GRATOMIC INC.
INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023, AND 2022

(Expressed in Canadian Dollars)

The accompanying interim unaudited condensed consolidated financial statements for Gratomic Inc. have been prepared by management in accordance with International Financial Reporting Standards consistently applied.

GRATOMIC INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

	Notes	September 30, 2023	December 31, 2022
		$	$
Assets			
Current			
Cash		108,767	251,981
Amounts receivable	**3**	281,677	993,946
Prepaids		76,170	132,236
		466,614	1,378,163
Exploration and evaluation assets	**4**	14,120,407	14,024,500
Long term prepaids		57,946	47,685
Property and equipment	**5**	12,373,352	11,219,030
		27,018,319	26,669,378
Liabilities			
Current			
Amounts payable and accrued liabilities		2,383,300	2,510,166
Notes payable	**6**	738,441	470,183
		3,121,741	2,980,349
Long Term			
Decommisioning liability	**7**	520,589	577,085
Total liabilities		3,642,330	3,557,434
Shareholders' equity			
Share capital	**8**	92,679,885	89,078,575
Reserves		19,771,841	19,308,280
Deficit		(89,075,737)	(85,274,911)
Total equity		23,375,989	23,111,944
Total shareholders' equity and liabilities		27,018,319	26,669,378

Nature of operations and going concern **1**

Commitments and contingencies **12**

"Arno Brand"	"Bruno Baillavoine"
Director	Director

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

GRATOMIC INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Expressed in Canadian Dollars

		Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
		$	$	$	$
Operating expenses					
Consulting		**190,902**	479,070	**662,682**	1,527,902
Filing fees and permits		**15,906**	22,173	**106,946**	148,160
Investor relations		**-**	3,000	**-**	36,303
Management fees		**136,251**	117,501	**452,503**	352,503
Marketing		**181,127**	213,540	**952,165**	963,303
Office and other		**188,291**	427,456	**639,391**	1,178,942
Professional fees		**251,071**	143,910	**497,711**	350,468
Share-based compensation	**8**	**-**	-	**-**	1,126,000
Travel, meals and accomodation		**20,336**	40,443	**233,243**	221,675
Project investigation fees		**43,798**	-	**247,367**	-
Net loss before the following		**(1,027,682)**	(1,447,093)	**(3,792,008)**	(5,905,256)
Interest		**(4,648)**	-	(4,648)	-
Loss on sale of fixed assets	**5**	**42**	-	(4,170)	-
Net loss and comprehensive loss for the period		**(1,032,288)**	(1,447,093)	(3,800,826)	(5,905,256)
Basic and diluted loss per share		**(0.01)**	(0.01)	**(0.02)**	(0.03)
Weighted average number of shares outstanding		**200,260,817**	180,022,677	**195,577,301**	177,494,160

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

GRATOMIC INC.
INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30,

Expressed in Canadian Dollars

	2023	2022
	$	$
Operating Activities		
Net loss for the period	**(3,800,826)**	(5,905,256)
Non-cash items:		
Share-based compensation	**-**	1,126,000
Loss on disposal of fixed assets	**4,170**	-
Change in receivables	**712,269**	(162,482)
Change in prepaid expenses	**56,066**	291,037
Change in accounts payable and accrued liabilities	**(126,866)**	1,240,441
Cash used for operating activities	**(3,155,187)**	(3,410,260)
Investing Activities		
Exploration and evaluation expenditures	**(95,907)**	(1,410,792)
Long term prepaids	**(10,261)**	96,202
Purchase of property and equipment	**(1,164,303)**	(2,870,610)
Proceeds on sale of fixed assets	**5,811**	-
Decommissioning Liability	**(56,496)**	(6,266)
Cash used for investing activities	**(1,321,156)**	(4,191,466)
Financing Activities		
Proceeds of loans payable	**268,258**	153,653
Proceeds from issuance of common shares from private placements	**4,114,679**	6,989,760
Share issuance costs - cash	**(49,808)**	(230,025)
Options exercised	**-**	157,750
Cash provided by financing activities	**4,333,129**	7,071,138
Decrease in cash	**(143,214)**	(530,588)
Cash, beginning of period	**251,981**	998,452
Cash, end of period	**108,767**	467,864
Supplemental information		
Non-cash transactions	**$**	$
Warrants issued in payment of agent's fee	**27,393**	-
Amortization included in property and equipment	**23,810**	129,089
Shares issued to acquire exploration property	**-**	505,146

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

GRATOMIC INC.
INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023, AND 2022
Expressed in Canadian Dollars

	Notes	Number of shares	Share capital $	Shares to be issued $	Share-based payment reserves $	Deficit $	Total Equity $
December 31, 2021		**172,904,673**	**80,477,571**	**603,800**	**18,168,843**	**(77,117,236)**	**22,132,978**
Shares issued on unit private placements	8	3,530,971	4,943,360	-	-	-	4,943,360
Private placement allocation of proceeds to warrants	8	-	(240,932)	-	240,932	-	-
Private placement share issue costs	8	-	(230,025)	-	-	-	(230,025)
Shares reserved for issuance that were issued	8	520,571	603,800	(603,800)	-	-	-
Options exercised	8	815,000	157,750	-	-	-	157,750
Original estimated fair value of options exercised	8	-	147,727	-	(147,727)	-	-
Shares issued to acquire exploration property		1,262,865	505,146	-	-	-	505,146
Options granted		-	-	-	1,126,000	-	1,126,000
Net loss for the period		-	-	-	-	(4,458,163)	(4,458,163)
September 30, 2022		**179,034,079**	**86,364,397**	**-**	**19,388,048**	**(81,575,399)**	**24,177,046**
December 31, 2022		**184,918,519**	**88,590,565**	**488,010**	**19,308,280**	**(85,274,911)**	**23,111,944**
Shares issued on unit private placements	8	13,715,598	4,114,679	-	-	-	4,114,679
Private placement allocation of proceeds to warrants	8	-	(463,561)	-	463,561	-	-
Private placement share issue costs	8	-	(49,808)	-	-	-	(49,808)
Shares reserved for issuance that were issued	8	1,626,700	488,010	(488,010)	-	-	-
Net loss for the period		-	-	-	-	(3,800,826)	(3,800,826)
September 30, 2023		**200,260,817**	**92,679,885**	**-**	**19,771,841**	**(89,075,737)**	**23,375,989**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Gratomic Inc. (hereafter the "Company") was incorporated under the Business Corporations Act (Ontario), and is listed on the TSX Venture Exchange, OTCQX and Frankfurt exchanges (TSX-V: GRAT) (OTCQX: CBULF) (FRANKFURT: CB82). The Company's corporate office is located at Bay Adelaide Centre - East Tower, 22 Adelaide Street West, Suite 3600, Toronto, Ontario M5H 4E3. The Company is a junior resource company engaged in the acquisition, exploration and development of mineral properties located in Namibia, Brazil, and Canada.

The Company's ability to realize the costs it has incurred to date on its properties is dependent upon it being able to identify economically recoverable reserves; to finance their exploration and evaluation costs; to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the reserves; and to attain profitable operations.

The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of the carrying value of 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, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development, and in which it has an interest, in accordance with industry standards for the current stage of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory, environmental, and social requirements.

These interim unaudited condensed consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. The Company has incurred a loss for the three and nine months ended September 30, 2023, of $1,036,501 and $3,800,826 respectively and has an accumulated deficit of $89,075,737. The Company is a junior resource company and is subject to risks and challenges similar to other companies at a comparable stage. These risks include, but are not limited to, dependence on key individuals, investment risks, market risks, and the ability to maintain adequate cash flows, and continuing as a going concern. Cash on hand is currently not adequate to cover expected expenditures for the next 12-months and therefore the Company will be required to secure additional funding. These challenges and the continued cumulative operating losses cast significant doubt on the Company's ability to continue as a going concern. These consolidated statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern. Such adjustments can be material.

The interim unaudited condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2023, and 2022, were authorized for issuance in accordance with a resolution of the Board of Directors on November 27, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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 IASB, and are comprised of IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC").

Critical judgements and sources of estimation uncertainty

Critical judgements exercised in applying accounting policies that have the most significant effect on the amounts recognized in the interim unaudited condensed consolidated financial statements are:

i) Determination of functional currency

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

ii) Capitalization of deferred exploration costs

Management is required to assess impairment of intangible exploration and evaluation assets and property and equipment. The triggering events are defined in IFRS 6 and IAS 36 respectively. In making the assessment, management is required to make judgments on the status of each project and their future plans for finding commercial reserves to which the exploration and evaluation assets and property and equipment relate.

Management has determined that there were no triggering events present as at September 30, 2023, and 2022, as defined in IFRS 6 and IAS 36, as such, no impairment test was performed.

Critical estimates 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) Useful life of property and equipment

Depreciation expense is allocated based on assumed useful lives of property and equipment. Should the useful lives differ from the initial estimate, an adjustment would be made in the statement of loss and comprehensive loss.

iv) Provisions

Provisions are inherently based on assumptions and estimates using best available information. Additional disclosure of a significant estimate is included in Note 7 – Decommissioning Liability.

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.

Company Name	Place of Incorporation	Ownership %
Gratomic Graphite (Pty) Ltd	Namibia	100%
Gratomic Graphite Mining Namibia (Pty) Ltd	Namibia	100%
Ludbay Properties (Pty) Ltd	Namibia	100%
Luxury Investments 264 (Pty) Ltd	Namibia	100%
Erf Fifty Aredareigas (Pty) Ltd	Namibia	100%
Graphite Capim Grosso Holding Ltd	Bahamas	100%
Zumbi Mineracao Ltda	Brazil	99.9%

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities carried at FVOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income or loss in the period in which they arise.

(iii) Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, is measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled, or expires. Gains and losses on derecognition are generally recognized in the statements of net (loss) income.

(v) Measurement Hierarchy

Financial instruments that are measured at fair value 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.*

For companies in the consolidated group whose presentation currency is the Canadian Dollar, 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, balances recorded in currencies other than the Canadian dollar are recorded at the period end rate of exchange and exchange gains and losses arising on translation are reflected in profit or loss for the period.

For companies in the consolidated group whose presentation currency is other than the Canadian Dollar, translations to Canadian Dollars are done as follows: 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 period.

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 their 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 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 an 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.

At September 30, 2023, the Company estimated and recorded its decommissioning liability at an amount of $520,589 (December 31, 2022 - $577,085).

Property and equipment

Property and equipment includes acquisition costs, capitalized development costs and pre-production expenditures that are recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Costs of property and equipment are incurred while construction is in progress and before the commencement of commercial production. Once the construction of an asset is substantially complete, and the asset is ready for its intended use, these costs are amortized.

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:

Vehicles, Plant and Equipment	Straight-line over 3 years
Buildings	Straight-line over 10 years

Valuation of equity units issued in private placements

The Company has adopted the 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 are 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.

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.

3. AMOUNTS RECEIVABLE

The amounts receivable balance in the amount of $281,677 (December 31, 2022 - $993,946) includes the amount of Harmonized Sales Tax and Value Added Tax due from the Canadian and Namibian governments respectively.

4. EXPLORATION AND EVALUATION ASSETS

Following is a summary of the exploration and evaluation assets:

For the nine months ended September 30, 2023	Beginning Balance ($)	Acquisition costs ($)	Exploration costs ($)	Ending Balance ($)
Aukam Namibia project	6,724,664	-	13,858	6,738,522
Zumbi Brazil project	6,314,728	-	82,049	6,396,777
Buckingham Quebec project	985,108	-	-	985,108
	14,024,500	**-**	**95,907**	**14,120,407**

For the year ended December 31, 2022	Beginning Balance ($)	Acquisition costs ($)	Exploration costs ($)	Ending Balance ($)
Aukam Namibia project	5,261,273	-	1,463,391	6,724,664
Zumbi Brazil project	5,221,568	633,861	459,299	6,314,728
Buckingham Quebec project	985,108	-	-	985,108
	11,467,949	**633,861**	**1,922,690**	**14,024,500**

Aukam Graphite Project, Namibia

The Aukam Graphite project is a property located in Namibia's Karas Region in Africa. The rights to explore and develop parts of the property, which are of primary interest, are owned by Gratomic Graphite Mining Namibia (Pty) Ltd ("Gratomic Graphite").

On July 29, 2021, the Company acquired the remaining 37% interest in Gratomic Graphite from Next Graphite, Inc. ("NextG"), to now hold a 100% interest. In consideration for the interest, Gratomic issued a total of 25,758,915 common shares in the capital of Gratomic Inc. valued at $36,062,481, made a cash payment of $100,000, and will provide future consideration of US$250,000. The total consideration amounting to $36,478,831 was charged to deficit. The future consideration remaining to be paid has been reflected herein, net of US$71,752 Next Graphite owes the Company, in the amount of $213,951 and has been included in notes payable. The terms of the note payable are as follows: it is denominated in US$, unsecured, non-interest bearing, matured July 29, 2022, and was convertible into common shares at the market price of the common shares on the maturity date.

A 2% revenue royalty is payable to the individual who farms the property.

Under Namibian law, a 2% royalty is payable on the value of minerals mined to the Namibian government in connection with the Aukam Graphite Project.

Zumbi Graphite Project, Brazil

On December 8, 2021, Gratomic acquired a 99.9% interest in Zumbi Mineraceo Ltda. ("Zumbi"), owner of 100% of the Capim Grosso graphite project. In consideration, Gratomic issued a total of 3,840,580 common shares in the capital of Gratomic Inc. valued at $4,954,350, and made a cash payment of $200,000. The Capim Grosso project is situated at the center east portion of the Bahia State, 280 km from the port of Salvador, the state capital, and 166 km from Feira de Santana, the state's second largest city. The project comprises mineral claims covering a surface area of 3,728.06 hectares. The vendors retained a 3% gross smelter return royalty in respect of all minerals processed other than graphite.

The Company was subsequently granted four additional Prospecting Licenses near its existing Capim Grosso Graphite project. The total area of the new claims is 6,312 ha.

Expressed in Canadian Dollars

On June 10, 2022, Zumbi acquired an additional 3 mineral claims comprising a total of 2,782.09 hectares located in the State of Bahia, Brazil. The properties, known as the Jacobina and Igrapiuna Prospects, are within 30 kilometers of the Zumbi project. The Company issued 1,262,865 shares valued at $505,146 and agreed to pay US$100,000 ($128,715) as consideration for the property for a total cost of $633,861.

Buckingham, Quebec

The Company owns a 100% interest in the Buckingham properties located in the Province of Quebec.

5. PROPERTY AND EQUIPMENT

	Land and Buildings $	Plant and equipment $	Vehicles $	Total $
Cost				
At December 31, 2021	2,191,806	6,518,672	650,971	9,361,449
Additions	-	3,493,120	26,335	3,519,455
Disposals	(721,257)	(167,551)	(166,144)	(1,054,952)
Revaluations	(261,114)	-	-	(261,114)
At December 31, 2022	1,209,435	9,844,241	511,162	11,564,838
Additions	-	1,258,328	-	1,258,328
Disposals	-	(14,836)	(42,682)	(57,518)
Reallocations	(380,579)	380,579	-	-
At September 30, 2023	828,856	11,468,312	468,480	12,765,648
Accumulated Depreciation				
At December 31, 2021	105,598	44,382	155,431	305,411
Additions	-	17,214	151,262	168,476
Disposals	-	(38,055)	(90,024)	(128,079)
At December 31, 2022	105,598	23,541	216,669	345,808
Additions	-	12,827	67,599	80,426
Disposals	-	(1,237)	(32,702)	(33,939)
Reallocations	(105,598)	105,598	-	-
At September 30, 2023	-	140,729	251,566	392,295
Carrying Value				
At December 31, 2022	1,103,837	9,820,700	294,493	11,219,030
At September 30, 2023	828,856	11,327,583	216,914	12,373,353

6. NOTES PAYABLE

The notes payable consist of:

a) A note payable on the NextG transaction in the amount of $213,951 is denominated in US$, is unsecured, non-interest bearing, matured on July 29, 2022, and was convertible into common shares at the market price of the common shares on the maturity date.
b) Notes payable totaling $524,490 represent amounts received from individuals, who are shareholders of the Company. The loans are unsecured and due on demand.

7. DECOMMISSIONING LIABILITY

	September 30, 2023	December 31, 2022
	$	$
Environmental rehabilitation		
Opening balance	577,085	152,563
Additions	-	424,522
Foreign Exchange Adjustment	(56,496)	-
Closing balance	520,589	577,085

The environmental rehabilitation provision relates to the decommissioning of plant and equipment and the restoration of the Aukam mining site upon the retirement of mining and exploration activities at Aukam in Namibia.

8. SHARE CAPITAL, OPTIONS, AND WARRANTS

(A) Common Shares

Authorized - an unlimited number of common shares.

The following summarizes the share transactions:

During the nine months ended September 30, 2023:

a) On February 1, 2023, Gratomic completed the first tranche of a non-brokered private placement, issuing 4,348,984 units for gross proceeds of $1,304,695. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.45 per share until the date that is two years after the closing of the Offering. A finder's fee of $25,983 was paid to an eligible intermediary and 86,610 broker warrants were issued. Each broker warrant issued in connection with the sale of units at the initial closing entitles the holder to purchase one common share of the Company at a price of $0.45 until February 1, 2025.
b) On March 8, 2023, the Company completed the second tranche of a non-brokered private placement, with issuing 4,730,951 units for gross proceeds of $1,419,285. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.45 per share until March 8, 2025. A finder's fee of $3,497 was paid to an eligible intermediary and 11,656 broker warrants were issued. Each broker warrant issued in connection with the sale of units at the second closing entitles the holder to purchase one common share of the Company at a price of $0.45 until March 8, 2025.
c) On March 29, 2023, Gratomic completed the third tranche of a non-brokered private placement offering, issuing 1,090,000 units for gross proceeds of $327,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.45 per share until March 29, 2025.

d) On May 15, 2023, Gratomic completed the fourth tranche of its non-brokered private placement offering at a price of $0.30 per unit, with the placement of 1,420,000 units for proceeds of $426,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.45 per share until May 15, 2025.

e) On May 19, 2023, the Company completed a further tranche of its non-brokered private placement offering at a price of $0.30 per unit, with the placement of 2,237,363 units for gross proceeds of $671,208.90. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.45 per share until May 19, 2025. A finder's fee of $1,750 was paid to an eligible intermediary and 5,833 broker warrants were issued. Each broker warrant entitles the holder to purchase one common share of the Company at a price of $0.45 until May 19, 2025.

f) On May 26 and 29, 2023, Gratomic completed the final tranche of its non-brokered private placement offering at a price of $0.30 per unit, with the placement of 1,515,000 units for gross proceeds of $454,500. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.45 per share until between May 26 and May 29, 2025. A finder's fee of $16,800 was paid to an eligible intermediary and 56,000 broker warrants were issued. Each broker warrant entitles the holder to purchase one common share of the Company at a price of $0.45 until May 29, 2025.

During the year ended December 31, 2022:

a) The Company completed a non-brokered private placement of 3,530,971 units at a price of $1.40 per unit for gross proceeds of $4,943,360. Each unit consisted of one common share and one quarter of 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 $1.45 per share on or before the date that is six months from the date of closing. Cash share issue costs in the amount of $230,025 were incurred in connection with the private placement.

b) 520,571 common shares noted as to be issued at December 31, 2021, were issued.

c) 1,015,000 common shares were issued on the exercise of options for proceeds of $257,750. The original estimated fair value of the options in the amount of $227,495 was transferred from the share-based payment reserve to share capital.

d) 1,262,865 common shares were issued as partial consideration for the acquisition of three mineral claims in Brazil (see Note 4.). The shares were valued at $0.40 each, being the market value of the shares on the date they were issued, for a total value of $505,146.

e) The Company completed a non-brokered private placement on September 14, 2022 of 5,684,440 units priced at $0.36 per unit for gross proceeds of $2,046,398. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.54 per share until September 14, 2023, and thereafter at a price of $0.80 until September 14, 2024. The securities issued are subject to a hold period expiring on January 15, 2023.

f) 1,626,700 common shares were reserved for issuance at December 31, 2022, for which proceeds of $488,010 had been received for a private placement that had not yet closed at $0.30 per unit. Upon closing, each unit will consist of one common share and one common share purchase warrant. Each whole warrant will entitles the holder to purchase one common share at a price of $0.45 per share for two years from the date of closing. These shares were issued subsequent to the year end.

Expressed in Canadian Dollars

(B) 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, at an exercise price to be determined by the Board at the time the option is granted.

No stock options were granted in the nine months ended September 30, 2023.

On June 1, 2022, the Company granted 3,050,000 stock options with an exercise price of $0.435 and an estimated fair value of $976,000, to consultants of the Company. The fair value of the options granted was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected dividend yield	Nil
Stock price volatility	100.0%
Risk-free interest rate	2.860%
Expected life of options	5 years

On June 7, 2022, the Company granted 500,000 stock options with an exercise price of $0.390 and an estimated fair value of $150,000, to consultants of the Company. The fair value of the options granted was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected dividend yield	Nil
Stock price volatility	100.0%
Risk-free interest rate	3.100%
Expected life of options	5 year

A summary of option transactions is as follows:

	Number of options	Weighted average exercise price $
Balance December 31, 2021	12,905,000	1.260
Exercised	(1,115,000)	0.245
Granted	3,550,000	0.429
Expired	(100,000)	0.850
Balance December 31, 2022	15,240,000	1.143
Exercised	-	-
Granted	-	-
Expired	(3,930,000)	1.137
Balance September 30, 2023	11,310,000	1.146

No stock options were exercised in the nine months ended September 30, 2023.

The original fair value of the 1,115,000 stock options exercised during 2022 amounted to $227,495, which amount was transferred to share capital. The weighted average share price on the date of exercise for options exercised in 2022 was $0.49 per share.

Expressed in Canadian Dollars

A summary of options outstanding on September 30, 2023 is as follows:

Exercise price $	Number outstanding and exercisable	Remaining contractual life in months	Weighted average exercise price $
0.650	90,000	3	0.650
0.150	970,000	22	0.150
1.540	5,550,000	29	1.540
1.250	400,000	31	1.250
1.210	300,000	7	1.210
1.300	400,000	32	1.300
1.470	200,000	34	1.470
1.270	400,000	35	1.270
1.570	500,000	37	1.570
1.190	200,000	38	1.190
0.435	2,300,000	44	0.435
	11,310,000		1.146

(C) Warrants

The Company has a total of 21,186,837 warrants outstanding. Warrant activity is analyzed as follows:

	Number of Warrants	Weighted average exercise price $
Balance, December 31, 2021	74,000	0.06
Granted	6,672,322	0.67
Expired	(74,000)	0.06
Balance December 31, 2022	6,672,322	0.67
Granted	15,342,298	0.45
Granted - broker warrants	160,099	0.45
Expired	(987,882)	1.45
Balance September 30, 2023	21,186,837	0.54

The Company received approval from the TSX Venture Exchange to extend the exercise date of 987,882 warrants exercisable at $1.45 per share until between July 26, 2022, and September 2, 2022, pursuant to the private placement financing which closed between January 26, 2022, and March 2, 2022, for a further year expiring between July 26, 2023, and September 2, 2023. There was no change to the warrant exercise price. These warrants have expired, unexercised.

Expressed in Canadian Dollars

A summary of warrants outstanding at September 30, 2023, is as follows:

Expiry Date	Number of Warrants	Weighted Average Exercise Price $
September 14, 2024	5,684,440	0.80
February 1, 2025	4,348,984	0.45
February 1, 2025	86,610	0.45
March 8, 2025	4,730,951	0.45
March 8, 2025	11,656	0.45
March 29, 2025	1,090,000	0.45
May 15, 2025	1,420,000	0.45
May 19, 2025	2,237,363	0.45
May 19, 2025	5,833	0.45
May 26, 2025	630,000	0.45
May 29, 2025	885,000	0.45
May 29, 2025	56,000	0.45
	21,186,837	0.54

The 5,172,363 warrants issued during the three months ended June 30, 2023 had an estimated value of $71,175 on the date of the grant, calculated on the residual value method.

The 10,169,935 warrants issued during the three months ended March 31, 2023 had an estimated value of $364,993 on the date of the grant, calculated on the residual value method.

The 61,833 broker warrants issued during the three months ended June 30, 2023 had an estimated value of $10,687 on the date of the grant, using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected dividend yield	Nil
Stock price volatility	150.0%
Risk-free interest rate	4.08% to 4.30%
Expected life of warrants	2 years

The 98,266 broker warrants issued during the three months ended March 31, 2023 had an estimated value of $16,706 on the date of the grant, using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected dividend yield	Nil
Stock price volatility	150.0%
Risk-free interest rate	3.76% to 4.32%
Expected life of warrants	2 years

The 6,672,322 warrants issued during the year ended December 31, 2022 had an estimated value of $240,932 on the date of the grant.

Expressed in Canadian Dollars

9. RELATED PARTY DISCLOSURES

The Company has determined that key management consists of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer. The Company paid or accrued the following amounts to key management, and private corporations owned by them:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Fees charged to:				
Management fees and consulting fees	315,152	271,318	878,235	792,040
Professional and other expenses	59,446	59,604	226,610	217,911
	374,598	330,922	1,104,845	1,009,951

During the nine months ended September 30, 2023, legal fees in the amount of $226,610 (2022 – $217,911) 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, 2023, was $832,821 (December 31, 2022 – $312,143) owing for services 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.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital, defined as all components of equity, is to safeguard its ability to continue as a going concern, and to pursue the exploration, evaluation, and development 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. To maintain or adjust the capital structure, the Company may from time-to-time issue shares and adjust its capital spending. 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 since December 31, 2022.

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

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of cash is measured on level 1 of the fair value hierarchy. The carrying amounts for amounts receivable, and accounts payable and accrued liabilities approximate their estimated fair value due to the short-term nature of these financial instruments.

Amounts receivable is classified at amortized cost and is 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.

Accounts payable and accrued liabilities are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

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

Economic Viability and Technical Feasibility Risk
No mineral resources, let alone mineral reserves demonstrating economic viability and technical feasibility, have been delineated on the Aukam Property. The Company is not in a position to demonstrate or disclose any capital and/or operating costs that may be associated with the processing plant until the Preliminary Feasibility Study ("PFS") is completed. The Company advises that it has not based its production decision on even the existence of mineral resources let alone on a PFS or feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals and the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that production will begin as anticipated or at all or that anticipated production costs will be achieved. Failure to commence production would have a material adverse impact on the Company's ability to generate revenue and cash flow to fund operations. Failure to achieve the anticipated production costs would have a material adverse impact on the Company's cash flow and future profitability.

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
At September 30, 2023, the Company had current assets of $466,614 (December 31, 2022 - $1,378,163) to settle current liabilities of $3,121,741 (December 31, 2022 - $2,980,349). 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 minimal 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 of having minimal interest-bearing debt, or interest earning investments, 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 funded 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 and development stages and to date do not contain any identified mineral 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:
a) 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.
b) 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 $6,000 respectively at September 30, 2023.

12. 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 a consulting agreement with its CEO providing for a monthly retainer of $26,667. The agreement:
a) Is terminable by the Company on six months' notice.
b) Contains 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 retained of $18,750. The agreement:
a) Is terminable by the Company on six months' notice.
b) Contains 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 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. During 2019, the Company's 2015 to 2018 taxation years were audited by the Canada Revenue Agency ("the CRA"). As a result of the audit the CRA has disallowed flow through expenditures in the amount of $243,000 that were renounced by the Company in favour of flow through share investors. The Company estimates that it has a maximum liability of $150,000 to the flow through share investors as a result of indemnifications provided to them, which amount has been recorded in these financial statements.

The Company is a defendant in actions being brought by consultants. The outcome of these actions is not determinable at this time. Any losses are provided for as they become likely and can be estimated. In the opinion of management, the ultimate resolution of these actions will not have a material adverse effect on the financial position of the Company, the results of operations or its cash flows.