Graphite Energy Corp.

Condensed Interim Financial Statements

Three Month Period Ended September 30, 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company (as hereinafter defined) discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the period ended September 30, 2017.

(Expressed in Canadian dollars)

	Notes	September 30, 2017	June 30, 2017
ASSETS			
Current assets			
Cash and cash equivalents		$ 331,808	$ 366,436
GST receivable		5,444	2,274
		337,252	368,710
Non-current assets			
Exploration and evaluation asset	3	311,125	310,225
TOTAL ASSETS		**$ 648,377**	**$ 678,935**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	4	$ 74,743	$ 38,591
TOTAL LIABILITIES		**74,743**	**38,591**
SHAREHOLDERS' EQUITY			
Share capital	5	817,434	653,184
Special warrants	5	1,900	164,250
Deficit		(245,700)	(177,090)
SHAREHOLDERS' EQUITY		**573,634**	**640,344**
TOTAL LIABILITIES AND SHARESHOLDER'S EQUITY		**$ 648,377**	**$ 678,935**

Nature of operations and going concern (Note 1)
Subsequent events (Note 8)

Approved and authorized on behalf of the Board on November 22, 2017:

"Roop Mundi" Director *"Sheri Rempel"* Director

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

(Expressed in Canadian dollars)

	Notes		Three Months Ended September 30, 2017
Expenses			
Office and administration		$	228
Investor relations			21,300
Management and consulting fees			6,119
Professional fees	6		35,601
Regulatory and filing fees			5,362
Net and comprehensive loss		**$**	**(68,610)**
Basic and diluted loss per share		**$**	**(0.00)**
Weighted average shares outstanding			**21,035,815**

The Company did not commence operations under October 2016, therefore there are no revenues or expenses for the three months ended September 30, 2016.

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

(Expressed in Canadian dollars)

	Notes	Share Capital								
		Number of shares		Amount		Special warrants		Deficit		Total
Balance at June 30, 2017		**19,400,000**	**$**	**653,184**	**$**	**164,250**	**$**	**(177,090)**	**$**	**640,344**
Shares issued, special warrants converted	5	1,642,500		164,250		(164,250)		-		-
Special warrants issued	5	-		-		1,900		-		1,900
Net loss for the period		-		-		-		(68,610)		(68,610)
Balance at September 30, 2017		**21,042,500**	**$**	**817,434**	**$**	**1,900**	**$**	**(245,700)**	**$**	**573,634**

	Notes	Share Capital								
		Number of shares		Amount		Special warrants		Deficit		Total
Balance at inception		**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Shares issued, net of share issuance costs		12,100,000		273,184		-		-		273,184
Shares issued, exercise of warrants		300,000		30,000		-		-		30,000
Shares issued, option payment		5,000,000		250,000		-		-		250,000
Compensation shares		2,000,000		100,000		-		-		100,000
Special warrants issued		-		-		167,550		-		167,550
Special warrants cancelled		-		-		(3,300)		-		(3,300)
Net loss for the period		-		-		-		(177,090)		(177,090)
Balance at June 30, 2017		**19,400,000**	**$**	**653,184**	**$**	**164,250**	**$**	**(177,090)**	**$**	**640,344**

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

(Expressed in Canadian dollars)

	Notes		Three Months Ended September 30, 2017
Operating activities			
Net loss for period		$	(68,610)
Changes in non-cash working capital items:			
Receivables			(3,170)
Trade payables and accrued liabilities			36,152
Net cash flows used in operating activities			(35,628)
Investing activities			
Exploration and evaluation asset	3		(900)
Net cash flows used in investing activities			(900)
Financing activities			
Special warrants	5		1,900
Net cash flows from financing activities			1,900
Decrease in cash and cash equivalents			(34,628)
Cash and cash equivalents, beginning of the period			366,436
Cash and cash equivalents, end of the period		**$**	**331,808**

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

1. Nature of operations and going concern

Graphite Energy Corp. (the "Company") was incorporated on October 14, 2016 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada.

The head office and principal address of the Company is located at 789 West Pender Street, Suite 1080, Vancouver, British Columbia, Canada, V6C 1H2. The Company's registered and records office address is 221 West Esplanade, Suite 409, North Vancouver, British Columbia, Canada, V7M 3J3.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At September 30, 2017, the Company had not achieved profitable operations, had an accumulated deficit of $245,700, had not advanced its mineral property to commercial production and expects to incur further losses in the development of its business, all of which indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

2. Statement of compliance with International Financial Reporting Standards and Basis of Presentation

These condensed interim financial statements were authorized for issue on November 22, 2017, by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

These condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company's annual financial statements as at and for the period ended June 30, 2017.

The condensed interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the period ended June 30, 2017.

Basis of preparation

The condensed interim financial statements of the Company have been prepared on the accruals basis and are based on historical costs, modified where applicable. The condensed interim financial statements are presented in Canadian dollars unless otherwise noted.

(Expressed in Canadian dollars)

3. Exploration and evaluation assets

Lac Aux Bouleaux Graphite Project – Quebec, Canada

On December 20, 2016, and amended March 30, 2017 and September 11, 2017, the Company entered into a purchase option agreement ("agreement") with Gold Port Resources Ltd ("GPRL") to earn a 100% interest in the Lac Aux Bouleaux Graphite Project ("LAB Project"). The LAB Project is a contiguous set of 14 claims located in the Province of Quebec. To earn its interest in the project, the Company must pay GPRL $60,000 (*paid*), a second payment of $60,000 on the closing date (the date on which the shares of the Company trade on a stock exchange) (*paid subsequent to September 30, 2017*) and a final payment of $60,000 sixteen months from the closing date. Additionally, the Company must issue 5,000,000 common shares (*issued*) upon signing of the agreement, which shall be subject to a one-year trading restriction from the closing date in addition to any trading restrictions imposed by the British Columbia Securities Commission.

		Period ended September 30, 2017		Period ended June 30, 2017
Opening Balance	$	310,225	$	-
Property acquisition costs				
Costs incurred during the period:				
Additions - cash		-		60,000
Additions - shares		-		250,000
Total property acquistion costs		-		310,000
Property maintenance costs				
Costs incurred during the period:				
Resource estimate update		900		-
Total property maintenance costs		900		-
Exploration and evaluation costs				
Costs incurred during the period:				
Field and assays		-		225
Total Exploration and Evaluation Costs		-		225
Ending Balance	**$**	**311,125**	$	310,225

4. Trade payables and accrued liabilities

		September 30, 2017		**June 30, 2017**
Trade payables	$	66,778	$	24,488
Amounts due to related parties (Note 6)		2,965		4,103
Accrued liabilities		5,000		10,000
	$	74,743	$	38,591

(Expressed in Canadian dollars)

5. Share capital and reserves

Authorized share capital
An unlimited number of common shares without par value.

Issued share capital
At September 30, 2017 there were 21,042,500 issued and fully paid common shares.

In July and August 2017, 1,642,500 special warrants were converted into 1,642,500 common shares and 821,250 share purchase warrants. Each share purchase warrant entitles the holder to purchase one additional common share of the Company for a period of 18 months at an exercise price of $0.20 per share.

Warrants
In August 2017, 19,000 special warrants were issued for proceeds of $1,900. Each special warrant entitles the holder to acquire one unit of the Company. Each unit consists of one common share and one-half of one share purchase warrant. Each full share purchase warrant entitles the holder to purchase one additional common share of the Company for a period of 18 months at an exercise price of $0.20 per share.

The following table summarizes information about the issued and outstanding warrants as at September 30, 2017:

	Special Warrants		Warrants	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, June 30, 2017	1,642,500	$ -	4,250,000	$ 0.10
Issued	19,000	-	821,250	0.20
Exercised/converted	(1,642,500)	-	-	-
Outstanding, September 30, 2017	19,000	$ -	5,071,250	$ 0.12

The weighted average remaining life of the regular warrants is 0.70 years and the special warrants is 0.20 years.

Regular warrants are as follows:

Issuance date	Number of warrants	Exercise price	Expiry date
October 31, 2016	3,200,000	$ 0.10	April 30, 2018
November 15, 2016	1,050,000	$ 0.10	May 15, 2018
July 1, 2017	813,750	$ 0.20	January 1, 2019
August 11, 2017	7,500	$ 0.20	February 11, 2019

(Expressed in Canadian dollars)

6. Related party transactions

Balances

The following amounts due to related parties are included in trade payables and accrued liabilities, and have arisen from the unpaid portion of certain fees disclosed below as well as amounts owing for expense reimbursements. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

	September 30, 2017	June 30, 2017
Directors and officers of the Company	$ 2,965	$ 4,103

Transactions

During the period ended September 30, 2017, the Company incurred professional fees of $5,243 with a company controlled by a director and officer for accounting and corporate secretarial services.

7. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of equity funding. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As at September 30, 2017, the only financial assets and liabilities denominated in a currency other than the Company's functional currency were trade payables in Euros and U.S. dollars with a total value of $10,718.

Based on these exposures, a 10% change in the US dollar to the Canadian dollar exchange rate would impact the Company's net loss by $614 and a 10% change in the Euro to the Canadian dollar exchange rate would impact the Company's net loss by $458.

7. Financial risk and capital management (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements.

Fair value

The Company's financial instruments consist of cash, trade payables and amounts due to related parties. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

Cash is measured at fair value using Level 1 inputs.

8. Subsequent events

Subsequent to September 30, 2017:

- The Company converted 19,000 special warrants to 19,000 common shares and 9,500 warrants.
- The Company granted 325,000 options to an officer and to consultants of the Company. The options are exercisable at $0.20 for a period of 5 years from the date of issue.
- The Company made the second payment of $60,000 to GPRL in connection with the Lac Aux Bouleaux Graphite Project.
- 6,500 warrants were exercised for proceeds of $1,300.
- The Company completed a non-brokered private placement of 2,000,000 common shares of the Company at a price of $0.10 per share for proceeds of $200,000.