Gratomic Inc.
(Formerly CKR Carbon Corporation)
MANAGEMENT DISCUSSION AND ANALYSIS
(Form 51-102F1)
For the Three Months Ended March, 2018

This MD&A is dated May 29, 2018

On December 22, 2017, the Company changed its name to Gratomic Inc (formerly CKR Carbon Corporation) (hereafter the "Company" or "Gratomic Inc."), 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 69 Younge St Suite 1010, Toronto, Ontario, Canada. The Company is a junior exploration company primarily engaged in the acquisition and exploration of exploration and evaluation assets located in Canada and Namibia.

The following is the management discussion and analysis ("MD&A") of the financial condition, changes in financial condition and results of operations of Gratomic Inc.for the three months ended March 31, 2018. The MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2018 (www.sedar.com) which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of financial statements, 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 reader should also refer to the audited financial statements for the year ended December 31, 2017. 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 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.

Unless otherwise specified, all dollar amounts herein and therein are expressed in Canadian currency.

Additional information on the Company may be found on SEDAR on www.sedar.com

Forward-Looking Information

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of metals; (ii) that there are no material delays in the optimisation of operations at the exploration and evaluation assets; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See "Risks and Uncertainties") contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

Annual Information

	2017	2016	2015
	$	$	$
Revenue	-	-	-
Loss and comprehensive loss for the year	(1,837,992)	(612,313)	(535,053)
Loss per common share	(0.03)	(0.02)	(0.03)
Weighted average number of common shares	70,112,442	32,858,114	16,368,054
Statement of Financial Position data			
Working capital (deficit)	2,206,886	(15,945)	(300,182)
Total assets	7,441,237	2,816,063	1,410,906

Overall Performance and Results and Operations

During the three months ended March 31, 2018, the Company incurred a loss and comprehensive loss of $379,504 (2017 - $85,461).

i) $330,095 was invested in exploration and evaluation and infrastructure at the Company's Aukam graphite project in Namibia to bring the total investment in the property to $4,107,091 at the end of the period.

ii) $225,921 was spent in exploration and evaluation activity at the Company's Buckingham property in Quebec.

iii) Marketing expenses, that were primarily related to the marketing and development of graphite derived graphenes hybrids for use in tire elastomers and other advanced materials totaling $120,764 were incurred during the period. Marketing expenses incurred in the same period in 2017 totaled $11,344.

iv) Management fees paid during the period totalled $69,000 compared to management fees of $33,000 incurred in the first quarter of 2017.

v) During the period the Company issued 250,000 stock options with a fair value $29,577 to purchase common shares of the Company to a director of the Company at an exercise price of $0.14. The options vested immediately and have a term of five years.

vi) $328,100 was received from the issue of 1,600,000 shares upon the exercise of warrants and $27,000 was received from the issuance of 390,000 shares upon the exercise of stock options.

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the last eight quarters.

Three Months Ended	March 31 2018	December 31 2017	September 30 2017	June 30 2017
Interest Income	$ -	$ -	$ -	$ -
Exploration and evaluation assets	4,683,366	4,200,063	2,850,842	2,407,074
Deficit	10,636,523	10,257,019	9,415,008	9,181,470
Total Assets	7,343,276	7,441,237	3,931,211	4,055,982
Net and Comprehensive Loss	379,504	841,914	233,634	676,983
Basic and Diluted Loss Per Share	0.00	0.01	0.003	0.01

Three Months Ended	March 31 2017	December 31 2016	September 30 2016	June 30 2016
Interest Income	$ 34	$ -	$ -	$ -
Exploration and evaluation assets	2,228,463	1,972,749	1,724,845	1,605,714
Deficit	8,504,488	8,419,027	8,138,464	8,069,577
Total Assets	4,318,132	2,816,063	1,783,880	1,822,070
Net and Comprehensive Loss	85,461	280,562	68,887	160,536
Basic and Diluted Loss Per Share	0.00	0.008	0.002	0.005

Mineral Properties / Exploration and Evaluation Assets

The technical content of the mineral property disclosure in this MD&A has been reviewed and approved by Roger Moss, Ph.D., P.Geo, a qualified person as defined by National Instrument 43-101. Except where noted the property disclosure in this MD&A has not been the subject of a National Instrument 43-101 report.

Montpellier Graphite Property, Quebec

On December 9, 2013, the Company entered into an option agreement, with a corporation that was 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:

i) issued 400,000 common shares (issued at a value of $210,000);
ii) issued 66,667 common shares by December 9, 2014 (issued at a valued at $6,000);
iii) incurred $50,000 in exploration expenditures by December 9, 2015. (The Company issued 400,000 common shares at a value of $34,000 on October 12, 2016 in satisfaction of this condition.)

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

The property hosts graphite mineralization in a zone 15 meters wide, and has been delineated over a strike length of 250 meters by historical drilling and trenching. The historical drilling at Montpellier included one drill hole with a weighted average of 10.47% Cg (Carbon as graphite) over 44.97 meters and 12.33% Cg over 21.64 meters. (*1984, Ministere de l’Energie et de Ressources Quebec,Report Nos. GM42965, 80p; GM41744, 41p.*). Note that estimates of true thickness were not determined in the historical drilling. Two other graphite zones occur 575 meters east of the main zone of mineralization.

During 2016 an airborne electromagnetic and magnetic survey was carried out over the property to determine possible extensions to the graphite mineralization. Results of the survey indicate a single, wide, prospective area defined by electromagnetic conductors and associated magnetic anomalies that appear to be folded into a "C" shape about an east-west trending axis. The strike length of the folded conductors and associated magnetic anomalies is more than 2.2 kilometres.

During 2017, work carried out at Montpellier, included prospecting and searching for historical drill hole collars. The work was carried out in preparation for a drilling program, but ultimately it was decided to focus drilling on the Buckingham property (see below).

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:

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

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.

The Tac and Lac Vert properties were written off during 2016.

An airborne time domain electromagnetic (TDEM) survey flown over the Buckingham project during 2016 resulted in several anomalies. The largest conductor stretches over 1.54 kilometres in a northeast-southwest direction. The northeastern portion of this conductor is coincident with graphite mineralization in the Case Zone from which 35 grab samples collected in 2015, yielded values ranging from 1.6% carbon as graphite (Cg) to 28.7% Cg (See news releases dated May 22, 2015 and November 4, 2015). The length of the conductor suggests that the Case Zone may be longer than previously thought.

Trenching during Q4-2016 tested the long TDEM conductor with five trenches from 15 to 70 metres long oriented perpendicular to the conductor axis. A sixth trench, of approximately 30 metres, tested a smaller adjacent conductor. All trenches uncovered zones of graphite mineralization hosted primarily by paragneiss. Highlights of the trench sampling include 8.33% Cg (Carbon as graphite) over 11.3 metres, 2.76% Cg over 15 metres, 2.23% Cg over 27 metres and 1.52% Cg over 65.5 metres. Individual samples assayed between 0.02% Cg and 17.3% Cg, with an average of 1.92% Cg for the 158 samples.

In 2017 $ 270,729 (2016-$70,288) was invested in the Buckingham project. The main work carried out on the project during 2017 was a trenching and drilling program, designed to follow up on the successful results of the 2016 trenching program, highlights of which included 8.33% Cg (Carbon as graphite) over 11.3 metres, 2.76% Cg over 15 metres, 2.23% Cg over 27 metres and 1.52% Cg over 65.5 metres.

The 2017 trenching and drilling aimed to test the electromagnetic conductor further to the south and to test for graphite at depth below the 2016 trenches. Highlights of the work included: 15.0% Cg over eight metres in Trench 2, 7.35% Cg over 12 metres in hole CK17-01, and 6.06% Cg over 88 metres from nine metres that included a higher-grade interval of 20.69% Cg over 8 metres in hole CK17-02. A summary of the results is given in the table below.

Hole/Trench ID	From (m)	To (m)	Width (m)*	Cg (%)
CK17-01	53	106	53	3.52
including	94	106	12	7.35
CK17-02	9	97	88	6.06
including	75	95	20	7.52
and	11	31	20	**12.09**
including	22	30	8	**20.69**
CK17-03	35	59	24	2.64
CK17-04	58	76	18	6.25
	156	199	43	9.54
CK17-05	49	89	40	5.68
including	55	70	15	7.36
17-TR01			5	9.87
17-TR02			13.4	**10.50**
including			8	**15.00**
17-TR03			19.85	6.67

*Note that width's are downhole or channel sample lengths and may not represent true width

Several graphite horizons are present, typically associated with carbonate horizons in the widespread quartzo-feldspatic gneiss. The highest graphite grades are generally found within marble zones in the gneiss.

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$180,000 paid ($225,000CDN) during the farm-out period (from June 8, 2015 until i, ii and iii are complete); and

The Company shall have the option to buy an incremental 10% of Next's remaining interest for a cash payment of $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.

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.

In the first quarter of 2017, under the terms of the Joint Venture Agreement the Company had earned 63% of the license and on July 28, 2017 the Company received an additional 11% of the common shares of Gazania Investments Two Hundred and Forty (Pty) Ltd., the holder of License, to bring their total ownership to 63%.

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

During Q1-2018, Gratomic completed the construction and start up of the Aukam processing plant. The plant was constructed between December 2017 and March 2018, with initial throughput and optimization reached during March and April 2018. To date, the plant has generated 5.5 tonnes of graphite concentrate grading between 88%-96% Carbon as Graphite ("**Cg**") of which 3.25 tonnes of concentrate has been shipped to Perpetuus Carbon Technologies (**"Perpetuus"**) for the manufacture of graphenes to be used in the automobile and bicycle tire industry.

The Aukam processing plant uses a simple crushing, grinding and flotation system with a current capacity of 600 tonnes per annum. Construction is already underway for the installation of a larger mill with a 10,000 tonne per annum capacity. Graphite feed for the plant is obtained from screening and sorting of stockpiles existing from historical and recent mining. An average feed grade of 56.29% Cg with a range of 41.55% Cg to 63.87% Cg was determined from ten, 2kg to 30kg, grab samples from across the stockpiled lumps (see June 3, 2016 and July 12, 2016 news releases). Note that assays of grab samples should not be taken as representative of the mineralization on the Aukam property as a whole.

Gratomic also carried out ground electromagnetic (HLEM) and magnetic surveys in two areas of the EPL. The first area adjoins the surveys completed in January 2017 over the mine area at Aukam, extending the strike length covered to 1.6 kilometres. Electromagnetic anomalies found within this area extend those found in the original survey by approximately 550 metres, for a total strike length of 1.3 kilometres. Distinct drill targets are present along this trend. The second area covers the Snyman graphite occurrence in the northeastern portion of the EPL. Northnortheast trending magnetic anomalies in this area are believed to be diabase dykes. The most predominant EM anomaly occurs in the northwest part of the grid and extends over approximately 150 metres. A second weaker EM anomaly occurs further east and extends over approximately 600 metres. Both of these anomalies are thought to be associated with the graphite mineralization in the area.

On March 6, 2018, the Company announced the granting of an additional Exclusive Prospecting Licence, Number 6710 ("**EPL 6710**") by the Namibian Ministry of Mines and Energy. Title to EPL 6710 is registered to Luxury Investments Two Hundred and Sixty Four (PTY) Ltd., a Namibian company, of which the Company holds 91%. The remaining 9% is held by a local Namibian pursuant to the Republic of Namibia's New Equitable Economic Empowerment Framework (www.opm.gov.na/neeef). EPL 6710 has an initial exclusivity period of 3 years.

EPL 6710 is located immediately east and north of, and contiguous with, EPL 3895 that covers the Aukam graphite deposit and the Snyman graphite occurrence. The application for EPL 6710 was submitted in order to cover the potential strike extension of the Snyman graphite occurrence to the east. In addition, EPL 6710 covers additional area considered prospective for graphite within the "Aukam window" where the rocks hosting the Aukam and Snyman graphite are exposed beneath the regional unconformity at the base of the Nama Group sedimentary rocks. The addition of the new EPL increases the area of prospective geology covered to 63,072 hectares (630 square kilometres).

Financial Instruments and Risks and Uncertainties:

Fair value

Given that they will mature shortly, the fair value of receivable, accounts payable and accrued liabilities 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, Namibian dollar and Canadian dollar denominated accounts with a major Canadian chartered bank and with a bank in Namibia. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates with respect to the US dollar. The Company has not utilized derivative instruments to reduce its exposure to foreign currency risk.

Interest Rate Risk

Fluctuations in interest rates have only an impact on the return that the cash and cash equivalents generates as interest income. Unfavorable changes in the applicable interest rate may result in a decrease of interest income.

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. The Company is exposed to liquidity risk.

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. Most of the Company's cash is held with one financial institution in Canada. 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.

Political Risk

The Company has subsidiaries in Namibia. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.

Capital Management

The Company considers the items included in equity as share 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 March 31, 2018.

Market Risk

There is no open trading market for graphite in the way there is for other base metals such as zinc,copper and nickel. The Company needs to market their graphite and secure purchase orders or supply contracts with graphite processors or users.

Liquidity and Capital Resources

On March 31, 2018, the Company had a working capital of $1,663,697 (December 31, 2017 – $2,206,886)
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Accounts payable and accrued liabilities totaled $275,902 on December 31, 2017, (2017-$267,871).

Off Balance Sheet Arrangements

The Company is not a party to any off balance sheet arrangements or transactions.

Disclosure of Outstanding Share Data

As of May 29, 2018, the Company had the following outstanding:

Common shares - 114,119,739 common shares

Options

Expiry Date	Number of Options	Exercise Price
February 18, 2021	450,000	0.10
April 4, 2022	3,750,000	0.17
September 4, 2022	900,000	0.07
December 22, 2022	3,900,000	0.10
January 12, 2023	250,000	0.14
April 24, 2023	850,000	0.145
May 4, 2023	300,000	0.145
	10,400,000	

Warrants

Expiry Date	Number of Warrants	Exercise Price
March 29, 2020	14,839,500	0.20
March 29, 2019	1,414,500	0.09
March 29, 2019	410,000	0.10
November 24, 2020	39,009,143	0.10
November 24, 2020	1,997,390	0.07
	57,670,533	

Significant Accounting Policies and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related contingent assets and liabilities. On an on-going basis, management evaluates the estimates including those related to long-term revenue contracts, intangible assets, bad debts, warranty obligations and income taxes. The estimates are based on historical experience and on various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates. The following critical accounting policies include those which involve management's more significant judgments and estimates:

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.

Capitalization of deferred exploration costs

The company has entered into an agreement to acquire a company holding a mineral licence. The acquisition is being accounted for as advances toward the purchase of a company interest in accordance with IFRS 10 and capitalized to the statement of financial position. Upon attaining control of such company the Company will consolidate as a subsidiary.

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.

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.

Deferred income taxes

Deferred income tax assets are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying value of assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The calculation of current and deferred income taxes requires management to make estimates and assumptions and to exercise a certain amount of judgment. The income tax bases of assets and liabilities are based upon the interpretation of income tax legislation across various jurisdictions. The deferred income tax assets and liabilities are also impacted by expectations about future operating results and the timing for reversal of temporary differences as well as possible audits of tax filings by the regulatory authorities. In accessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax assets, projected future taxable income and tax planning strategies in making this assessment. The Company has not recorded deferred tax assets as at March 31, 2018.

Property and equipment

Management reviews the carrying value of long lived assets including plant and equipment and amortizable intangible assets for impairment to determine if the carrying value of an asset may not be recoverable due to changes in the current and expected future use of the asset, external valuations of the asset, and the obsolescence or physical damage to the asset. If such indicators of impairment exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount.

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.

Newly adopted and pending accounting policies

Please refer to the December 31, 2017 consolidated financial statements on www.sedar.com.

Financial Instruments

Please refer to the December 31, 2017 consolidated financial statements on www.sedar.com .

Subsequent Event

On April 10, 2018 the Company signed a letter of collaboration ("Agreement") with Perpetuus Carbon Technologies Limited ("Perpetuus") pursuant to which the Company and Perpetuus will develop and market material enhancing graphite derived graphenes and graphene hybrids for tire elastomers, whilst also exploring options to exploit polymer composites, energy capture and storage applications markets ("Project"). The Agreement contemplates the first Phase of the Project ("Phase 1"), with the other phases to be described in a joint venture agreement to be entered into between the Company and Perpetuus.
Pursuant to the Agreement, and as part of Phase 1, the Company has committed to fund the purchase, and retain ownership, of three specialised process tooling chambers at an aggregate cost of $540,000. These specialized tooling chambers will be housed in Perpetuus' existing facility in the United Kingdom. In addition to housing the specialized tooling chambers Perpetuus will contribute its Patented Project specific intellectual property, designed perfected and engineered by Perpetuus. In addition Perpetuus will also manage and maintain the specialized tooling chambers.

The Agreement contemplates the supply of Graphite from the Aukam Graphite mine in Namibia.

The Company and Perpetuus will share equally all proceeds of sales after deductions of operating costs and Product purchasing costs.