Graphite Energy Corp.

Condensed Interim Financial Statements

Nine Month Period Ended March 31, 2019

(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, 2019.

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

	Notes	March 31, 2019 -$-	June 30, 2018 -$-
ASSETS			
Current assets			
Cash		24,272	147,269
Receivables		15,691	10,970
Prepaid expenses		3,800	10,834
		43,763	**169,073**
Non-current assets			
Exploration and evaluation asset	3	643,410	579,376
TOTAL ASSETS		**687,173**	**748,449**
LIABILITIES			
Current liabilities			
Trade payable and accrued liabilities	4	349,388	140,517
TOTAL LIABILITIES		**349,388**	**140,517**
SHAREHOLDERS' EQUITY			
Share capital	5	1,617,389	1,617,389
Reserves	5	-	-
Deficit		(1,279,604)	(1,009,457)
TOTAL SHAREHOLDERS' EQUITY		**337,785**	**607,932**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**687,173**	**748,449**

Nature of operations and going concern (Note 1)
Subsequent events (Note 1 and 7)

Approved and authorized on behalf of the Board on May 20, 2019:

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

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

Graphite Energy Corp.
Condensed Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars - Unaudited)

		Three Months Ended		Nine Months Ended	
		March 31, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
	Notes	**- $ -**	**- $ -**	**- $ -**	**- $ -**
EXPENSES					
Consulting fees		-	343,942	-	571,637
Office and administration		4,134	1,881	11,983	2,832
Management fees	6	132,547	6,381	232,010	19,125
Professional fees	6	4,322	28,497	10,360	85,850
Regulatory and filing fees		2,108	2,150	8,976	15,355
Shareholder communications		-	13,077	557	13,077
Share based payment		-	2,000	-	3,255
Transfer agent fees		1,438	3,126	4,783	29,941
Travel and related fees		-	-	1,279	-
Total expenses		(144,547)	(401,054)	(269,947)	(741,072)
Other items					
Foreign exchange gain (loss)		2,331	7,792	(200)	7,357
Net loss and comprehensive loss		**(142,217)**	**(393,262)**	**(270,147)**	**(733,715)**
Basic and diluted loss per share		**(0.05)**	**(0.15)**	**(0.10)**	**(0.32)**
Weighted average shares outstanding		**2,816,051**	**2,560,137**	**2,816,051**	**2,298,332**

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

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

	Share capital					
	Number of shares	**Amount**	**Special warrants**	**Stock options reserve**	**Deficit**	**Total**
Balance at June 30, 2017	**1,940,000**	**$ 653,184**	**$ 164,250**	**$ -**	**$ (177,090)**	**$ 640,344**
Special warrants issued	-	-	1,900	-	-	1,900
Shares issued, special warrants converted	166,150	166,150	(166,150)	-	-	-
Issuance of common shares for cash	200,000	200,000	-	-	-	200,000
Warrants exercised	453,713	524,900	-	-	-	524,900
Share-based payments	-	-	-	3,255	-	3,255
Reallocation of fair value of stock options exercised	-	3,255	-	(3,255)	-	-
Stock options exercised	5,000	10,000	-	-	-	10,000
Net loss for the period	-	-	-	-	(733,715)	- 733,715
Balance at March 31, 2018	**2,764,863**	**$ 1,557,489**	**$ -**	**$ -**	**$ (910,805)**	**$ 646,684**
Balance at June 30, 2018	**2,816,051**	**$ 1,617,389**	**$ -**	**$ -**	**$ (1,009,457)**	**$ 607,932**
Net loss for the period	-	-	-	-	(270,147)	(270,147)
Balance at March 31, 2019	**2,816,051**	**$ 1,617,389**	**$ -**	**$ -**	**$ (1,279,604)**	**$ 337,785**

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 - Unaudited)

		March 31, 2019		March 31, 2018
Operating activities				
Loss for the period	$	(270,147)	$	(733,715)
Items not affecting cash				
Stock option compensation		-		3,255
Net change in non-cash working capital items:				
Receivables		(4,721)		(10,526)
Prepaid expenses		7,034		(14,172)
Accounts payable and accruals		148,871		6,984
Net cash flows used in operating activities		(118,963)		(748,174)
Investing activities				
Expenditures on exploration and evaluation asset		(4,034)		(123,417)
Net cash flows used in investing activities		(4,034)		(123,417)
Financing activities				
Shares issued, net of share issuance cost		-		200,000
Issuance of special warrants		-		1,900
Options exercised		-		10,000
Warrants exercised		-		524,900
Net cash flows provided by financing activities		-		736,800
Change in cash during period		(122,997)		(134,791)
Cash, beginning		147,269		366,436
Cash, ending	**$**	**24,272**	**$**	**231,645**

During the period ended March 31, 2019, the Company had no non-cash transactions.

During the period ended March 31, 2018:

- The Company converted 1,661,500 warrants valued at $166,150, into units of the Company.
- The Company reclassified $3,255 from reserves into 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.

Subsequent to the period ended March 31, 2019, the Company completed a 10 for 1 share consolidation. All references to the number of shares and per share amounts have retroactively restated to reflect the consolidation.

The head office and principal address of the Company is located at 789 West Pender Street, Suite 1510, 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, 2019, the Company had not achieved profitable operations, had an accumulated deficit of $1,279,604, 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 financial statements were authorized for issue on May 30, 2019, 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 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, 2018.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended June 30, 2018, except for the following:

<u>Financial instruments</u>

On July 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. The adoption of IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

2. Statement of compliance with International Financial Reporting Standards and basis of preparation (cont'd)

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.

- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial instruments.

Basis of preparation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted. Certain comparative figures may have been reclassified to conform to the current year's presentation.

3. Exploration and evaluation asset

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 group 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 six 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 that was due on April 15, 2018.

(Expressed in Canadian dollars)

3. Exploration and evaluation assets (cont'd)

The Company incurred exploration and evaluation costs during the period ended March 31, 2019 and the year ended June 30, 2018:

	March 31, 2019 -$-	June 30, 2018 -$-
Property acquisition costs		
Opening balance	370,000	310,000
Costs incurred during the year:		
Additions	60,000	60,000
Total property acquisition costs	**430,000**	**370,000**
Exploration and evaluation costs		
Opening balance	209,376	225
Costs incurred during the year:		
Administration	81	1,483
Assaying	1,613	27,188
Camp operations	-	26,759
Consulting	2,341	77,251
Drilling	-	54,553
Travel and accommodation	-	21,918
Total exploration and evaluation costs	**213,410**	**209,376**
Ending Balance	**643,410**	**579,376**

4. Trade payables and accrued liabilities

	March 31, 2019 -$-	June 30, 2018 -$-
Trade payables	56,788	25,081
Amounts due to related parties (Note 6)	225,000	105,336
Accrued liabilities	67,600	10,100
Total	**349,388**	**140,517**

(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 March 31, 2019 and June 30, 2018, there were 2,816,051 issued and fully paid common shares.

During the period ended March 31, 2019, there were no share capital transactions.

Warrants

As at March 31, 2019, the Company had 825 warrants outstanding at an exercise price of $2.00 expiring on April 4, 2019 (subsequently expired unexercised) (June 30, 2018 – 31, 750).

During the period ending March 31, 2018, 2,350 warrants expired unexercised.

Stock options

As at March 31, 2019 and June 30, 2018, the Company has no options outstanding.

6. Related party transactions

Balances

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 4) 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, 2019 - $ -	**June 30, 2018 - $ -**
Companies controlled by current and former directors and officers of the Company	125,000	72,346
Directors and officer of the Company	100,000	32,990
	225,000	105,336

Transactions

During the nine months ended March 31, 2019, the Company incurred management fees of $67,010 to the CEO of the Company and management fees of $75,000 to a company controlled by a director of the Company. The Company also incurred consulting and professional fees of $90,000 with a company controlled by the CFO of the Company. During the period ended March 31, 2018, the Company incurred professional fees of $34,529 with a company controlled by a former director and officer for accounting and corporate secretarial services, exploration expenditures of $95,384 and management fees 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 professional fees with a officer and director of the Company for CFO services.

7. Subsequent Event

Subsequent to the period ended March 31, 2019, on May 6, 2019, the Company entered into a letter of intent dated May 6, 2019 (the "LOI") with World Farms Corp. ("WFC") regarding a proposed transaction to acquire all of the issued and outstanding securities of WFC (the "Transaction").

WFC Farms is a private company that is building a portfolio of low cost, scalable international cannabis assets in countries where the sale of either CBD or cannabis is legal. WFC's current portfolio includes joint ventures in Italy, Croatia, South Africa and Jamaica.

The Company will have until June 6, 2019 (or such other date as agreed to by the parties) to conduct due diligence on WFC, with a view to negotiating the terms of a definitive agreement (the "Definitive Agreement") in order to complete the Transaction.

The Transaction subject to the execution of a Definitive Agreement, the Company proposes to acquire all of the issued and outstanding common shares of WFC in exchange for common shares of the Company (the "Payment Shares"). The Payment Shares would be issued to the shareholders of WFC on a pro-rata basis based on a 1:1 ratio. In addition, all of the outstanding common share purchase warrants of WFC will, subject to the rules of the Canadian Securities Exchange (the "CSE"), be exchanged for common share purchase warrants of the Company based on a 1:1 ratio and on the same economic terms and conditions as previously issued.

On or before the closing of the Transaction, it is proposed that WFC will complete an equity financing of common shares or units (common shares and common share purchase warrants) (the "Concurrent Financing") by way of a non-brokered private placement relying on the prospectus exemptions pursuant to National Instrument 45-106 or other applicable laws, rules and regulations to raise up to CAD$3,000,000 at an intended price of $0.30 per security.

The Transaction is conditional upon, among other things:

i. the parties will have received all necessary regulatory and third-party consents, approvals and authorizations as may be required in respect of the Transaction, including, but without limitation, acceptance of the CSE;
ii. completion of due diligence to the satisfaction of the parties;
iii. approval of the board of directors of each of the Company and WFC to final terms and conditions of the Transaction as set forth in the Definitive Agreement and all other necessary matters related thereto prior to the signing of the Definitive Agreement;
iv. the signing of the Definitive Agreement;
v. completion of all matters, and the satisfaction of all conditions (unless waived in writing), under the Definitive Agreement required to be completed or satisfied on or before closing of the Transaction including but not limited to completion of the Concurrent Financing; and
vi. the shareholders of each of the Company and WFC will have approved the Transaction and any and all matters in connection therewith pursuant to applicable laws and the rules and policies of the CSE.

In connection with the Transaction, it is intended that the Company will be re-named as the parties may reasonably agree upon and as is acceptable to the CSE and the registrar (the "Resulting Entity"). Upon completion of the Transaction the Resulting Entity will carry on the business currently conducted by WFC and will cease to carry on the business currently being conducted by the Company. It is also intended that concurrent with the closing of the Transaction, the board of directors of the Company will be reconstituted.