Graphite Energy Corp.

Condensed Interim Financial Statements

Nine Month Period Ended March 31, 2018

(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 March 31, 2018.

Graphite Energy Corp.
Condensed Interim Statement of Financial Position
(Expressed in Canadian dollars)

	Notes		March 31, 2018		June 30, 2017
ASSETS					
Current assets					
Cash		$	231,645	$	366,436
Receivables			12,800		2,274
Prepaid expenses			14,172		-
			258,617		**368,710**
Non-current assets					
Exploration and evaluation asset	3		527,383		310,225
TOTAL ASSETS		**$**	**786,000**	**$**	**678,935**
LIABILITIES					
Current liabilities					
Trade payable and accrued liabilities	4	$	139,316	$	38,591
TOTAL LIABILITIES			**139,316**		**38,591**
SHAREHOLDERS' EQUITY					
Share capital	5		1,557,489		653,184
Reserves	5		-		164,250
Deficit			(910,805)		(177,090)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)			**646,684**		**640,344**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**$**	**786,000**	**$**	**678,935**

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

Approved and authorized on behalf of the Board on May 30, 2018:

"Teresa Cherry" Director *"Adrian F.C. Hobkirk"* Director

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

(Expressed in Canadian dollars)

	Notes	Three months ended March 31, 2018	Three months ended March 31, 2017	Nine months ended March 31, 2018	Nine months ended March 31, 2017
EXPENSES					
Consulting fees		$ 343,942	$ -	$ 571,637	$ -
Investor relations		-	23	-	23
Office and administration		1,883	321	2,832	328
Management fees		6,381	3,001	19,125	3,001
Professional fees	8, 9	28,497	7,649	85,850	10,544
Regulatory and filing fees		2,150	3,625	15,355	3,625
Share-based payments		2,000	-	3,255	-
Shareholder communications		13,077	-	13,077	-
Transfer agent fees	13	3,126	-	29,941	-
Total expenses		(401,054)	(14,619)	(741,072)	(17,521)
Other items					
Foreign exchange gain		7,792	-	7,357	-
Net loss and comprehensive loss		**$ (393,262)**	**$ (14,619)**	**$ (733,715)**	**$ (17,521)**
Basic and diluted loss per share		**$ (0.02)**	**$ (0.00)**	**$ (0.03)**	**$ (0.00)**
Weighted average shares outstanding		**25,601,368**	**12,100,000**	**22,983,217**	**6,701,095**

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

Graphite Energy Corp.
Condensed Interim Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Notes	Share capital Number of shares	Share capital Amount	Special warrants	Reserves	Deficit	Total
Balance at October 14, 2016		**-**	**$ -**		**$ -**	**$ -**	**$ -**
Shares issued		12,100,000	275,000	-	-	-	275,000
Share issued cost		-	(1,816)	-	-	-	(1,816)
Net loss for the period		-	-	-	-	(17,521)	(17,521)
Balance at March 31, 2017		**34,474,949**	**$ 273,184**	**$ -**	**$ -**	**$ (17,521)**	**$ 255,663**
Balance at June 30, 2017		**19,400,000**	**$ 653,184**	**$ 164,250**	**$ -**	**$ (177,090)**	**$ 640,344**
Special warrants issued		-	-	1,900	-	-	1,900
Shares issued, special warrants converted		1,661,500	166,150	(166,150)	-	-	-
Private placement		2,000,000	200,000	-	-	-	200,000
Warrants exercised		4,537,125	524,900	-	-	-	524,900
Share-based payments		-	-	-	3,255	-	3,255
Stock options exercised		50,000	10,000	-	-	-	10,000
Reallocation of fair value of stock options exercised		-	3,255	-	(3,255)	-	-
Net loss for the period		-	-	-	-	(733,715)	(733,715)
Balance at March 31, 2018		**27,648,625**	**$ 1,557,489**	**$ -**	**$ -**	**$ (910,805)**	**$ 651,184**

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

Graphite Energy Corp.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian dollars)

	Nine months ended March 31, 2018	March 31, 2017
Operating activities		
Loss for the period	$ (733,715)	$ (17,521)
Adjustments for non-cash items:		
Share-based payments	3,255	-
Net change in non-cash working capital items:		
Accounts receivable	(10,526)	(633)
Prepaid expenses	(14,172)	-
Accounts payable and accruals	6,984	6,033
Net cash flows used in operating activities	(748,174)	(12,121)
Investing activities		
Expenditures on exploration and evaluation asset	(123,417)	-
Net cash flows used by investing activities	(123,417)	-
Financing activities		
Issued shares, net of share issue costs	200,000	273,184
Issuance of special warrants	1,900	166,050
Exercise of options	10,000	-
Exercise of warrants	524,900	-
Net cash flows provided by financing activities	736,800	439,234
Change in cash during period	(134,791)	427,113
Cash, beginning	366,436	-
Cash, ending	**$ 231,645**	**$ 427,113**

Supplemental cash flow information		
Cash paid for:		
Interest	$ -	$ -
Income tax	$ -	$ -

During the period ended March 31, 2018:

- The Company converted 1,661,500 special warrants valued at $166,150, into units of the Company.
- The Company reclassified $3,255 from reserves to share capital on the exercise of 50,000 stock options.

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 March 31, 2018, the Company had not achieved profitable operations, had an accumulated deficit of $910,805, 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 preparation

These condensed interim financial statements were authorized for issue on May 30, 2018, 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 year 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 year 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. Certain comparative figures may have been reclassified to conform to the current period's presentation.

(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 *(paid)* on the closing date (the date on which the shares of the Company trade on a stock exchange) 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.

The Company is currently in negotiations with GPRL with respect to the final payment of $60,000 due on April 15, 2018.

		Period ended March 31, 2018		Year ended June 30, 2017
Property acquisition costs				
Opening Balance	$	310,000	$	-
Costs incurred during the period:				
Additions - cash		60,000		60,000
Additions - shares		-		250,000
Total property acquistion costs		370,000		310,000
Exploration and evaluation costs				
Opening Balance		225		-
Costs incurred during the period:				
Administration		900		225
Assaying		3,913		-
Camp and operations		19,783		-
Consulting		59,669		-
Drilling		55,364		-
Travel and accomodation		17,529		-
Total exploration and evaluation costs		157,383		225
Ending Balance	**$**	**527,383**	$	310,225

(Expressed in Canadian dollars)

4. Trade payables and accrued liabilities

	March 31, 2018 -$-	June 30, 2017 -$-
Trade payables	84,494	24,488
Amounts due to related parties (Note 6)	47,222	4,103
Accrued liabilities	7,600	10,000
Total	139,316	38,591

5. Share capital and reserves

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

Issued share capital
At March 31, 2018, there were 27,648,625 issued and fully paid common shares.

On November 2, 2017, the Company completed a private placement comprised of 2,000,000 common shares of the Company at a price of $0.10 per share for gross proceeds of $200,000.

During the period ended March 31, 2018, 1,661,500 special warrants were converted into 1,661,500 common shares and 830,750 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.

During the period ended March 31, 2018, 4,537,125 warrants were exercised at prices ranges from $0.10 to $0.20 per share for gross proceeds of $524,900.

During the period ended March 31, 2018, 50,000 stock options at a price of $0.20 were exercised for gross proceeds of $10,000.

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.

In October 2017, these 19,000 special warrants were converted into 19,000 common shares and 9,500 warrants. There are no outstanding special warrants as at March 31, 2018.

During the period ended March 31, 2018, 1,661,500 special warrants were converted into 1,661,500 common shares and 830,750 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.

During the period ended March 31, 2018, 4,537,125 warrants were exercised into 4,537,125 common shares of the Company for gross proceeds of $524,900.

(Expressed in Canadian dollars)

5. Share capital and reserves (cont'd)
Warrants (cont'd)

The following table summarizes information about the warrant transactions during the period ended March 31, 2018:

	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	-	830,750	0.20
Exercised/converted	(1,661,500)	-	(4,537,125)	0.12
Outstanding, March 31, 2018	-	$ -	543,625	$ 0.12

The weighted average remaining life of the regular warrants is 0.26 years.

Warrants outstanding at March 31, 2018 are as follows:

Outstanding Warrants	Exercise Price ($)	Expiry Date
75,000	0.10	April 30, 2018
349,750	0.10	May 15, 2018
105,625	0.20	January 1, 2019
5,000	0.20	February 11, 2019
8,250	0.20	April 4, 2019
543,625		

Stock options

The Board has approved a Stock Option Plan, designed for selected employees, officers, directors, consultants and contractors, to incentivize such individuals to contribute toward the Company's long-term goals, and to encourage such individuals to acquire shares as long-term investments. The Stock Option Plan is administered by the Board and authorizes the issuance of stock options not to exceed a total of 10% of the number of shares issued and outstanding from time to time. The terms of any award are determined by the Board, provided that no options may be granted at less than the fair market value of shares as of the date of the grant. The maximum term of the options is ten years.

On October 19, 2017, the Company granted 325,000 stock options to certain directors and consultants of the Company. These options were exercisable for up to five years at a price of $0.20 per share. On February 8, 2018, 275,000 of these options were cancelled. The Company recognized share-based payments of $3,255 (2017 - $Nil) for the period ended March 31, 2018 determined by the Black-Scholes option pricing model using the following assumptions: a risk-free interest rate of 1.7%, volatility of 100.14%, a dividend rate of Nil and an expected life of 5 years (Note 8).

During the period ended March 31, 2018, 50,000 options were exercised for gross proceeds of $10,000.

No options were outstanding at March 31, 2018.

(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.

	March 31, 2018 - $ -	**June 30, 2017 - $ -**
Companies controlled by current and former directors and officers of the Company	47,222	-
Directors and officers of the Company	-	4,103
	47,222	4,103

Transactions

Related party transactions for the period ended March 31, 2018 are as follows:

	March 31, 2018 - $ -	**June 30, 2017 - $ -**
Management and consulting fees	19,125	-
Professional fees	34,529	1,451
Directors and officers of the Company	95,384	-
	149,037	1,451

During the period ended March 31, 2018, the Company incurred exploration expenditures of $95,384 and management fees of $14,125 with a company controlled by the former CEO of the Company for geological and management services. The Company also incurred professional fees of $34,529 with a company controlled by a former director and officer for accounting and corporate secretarial services and $5,000 in management and consulting fees with an officer and director of the Company for CFO 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.

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

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 March 31, 2018, the Company had no financial assets or liabilities denominated in a foreign currency and foreign exchange risk is assessed as low.

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 event

Subsequent to March 31, 2018, 511,875 warrants were exercised into 511,875 common shares of the Company for gross proceeds of $59,900.