GRATOMIC INC.
(formerly CKR Carbon Corporation)
INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2018

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 interim unaudited condensed consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been review by an auditor.

The accompanying unaudited interim unaudited condensed consolidated 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.

GRATOMIC INC.

(formerly CKR Carbon Corporation)

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2018 AND DECEMBER 31, 2017

(In Canadian dollars,unaudited)	Notes	2018	2017
		$	$
Assets			
Current			
Cash		1,785,940	2,317,221
Restricted cash		16,329	16,329
Amounts receivable		304,328	166,616
		2,106,597	2,500,166
Exploration and evaluation assets	**3**	5,577,891	4,200,063
Property and equipment	**4**	1,013,513	652,851
		8,698,001	7,353,080
Liabilities			
Current			
Amounts payable and accrued liabilities	**7**	173,194	267,871
Flow through premium liability		-	25,409
		173,194	293,280
Shareholders' equity			
Share capital		16,491,429	13,693,171
Reserves		2,246,243	2,463,343
Deficit		(11,783,761)	(10,257,019)
Equity attributable to owners of the Company		6,953,911	5,899,495
Non- controlling interests	**5**	1,570,896	1,160,305
Total equity		8,524,807	7,059,800
Total shareholders' equity and liabilities		8,698,001	7,353,080
Nature of Operations and Going Concern	**1**		
Commitments and contingencies	**10**		

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Arno Brand"	"Daniel Bloch"
Director	Director

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

GRATOMIC INC.
(formerly CKR Carbon Corporation)
INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 and 2017

		Three months ended		Nine months ended	
(In Canadian dollars,unaudited)	Notes	2018	2017	2018	2017
		$	$	$	$
Operating expenses					
Consulting		21,860	21,000	21,860	42,000
Filing fees and permits		8,363	342	28,353	7,730
Investor relations		140,755	9,883	219,526	14,304
Management fees		93,800	33,910	244,300	97,323
Marketing		37,389	100,536	388,353	113,880
Office and other		108,839	(1,181)	147,793	11,019
Professional fees		27,469	37,096	134,183	95,980
Share-based compensation		-	48,000	167,727	588,000
Travel, meals and accomodation		101,069	-	189,085	41,697
Amortization	**4**	(12,656)	-	10,972	-
		(526,887)	(249,586)	(1,552,151)	(1,011,933)
Reversal of flow-through premium liability		2,401	15,952	25,409	15,952
Loss and comprehensive loss for the year		(524,486)	(233,634)	(1,526,742)	(995,981)
Loss and comprehensive loss for the year attributable to :					
Owners of the Company		(524,486)	(233,634)	(1,526,742)	(995,981)
Non-controlling interests		-	-	-	-
		(524,486)	(233,634)	(1,526,742)	(995,981)
Basic and diluted loss per share		(0.006)	(0.003)	(0.020)	(0.015)
Weighted average number of shares outstanding		88,665,874	71,213,620	78,239,428	64,351,186

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

GRATOMIC INC.
(formerly CKR Carbon Corporation)
INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30,

(In Canadian dollars, unaudited)	2018 $	2017 $
Operating Activities		
Loss for the period	(1,526,742)	(995,981)
Non-cash items:		
Amortization	10,972	-
Share-based compensation	167,727	588,000
Reversal of flow through premium	(25,409)	(15,952)
Change in receivable	(137,712)	(13,464)
Change in prepaid expenses	-	5,000
Changes in accounts payable and accrued liabilities	(94,677)	(150,071)
Cash used for operating activities	(1,605,841)	(582,468)
Investing Activities		
Exploration and evaluation expenditures	(1,109,584)	(878,093)
Purchase of property and equipment	(639,878)	(12,750)
Loan receivable	-	(4,605)
Cash used for investing activities	(1,749,462)	(895,448)
Financing Activities		
Proceeds from issuance common shares	2,342,500	1,772,050
Share issuance costs	(129,971)	(212,826)
Proceeds from issuance of common shares from options exercised	27,000	-
Proceeds from issuance of common shares from warrants exercised	584,493	129,919
Cash provided by financing activities	2,824,022	1,689,143
Changes in cash	(531,281)	211,227
Cash and restricted cash, beginning of period	2,333,550	303,170
Cash and restricted cash, end of period	1,802,269	514,397

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

GRATOMIC INC.
(formerly CKR Carbon Corporation)
INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017

(In Canadian dollars, unaudited)	Number of shares	Share capital $	Share-based payment reserves $	Deficit $	Attributable to owners $	Non-controlling Interest $	Total Equity $
December 31, 2016	50,531,892	9,721,073	1,093,653	(8,419,027)	2,395,699	-	2,395,699
Shares issued for private placements	19,284,077	1,772,050	-	-	1,772,050	-	1,772,050
Share issuance costs - cash	-	(212,826)	-	-	(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	-	129,928
Flow through share premium liability	-	(41,000)	-	-	(41,000)	-	(41,000)
Share-based compensation	-	-	588,000	-	588,000	-	588,000
Loss for the period	-	-	-	(995,981)	(995,981)	-	(995,981)
September 30, 2017	71,157,846	11,325,105	1,725,773	(9,415,008)	3,635,870	-	3,635,870
December 31, 2017	111,066,989	13,693,171	2,463,343	(10,257,019)	5,899,495	1,160,305	7,059,800
Shares issued for private placements	23,425,000	2,342,500	-	-	2,342,500	-	2,342,500
Share issuance costs - cash	-	(129,971)	-	-	(129,971)	-	(129,971)
Share issuance costs - broker warrants	-	(47,400)	47,400	-	-	-	-
Shares issued for warrants exercised	4,212,750	584,493	-	-	584,493	-	584,493
Shares issued for options exercised	390,000	27,000	-	-	27,000	-	27,000
Transfer of share based payment reserve to share capital for warrants and options exercised	-	21,636	(21,636)	-	-	-	-
Share-based compensation	-	-	167,727	-	167,727	-	167,727
Non-controlling interests carried interest	-	-	(410,591)	-	(410,591)	410,591	-
Loss for the period	-	-	-	(1,526,742)	(1,526,742)	-	(1,526,742)
September 30, 2018	139,094,739	16,491,429	2,246,243	(11,783,761)	6,953,911	1,570,896	8,524,807

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

1. NATURE OF OPERATIONS AND GOING CONCERN

On December 22, 2017, the Company changed its name to Gratomic Inc. (formerly CKR Carbon Corporation) (hereafter the "Company" or "Gratomic"). The Company was incorporated under the Business Corporations Act (Ontario), and is listed on the TSX Venture Exchange ("TSX-V"). The Company's corporate office is located at 69 Yonge St Suite 1010, Toronto, Ontario, Canada. The Company is a junior exploration company primarily engaged in the acquisition and exploration of assets located primarily in Canada and Namibia.

These interim unaudited condensed consolidated 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"), 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 are 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, 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.

The interim unaudited condensed consolidated financial statements of the Company for the nine months ended September 30, 2018 and 2017 were authorized for issuance in accordance with a resolution of the board of directors on November 29, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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

These interim unaudited condensed consolidated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS") and in particular in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). IFRS represents standards and interpretations approved by the International Accounting Standards Board ("IASB"), and are comprised of IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") or the former Standing Interpretations Committee ("SICs").

Estimates

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) Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such a expenses and cash flows, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

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

ii) Capitalization of deferred exploration costs

Consolidated subsidiaries for which a minority interest shareholder has a carried interest for deferred exploration costs, minority interest and equity are adjusted to reflect the ownership interest.

Critical estimates exercised are as follows:

i) 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.

ii) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

iii) 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.

Basis of consolidation

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the interim unaudited condensed consolidated financial statements from the date that control commences until the date that control ceases. Accordingly, the interim unaudited condensed consolidated financial statements include the accounts of the following subsidiary companies, for which all significant inter-company transactions and balances have been eliminated.

Name	Place of Incorporation	Ownership %
Gratomic Graphite Ltd. (formerly Micron Investments Pty Ltd.)	Namibia	100%
Ludbay Properties Pty Ltd.	Namibia	100%
Gazania Investments Two Hundred and Forty Two Pty Ltd	Namibia	63%

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 and loss (FVTPL) - Financial assets classified as FVTPL are measured at fair value with gains and losses recognized through profit or loss.

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.

Loans and receivables -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 cash and restricted cash as fair value through profit or loss. Receivables are classified as loans and receivables.

Financial liabilities

The Company classifies its financial liabilities into one of two categories. 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 which are recognized at amortized cost using the effective interest method.

Financial instruments that are measured at fair value, 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.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors in IAS 21, *The Effects of Change 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 year.

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.

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 years 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. All other repair and maintenance are charged to profit or loss during the fiscal period in which they occur.

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 of depreciation
Buildings	Straight-line over 10 years
Plant & equipment	Straight-line over 3 years
Vehicles	30% declining balance

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 value attributed to the warrants is recorded in reserves.

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, compensatory warrants and agent options 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, compensatory warrants and agent options 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.

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 years.

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.

Effective for annual periods beginning on or after October 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.

FRS 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.

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.

The Company is evaluating the effect that these standards will have on its financial statements.

3. EXPLORATION AND EVALUATION ASSETS

Following is a summary of the exploration and evaluation assets

For the nine months ended September 30, 2018	Beginning Balance ($)	Acquisition costs ($)	Exploration costs ($)	Fixed asset re-classification ($)	Ending Balance ($)
Aukam Namibia project	3,135,959	-	879,503	268,244	4,283,706
Montpellier Quebec project	317,240	-	4,160	-	321,400
Buckingham Quebec project	746,864	-	225,921	-	972,785
	4,200,063	**-**	**1,109,584**	**268,244.00**	**5,577,891**

For the year ended December 31, 2017	Beginning Balance ($)	Acquisition costs ($)	Exploration costs ($)	Fixed asset re-classification ($)	Ending Balance ($)
Aukam Namibia project	-	2,553,888	582,071	-	3,135,959
Montpellier Quebec project	292,359	-	24,881	-	317,240
Buckingham Quebec project	489,088	-	257,776	-	746,864
	781,447	**2,553,888**	**864,728**	**-**	**4,200,063**

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 Company issued 400,000 common shares at a value of $34,000 on October 12, 2016 in satisfaction of this condition.)

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.

Buckingham, Quebec

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

Aukam Graphite Project, Namibia

During the year ended December 31, 2015, the Company acquired 100% of the issued and outstanding share capital of Gratomic Graphite (pty) Limited ("GGraph") (formerly Micron Investment Pty. Ltd.) which held an option to acquire 63% of Gazania Investments Two Hundred and Forty Two (Pty) Ltd ("Gazania"). Gazania holds an Exclusive Prospecting License (EPL) number 3895 (the "License") for the Aukam Graphite Project located in Namibia's Karas Region, Africa. Gazania has been accounted for as an asset acquisition. In consideration for the 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 amount paid over the net assets acquired was allocated to the mineral property.

Under the terms of a Joint Venture Agreement dated June 8, 2015, and amended July 17, 2015, between the Company and Next Graphite Pty. Ltd. ("Next"), and a subsequent Farm-out Agreement dated September 12, 2016, between the Company, and Next, the Company earned 63% of Gazania by spending USD $1,100,000 on the property (completed March 31, 2017).

The Company has the option to buy an incremental 10% of Next's remaining interest for a cash payment of USD$180,000.

Under Namibian laws royalties are payable in connection with the Aukam Graphite Project as follows:

a) A 2% revenue royalty is payable to the individual who farms the property.
b) A 3% revenue royalty is payable the Namibian government.
c) A 6% net profit incentive, required under the Namibian Economic Empowerment Framework, is payable to employees working on the project.

4. Property Plant and Equipment

	Ludbay warehouse	Buildings	Furniture, fixtures and equipment	Vehicles	Total
	$	$	$	$	$
Cost					
At December 31, 2016	369,434	-	69,461	-	438,895
2017 Additions	-	69,904	168,974	18,762	238,880
At December 31, 2017	369,434	69,904	238,435	18,762	696,535
Re-class to exploration and evaluation	-	(69,904)	(236,395)	-	(306,299)
2018 Additions	-	-	541,470	98,408	639,878
At September 30, 2018	369,434	-	543,510	117,170	1,030,114
Accumlated Depreciation					
At December 31, 2016	-	-	-	-	-
2017 Depreciation	-	-	38,055	5,629	43,684
At December 31, 2017	-	-	38,055	5,629	43,684
Re-class to exploration and evaluation	-	-	(38,055)	-	(38,055)
2018 Depreciation	-	-	97	10,875	10,972
At September 30, 2018	-	-	97	16,504	16,601
Carrying Value					
At December 31, 2017	369,434	69,904	200,380	13,133	652,851
At September 30, 2018	369,434	-	543,413	100,666	1,013,513

5. NON-CONTROLLING INTEREST

The Company gained control of Gazania, whose sole asset was a license to mine the Aukam project, by earning a 52% interest on February 24, 2017. Up to the acquisition date, the Company had incurred acquisition and exploration costs (deferred acquisition costs) of $1,317,844 which were reallocated to exploration and evaluation assets upon acquisition and consolidation of Gazania in accordance with IFRS 10. Concurrent with the recognition of $1,317,844 as exploration and evaluation assets, the exploration and evaluation assets were grossed up by an amount of $1,256,620 to account for the recognition of the non-controlling interests.

The Company thereafter obtained an additional 11% of Gazania on March 31, 2017, at which time the non-controlling interest was decreased by $316,932, representing the value of the exploration and evaluation asset given up by the non-controlling interest.

The non-controlling interest has been increased by $671,356 to reflect its interest in the funding completed by the Company during the period April 1, 2017 to September 30, 2018.

Each of the decrease of $316,932 and increase of $671,356 related to the change in minority interest have been offset to reserves.

A reconciliation of the non-controlling interest is as follows:

	September 30, 2018	December 31, 2017
Opening balance /Initial recognition of NCI	$ 1,160,305	$ 1,216,620
NCI dilution of interest	-	(316,932)
NCI free carried interest	410,591	260,765
Ending balance	$ 1,570,896	$ 1,160,305

6. SHARE CAPITAL, OPTIONS, AND WARRANTS

Common Shares

Authorized - An unlimited number of common shares

The following summarizes the share issuance transactions:

During the period ended September 30, 2018:

A private placement of 23,425,000 working capital units at a price of $0.10 per unit for aggregate gross proceeds of $2,342,500 was completed. 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 Company at a price of $0.20 per share until the earlier of August 10, 2021, or in the event that the closing price of the common shares is at least $0.30 for ten consecutive trading days, and the tenth trading day is at least four months from the closing date, the date which is thirty (30) days from the tenth trading day.

The Company paid cash share issue costs of $129,971 and issued 942,500 broker warrants in relation to the sale of the units. Each broker unit entitles the holder to acquire one common share of the company at a price of $0.10 for a period of three years.

During the year ended December 31, 2017:

i) A private placement of 15,045,000 units at a price of $0.09 per unit for aggregate gross proceeds of $1,354,050 and 4,100,000 flow through shares at a price of $0.10 for gross proceeds of $410,000 was completed. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share in the capital of the Company at a price of $0.20 until the March 29, 2020 subject to an acceleration clause.

A value of $41,000 was attributed to a flow through premium liability.

The Company issued to the finders 1,504,500 broker warrants valued at $156,843 which entitles the holder to acquire one unit of Gratomic at $0.09 for a period of two years from the closing of the placement. Each unit comprises one common share of the Company and a share purchase warrant exercisable at $0.20 for a period of three years from the initial financing. The Company also issued 410,000 broker warrants valued at $41,022 which entitles the holder to acquire one common share of Gratomic at $0.10 for a period of two years from the closing of the placement. In addition, the Company paid cash commissions to the finders totaling $176,405.

ii) completed a private placement of 39,909,143 units at a price of $0.07 per unit for aggregate gross proceeds of $2,793,640. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share in the capital of the Company at a price of $0.10 until November 24, 2020, subject to an acceleration clause

The Company issued to the finders 2,160,140 broker warrants valued at $100,995. Each broker warrant entitles the holder to acquire one common share of Gratomic at $0.07 for a period of three years. In addition, the Company paid cash commissions to the finders totaling $151,210.

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, 2018, the Company:

2,050,000 stock options with a fair value of $167,227 or $0.08 per option of which $40,000 relates to 500,000 stock options being issued to directors, officers and consultants recorded as share based compensation were granted.

During the year ended December 31, 2017:

9,950,000 stock options with a fair value of $1,041,000 or $0.13 per option of which $824,243 relates to 7,725,000 stock options being issued to directors, officers and consultants recorded as share based compensation were granted.

A summary of option transactions is as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2016	2,250,000	0.110
Granted	9,950,000	0.130
Expired/Cancelled	(1,636,666)	0.140
Balance, December 31, 2017	10,563,334	0.130
Granted	2,050,000	0.128
Exercised	(300,000)	0.069
Expired/Cancelled	(1,263,334)	0.135
Balance, September 30, 2018	11,050,000	0.126

The fair value of the 2,050,000 options granted during the period ended September 30, 2018 was estimated on the date of the grant to have a value of $167,727 using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected dividend yield	Nil
Stock price volatility	125%
Risk-free interest rate	1.84%
Expected life of options	5 years

A summary of options outstanding at September 30, 2018 is as follows:

Exercise price	Number outstanding and exercisable	Remaining contractual life	Weighted average exercise price
0.10	450,000	29 months	0.100
0.17	3,750,000	42 months	0.170
0.07	900,000	47 months	0.070
0.10	3,900,000	51 months	0.100
0.10	250,000	51 months	0.100
0.15	850,000	55 months	0.145
0.12	950,000	60 months	0.120
	11,050,000		0.126

Warrants

Following is a summary of warrant activity for the period ended September 30, 2018:

	Number of Warrants	Weighted average exercise price $
Balance, December 31, 2016	14,931,021	0.13
Granted	59,028,783	
Exercised	(1,341,877)	
Expired	(13,589,144)	
Balance, December 31, 2017	59,028,783	0.12
Granted	24,367,500	
Exercised	(4,212,750)	
Balance, September 30, 2018	79,183,533	0.15

As at September 30, 2018 the following share purchase warrants were outstanding and exercisable:

Expiry Date	Number of Warrants	Weighted Average Exercise Price $	Fair Value $
March 29, 2019	1,504,500	0.09	$156,843
March 29, 2020	13,445,000	0.20	-
March 29, 2019	410,000	0.10	41,022
November 24, 2020	37,459,143	0.10	-
November 24, 2020	1,997,390	0.07	100,995
August 10, 2023	23,425,000	0.20	-
August 10, 2023	942,500	0.10	47,400
	79,183,533	0.15	

The fair value of the 942,500 warrants granted had an estimated value of $47,400 on the date of the grant, valued using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected dividend yield	0.00%
Stock price volatility	128%
Risk-free interest rate	2.13%
Expected life of warrants	3.0 years

7. RELATED PARTY TRANSACTIONS

During the period ended September 30, 2018, the Company had the following related party transactions:

a. Director's fees, professional fees and other compensation in the amount of $430,285 (2017 – 737,500), which amount includes stock option benefits with an estimated value of $40,000 (2017 - $534,500), were paid or payable to directors and key management personnel in the form of short-term salaries and benefits.
   - In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company.
   - The remuneration of directors and key executives is determined by the compensation committee.

b. Legal fees in the amount of $49,873 (2017 – Nil) were paid or payable to a law firm whose partner is an officer of the Company.

Included in accounts payable and accrued liabilities at September 30, 2018 was $44,061 (2017 - Nil) owing to directors, and officers, companies owned by directors and officers, and a law firm whose partner is a director and an officer of the Company. These amounts are unsecured, non-interest bearing and due on demand.

8. CAPITAL MANAGEMENT

The Company's objective when managing capital, defined as its equity, is to safeguard its ability to continue as a going concern, and to pursue the exploration and evaluation of its properties. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets and seeks to retain sufficient equity to ensure that cash flows from assets will be sufficient to meet future cash flow requirements. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending. The Company is subject to flow-through obligations to investors, which require it to use the funds raised through the issue of "flow-through shares" on exploration expenditures. To assess capital and operating efficiency and financial strength, the Company continually monitors its net cash and working capital. The Company's capital management objectives, policies and processes have remained unchanged during the periods ended September 30, 2018 and 2017.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying amounts for cash, amounts receivable, accounts payable and accrued liabilities approximate their estimated fair value due to the short-term nature of these financial instruments.

Cash and amounts receivable, are classified as loans and receivables and are recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Marketable securities and the conversion feature on the convertible debenture are classified as FVTPL and are measured at fair value.

Accounts payable and accrued liabilities, and loan from a shareholder are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The Company's financial instruments that are carried at fair value consist of marketable securities and the conversion feature on the convertible debenture. The marketable securities have been classified as level 1, while the conversion feature on the convertible debenture does not have quoted market prices and has been classified as level 2 within the fair value hierarchy.

The Company's risk exposures and the impact on its financial investments, as summarized below, have not changed significantly during the period.

Credit Risk
The Company's credit risk is primarily attributable to amounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to the financial instrument included in amounts receivable is remote.

Liquidity Risk
The Company's main source of liquidity is derived from its common stock issuances. As at September 30, 2018, the Company had current assets of $2,106,597 (December 31, 2017 $2,500,166) to settle current liabilities of 173,194 (December 31, 2017 $293,280). The Company's financial liabilities generally have contractual maturities that are subject to normal trade terms.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment grade short term deposit certificates issued by its banking institutions. The Company monitors its cash balances and is satisfied with the creditworthiness of its banks. As a result, the Company's exposure to interest rate risk is minimal.

Market Risk
Foreign Currency Risk

The Company's functional and reporting currency is the Canadian dollar and all expenditures are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Price Risk
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. As the Company's properties are in the exploration stage and to date do not contain any identified mineral resources or reserves, the Company does not hedge against commodity price risk.

Sensitivity Analysis
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:
(i) The Company receives low interest rates on its cash and cash equivalent balances and, as such, the Company does not have significant interest rate risk.
(ii) The Company holds balances in foreign currencies that give rise to exposure to foreign exchange risk, however at any point in time the balances are not significant. The Company estimates that a 10% increase or decrease in the foreign currency would give rise to a gain or loss of approximately $20,000 respectively.

10. COMMITMENTS AND CONTINGENCIES

The Company's exploration and evaluation activities are subject to government laws and regulations, including tax laws, and laws and regulations governing the protection of the environment. The Company believes that its operations comply in all material respects with all applicable past and present laws and regulations. The Company records provisions for any identified obligations, based on management's estimate at the time. Such estimates are, however, subject to changes in laws and regulations.

The Company has indemnified the subscribers of flow-through share offerings pursuant to subscription agreements with investors for amounts that may become payable by the shareholder as a result of the Company not having met its expenditure commitments on qualified items.

The Company has consulting agreements with each of its co-CEO's providing for a monthly retainer of $10,000 each. The agreements:

a) Are terminable by the Company on six months' notice.
b) Contain a change of control clause providing that, in the event of a change in control, a lump sum payment equivalent to 24 months retainer fees will be paid.

The Company has a consulting agreement with its CFO providing for a monthly retainer of $4,000. The agreement is terminable by either party on one month's notice.