credit risk is limited, based on the high quality external credit rating of that institution. Commodity taxes recoverable are due from a government agency.

Capital Management

The Company considers the items included in equity as capital. The Company's objective in managing capital is to ensure sufficient liquidity to pursue its exploration activities and may raise additional capital through the equity markets as additional capital is required. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. There was no change in the Company's capital management strategy during the period ended September 30, 2017.