

CANADA CARBON INC.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)**

(UNAUDITED-PREPARED BY MANAGEMENT)

These financial statements have not been reviewed by the Company's auditor.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying condensed interim financial statements of Canada Carbon Inc. for the three month period ended March 31, 2020 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors. Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

CANADA CARBON INC.
UNAUDITED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
AS AT

	March 31, 2020 \$	December 31, 2019 \$
ASSETS		
Current		
Cash and cash equivalents (Note 7)	436,590	315,551
Receivables (Note 8)	19,679	6,605
Prepaid expenses (Note 9)	14,905	19,399
Total current assets	471,174	341,555
Exploration and evaluation assets (Note 10)	6,676,040	6,663,323
Drilling and reclamation deposits (Note 11)	5,000	5,000
Total assets	7,152,214	7,009,878
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 13)	941,936	1,171,326
Flow through liability	-	5,837
Restoration, rehabilitation and environmental obligations (Note 12)	10,000	10,000
Total current liabilities	951,936	1,187,163
Restoration, rehabilitation and environmental obligations (Note 12)	30,000	30,000
Total liabilities	981,936	1,217,163
Shareholders' equity		
Capital stock (Note 14)	33,076,835	32,362,228
Reserves	849,671	970,237
Deficit	(27,756,228)	(27,539,750)
Total shareholders' equity	6,170,278	5,792,715
Total liabilities and shareholders' equity	7,152,214	7,009,878

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 17)

Subsequent events (Note 18)

On behalf of the Board:

_____, Director

_____, Director

See accompanying notes to the financial statements.

CANADA CARBON INC.
UNAUDITED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED MARCH 31

	2020	2019
EXPENSES		
Management fees (Note 13)	\$ 71,500	\$ 71,500
Consulting fees	400	2,278
Professional fees (Note 13)	106,849	126,063
Office, rent and miscellaneous	17,271	12,077
Shareholder communications and promotion	18,483	11,003
Share based compensation (Note 14)	541	(4,270)
Transfer agent and filing fees	7,606	7,825
Travel and accommodation	-	2,023
Loss before other items	222,650	228,499
OTHER ITEMS		
Foreign exchange loss	176	211
Investment income	(511)	(971)
Flow through liability (recovery)	(5,837)	-
Net loss and comprehensive loss for the period	\$ 216,478	\$ 227,739
Basic and diluted net loss per common share	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding	113,803,250	109,589,074

See accompanying notes to the financial statements.

CANADA CARBON INC.
UNAUDITED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED MARCH 31

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the period	(216,478)	(227,739)
Items not affecting cash:		
Share-based compensation	541	(4,270)
Flow-through liability (recovery)	(5,837)	-
Unrealized foreign exchange (gain) loss	(89)	152
	<u>(221,863)</u>	<u>(231,857)</u>
Change in non-cash working capital items:		
(Increase) decrease in receivables	(13,074)	8,951
Decrease in prepaid expenses	4,494	8,559
(Decrease) increase in accounts payable and accrued liabilities	(223,960)	7,107
Net cash flows from operating activities	<u>(454,403)</u>	<u>(207,240)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue costs	-	(3,716)
Proceeds from warrant and option exercises	593,500	-
Net cash flows from financing activities	<u>593,500</u>	<u>(3,716)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(18,147)	(31,915)
Net cash flows from investing activities	<u>(18,147)</u>	<u>(31,915)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>89</u>	<u>(152)</u>
Increase (decrease) in cash and cash equivalents	121,039	(243,023)
Cash and cash equivalents, beginning of period	315,551	604,524
Cash and cash equivalents, end of period (Note 7)	436,590	361,501

Supplemental disclosure with respect to cash flows (Note 15)

See accompanying notes to the financial statements.

CANADA CARBON INC.
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	Number of Shares	Capital Stock \$	<i>Reserves</i>		Deficit \$	Total \$
			Equity settled share- based payments reserve \$	Warrant reserve \$		
Balance December 31, 2018	109,589,074	32,175,376	732,215	334,176	(26,918,615)	6,323,152
Share-based compensation	-	-	(4,270)	-	-	(4,270)
Net loss and comprehensive loss for the three months	-	-	-	-	(227,739)	(227,739)
Balance March 31, 2019	109,589,074	32,175,376	727,945	334,176	(27,146,354)	6,091,143
Issued pursuant to private placement	2,800,000	194,494	-	85,506	-	280,000
Issued pursuant to surface access agreement	40,000	2,000	-	-	-	2,000
Expiry of options	-	-	(252,753)	-	252,753	-
Share-based compensation	-	-	79,602	-	-	79,602
Issue costs	-	(9,642)	-	(4,239)	-	(13,881)
Net loss and comprehensive loss for the nine months	-	-	-	-	(646,149)	(646,149)
Balance December 31, 2019	112,429,074	32,362,228	554,794	415,443	(27,539,750)	5,792,715
Exercise of warrants	4,050,000	568,500	-	-	-	568,500
Fair value of warrants exercised	-	104,785	-	(104,785)	-	-
Exercise of options	250,000	25,000	-	-	-	25,000
Fair value of options exercised	-	16,322	(16,322)	-	-	-
Stock-based compensation	-	-	541	-	-	541
Net loss and comprehensive loss for the three months	-	-	-	-	(216,478)	(216,478)
Balance, March 31, 2020	116,729,074	33,076,835	539,013	310,658	27,756,228	6,170,278

See accompanying notes to the financial statements.

CANADA CARBON INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

1. NATURE AND CONTINUANCE OF OPERATIONS

Canada Carbon Inc. (hereafter the "Company") was incorporated in British Columbia on August 13, 1985 and is listed on the TSX Venture Exchange ("TSX-V").

The Company's principal business is the acquisition, exploration and evaluation of mineral properties. In fiscal 2012 the Company positioned itself as a carbon science company focused on graphite. The Company is in the exploration and evaluation stage on its projects and as such, to date, has not generated significant revenues from its operations.

The Company's head office is located at 5213 Durie Road, Mississauga, Ontario, L5M 2C6.

The condensed interim financial statements were approved by the Board of Directors on April 27, 2020.

The Company is in the process of exploring its exploration and evaluation assets. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, the achievement of profitable production, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration 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 and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainty.

These condensed interim financial statements have been prepared with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at March 31, 2020, the Company had a working capital deficit of \$480,762 and an accumulated deficit of \$27,756,228 compared to a working capital deficit of \$845,608 and an accumulated deficit of \$27,539,750 as at December 31, 2019. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes.

3. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments recorded at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

CANADA CARBON INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

3. BASIS OF PRESENTATION (Continued)

In the preparation of these condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the year. Actual results could differ from these estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019 and were prepared using the same accounting policies, method of computation and presentation as were applied in the annual financial statements for the year ended December 31, 2019, except for the changes noted below.

Adoption of new and amended IFRS pronouncements

Effective January 1, 2020, the Company adopted the new and amended IFRS pronouncement listed below, in accordance with the transitional provisions outlined in the respective standard.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The implementation of these amendments did not have a material effect on the Company's financial statements.

5. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of its properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company's capital structure to primarily consist of the components of shareholders' equity.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2020. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As at March 31, 2020, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

CANADA CARBON INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

6. FINANCIAL RISK FACTORS

There have been no significant changes in the risks, objectives, policies and procedures during the three months ended March 31, 2020. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to receivables. The receivables primarily relate to sales tax due from the Federal and Provincial Governments. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to its receivables is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Additional funding will be required to get the Miller project through the current legal proceedings and the feasibility stage; however, management believes it will be able to obtain the necessary funding.

Market risk

(a) **Interest rate risk**

The Company has cash balances and no interest-bearing debt, therefore, interest rate risk is minimal.

(b) **Foreign currency risk**

The majority of the Company's administrative expenditures are transacted in Canadian dollars. The Company funds certain expenses in the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management does not hedge its foreign exchange risk. The Company holds negligible cash balances in US dollars.

(c) **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.

(d) **Title risk**

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

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company does not expect material movements in the underlying market risk variables over the next three-month period.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Company are comprised of the following items:

	<i>March 31, 2020</i>	<i>December 31, 2019</i>
Cash balances	\$ 269,759	\$ 98,710
Short term money market instruments	166,831	216,841
Total	\$ 436,590	\$ 315,551

The Company's short term money market instruments accrued interest at a rate of 0.25% - 1.25% (2019: 1.35%) per annum and were redeemable at any time without penalty.

CANADA CARBON INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

8. RECEIVABLES

The receivables balance is comprised of the following items:

	<i>March 31,</i> <i>2020</i>	<i>December 31,</i> <i>2019</i>
Sales tax due from federal and provincial governments	\$ 19,679	\$ 6,605
Total	\$ 19,679	\$ 6,605

9. PREPAID EXPENSES

The prepaid expense balance is comprised of the following items:

	<i>March 31,</i> <i>2020</i>	<i>December 31,</i> <i>2019</i>
Insurance	\$ 4,608	\$ 9,251
Investor information/promotion	2,845	2,696
Consulting and advisory fee	7,452	7,452
Total	\$ 14,905	\$ 19,399

10. EXPLORATION AND EVALUATION ASSETS

At March 31, 2020, expenditures incurred on exploration and evaluation assets were as follows:

	Asbury Graphite Property, Quebec	Miller Property, Quebec	March 31, 2020
Acquisition costs:			
Balance, beginning of year	\$ 654,379	\$ 385,014	\$ 1,039,393
Additions during the period	-	-	-
Balance, end of period	654,379	385,014	1,039,393
Deferred exploration costs:			
Balance, beginning of year	554,509	5,069,421	5,623,930
Assays	-	-	-
Field supplies and equipment	-	-	-
Surveys and other studies	-	-	-
Community consultations	-	-	-
Geologists, consultants and other labour	-	10,450	10,450
Excavation, drilling and transportation	-	-	-
Travel, meals and accommodation	-	-	-
Admin and other expenses	-	2,267	2,267
Additions during the period	-	12,717	12,717
Balance, end of period	554,509	5,082,138	5,636,647
Total	\$1,208,888	\$ 5,467,152	\$ 6,676,040

CANADA CARBON INC.
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
 (EXPRESSED IN CANADIAN DOLLARS)
 FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

11. DRILLING AND RECLAMATION DEPOSITS

The following table details the outstanding drilling and reclamation deposits:

<i>Property</i>	<i>March 31, 2020</i>	<i>December 31, 2019</i>
Rare Earth (Note 12)	\$ 5,000	\$ 5,000
Total	\$ 5,000	\$ 5,000

12. RESTORATION, REHABILITATION AND ENVIRONMENTAL OBLIGATIONS

The Company has recorded an obligation of \$10,000 for the Rare Earth property. The restoration costs are expected to be incurred in 2021. See Note 11.

The Company has also recorded an obligation of \$30,000 for the Miller graphite property to reclaim disturbance caused by the work programs. The restoration costs are expected to be incurred in 2040.

The following is an analysis of the restoration, rehabilitation and environmental obligations:

Balance, December 31, 2018 and 2017	\$ 45,089
Deductions (Arcadia)	(5,089)
Additions	-
Balance, December 31, 2019 and March 31, 2020	<u>\$ 40,000</u>

13. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them.

Trading transactions

The Company entered into the following transactions with related parties

	Nature of transactions	Notes	<i>Three Months Ended March 31,</i>	
			2020	2019
R. Bruce Duncan	Management	a	\$ 62,500	\$ 62,500
Directors	Management	b	\$ 9,000	\$ 9,000
Olga Nikitovic	Professional fees	c	\$ 30,000	\$ 30,000
Aird & Berlis	Professional fees	d	\$ 1,405	\$ -

a) The fees for R. B. Duncan, CEO, are included in management fees. As at March 31, 2020, \$565,417 (2019 - \$494,583) was included in accounts payable.

b) Fees for independent directors are included in management fees. As at March 31, 2020, \$63,000 (2019 - \$60,000) was included in accounts payable.

c) Fees for Olga Nikitovic, CFO relate to financial management and accounting services which are charged to professional fees. As at March 31, 2020, \$272,000 (2019 - \$238,000) was included in accounts payable.

d) Tom Fenton, Corporate Secretary for the Company is a partner with Aird & Berlis, LLP. Legal fees of \$1,405 (2019 - \$Nil) are included in professional fees. As at March 31, 2020, \$Nil (2019 - \$Nil) was included in accounts payable.

CANADA CARBON INC.
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
 (EXPRESSED IN CANADIAN DOLLARS)
 FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

13. RELATED PARTY TRANSACTIONS (Continued)

All related party amounts included in accounts payable are unsecured, non-interest bearing and payable on demand.

Compensation of key management personnel

	Notes	<i>Three months ended March 31</i>	
		2020	2019
Salaries	a	\$ 101,500	\$ 101,500
Share-based payments	b	-	-
		<u>\$ 101,500</u>	<u>\$ 101,500</u>

- a) The Company does not pay any health or post-employment benefits. The salaries represent the fees for the CEO, CFO and directors which are included in the transactions above.
- b) Share-based payments include the fair value of options issued for services granted to key management and directors.

14. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS

Capital Stock

The Company has authorized an unlimited number of common shares without par value. As at March 31, 2020, the Company had 116,729,074 common shares outstanding (December 31, 2019 – 112,429,074).

- i) In February 2020, 250,000 options were exercised for gross proceeds of \$25,000.
- ii) In February and March 2020, 4,050,000 warrants were exercised for gross proceeds of \$568,500.

Share Purchase Warrants

At March 31, 2020, the following warrants were outstanding.

Expiry Date	Exercise Price \$	Number of Warrants	Remaining contractual life (years)	Currently exercisable	Remaining contractual life (years)
April 12, 2021 (i)	0.30	2,500,000	1.03	2,500,000	1.03
April 26, 2021 (i)	0.30	3,430,000	1.07	3,430,000	1.07
May 11, 2021	0.11	1,400,000	1.11	1,400,000	1.11
December 11, 2021	0.18	1,400,000	1.70	1,400,000	1.70
June 18, 2022	0.13	1,550,000	2.22	1,550,000	2.22
		<u>10,280,000</u>	<u>1.33</u>	<u>10,280,000</u>	<u>1.33</u>

- i) The expiry date of 5,930,000 warrants that were to expire in April 2020 was extended by one year to April 2021.

CANADA CARBON INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

14. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

The following is a summary of the warrant transactions for the three months ended March 31, 2020 and the year ended December 31, 2019.

	<i>Three months ended March 31, 2020</i>		<i>Year ended December 31, 2019</i>	
	Number of Warrants	Weighted Average Exercise Price \$	Number of Warrants	Weighted Average Exercise Price \$
Balance, beginning of period	14,330,000	0.21	11,530,000	0.22
Warrants issued	-	-	2,800,000	0.13
Warrants exercised	(4,050,000)	0.14	-	-
Warrants expired	-	-	-	-
Balance, end of period	<u>10,280,000</u>	<u>0.23</u>	<u>14,330,000</u>	<u>0.21</u>

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of warrants issued during the three months ended March 31, 2020 and the year ended December 31, 2019.

	Three months ended March 31, 2020	Year ended December 31, 2019
Share price	-	\$0.07
Risk-free interest rate	-	1.36%
Expected dividend yield	-	0.00%
Expected stock volatility	-	91%
Expected warrant life in years	-	3.0 years

Stock Options

The Company is authorized to grant to directors, employees and consultants up to 20% of the issued and outstanding capital stock of the Company. Under the plan, the exercise price of each option equals the market price, less any applicable discounts of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

CANADA CARBON INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

14. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

As at March 31, 2020, the following incentive stock options were outstanding:

Expiry Date	Exercise Price \$	Options Outstanding		Options Exercisable	
		Number of Options Outstanding	Weighted average remaining contractual life (years)	Number of Options Vested	Weighted average remaining contractual life (years)
October 30, 2020	0.245	1,000,000	0.58	1,000,000	0.58
August 4, 2022	0.19	2,100,000	2.34	2,100,000	2.34
June 8, 2023	0.10	650,000	3.19	650,000	3.19
November 12, 2023 ⁽ⁱ⁾	0.15	100,000	3.62	100,000	3.62
July 18, 2024	0.10	1,200,000	4.30	1,200,000	4.30
		<u>5,050,000</u>	<u>2.59</u>	<u>5,050,000</u>	<u>2.59</u>

(i) 100,000 options vest in three equal instalments over 18 months.

The following is a summary of stock option transactions for the three months ended March 31, 2020 and the year ended December 31, 2019.

	Three months ended March 31, 2020		Year ended December 31, 2019	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Balance, beginning of period	5,300,000	0.16	6,300,000	0.19
Options granted	-	-	1,200,000	0.10
Options exercised	(250,000)	0.10	-	-
Options expired (forfeited)	<u>-</u>	<u>-</u>	<u>(2,200,000)</u>	<u>0.19</u>
Balance end of period	<u>5,050,000</u>	<u>0.17</u>	<u>5,300,000</u>	<u>0.16</u>

Share-Based Compensation

There were no options granted in the three months ended March 31, 2020 and 2019. Share based compensation for the three months ended March 31, 2020 was \$541 (2019: \$(4,270)) has been charged to share based compensation expense with a corresponding amount being recorded in the equity settled share-based payments reserve.

CANADA CARBON INC.
 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
 (EXPRESSED IN CANADIAN DOLLARS)
 FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

14. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options granted during the three month ended March 31, 2020 and the year ended December 31, 2019.

	Three months ended March 31, 2020	Year ended December 31, 2019
Share Price	-	\$0.10
Risk-free interest rate	-	1.40%
Expected dividend yield	-	0.00%
Expected stock volatility	-	77.32%
Expected option life in years	-	5.0 years

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions for the three months ended March 31, 2020 consisted of:

- a) A decrease in accrued exploration and evaluation assets of \$5,430.

Significant non-cash investing and financing transactions for the three months ended March 31, 2019 consisted of:

- a) A decrease in accrued exploration and evaluation assets of \$23,543.

16. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts.

17. COMMITMENTS AND CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. See Note 12.

In December 2014, the Company entered into two-year employment contracts that are automatically renewable for one year periods with its CEO and CFO for \$20,833 and \$10,000 per month respectively. The Company is committed to pay \$370,000 per annum with respect to these contracts. These contracts contain clauses requiring additional payments of up to \$370,000 to be made upon the occurrence of certain events such as change of control. As a triggering event has not taken place, the contingent payments have not been reflected in the financial statements.

18. SUBSEQUENT EVENTS

COVID 19

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.