

Clean Commodities Corp.

Consolidated Financial Statements
December 31, 2017 and 2016
(expressed in Canadian dollars, except where indicated)

Independent Auditor's Report

To the Shareholders of Clean Commodities Corporation

We have audited the accompanying financial statements of Clean Commodities Corporation, which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Clean Commodities Corporation as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Clean Commodities Corporation to continue as a going concern.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, British Columbia
April 25, 2018**

Clean Commodities Corp.

Statements of Financial Position

(expressed in Canadian dollars, except where indicated)

	Note	December 31, 2017	December 31, 2016
		\$	\$
Assets			
Current assets			
Cash		1,681,684	536,928
Other receivables		14,998	23,860
Prepaid expenses and deposits		176,870	2,794
Investments	5	392,559	84,284
		2,266,111	647,866
Exploration and evaluation assets ("E&EA")	6	1,628,756	1,737,794
Total assets		3,894,867	2,385,660
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		111,839	39,868
Total liabilities		111,839	39,868
Shareholders' equity			
Share capital	7	10,184,199	8,345,795
Reserves		1,373,307	1,109,307
Accumulated other comprehensive income (loss)		(127,325)	51,678
Deficit		(7,647,153)	(7,160,988)
Total shareholders' equity		3,783,028	2,345,792
Total liabilities and shareholders' equity		3,894,867	2,385,660

Nature of operations (note 1)

Subsequent events (note 14)

Approved by the Board of Directors

"Ryan Kalt"

Director

"Brian Hearst"

Director

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

Clean Commodities Corp.
Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars, except where indicated)

		For the year ended December 31	
		2017	2016
	Note		
		\$	\$
Expenses			
General and administrative	9	236,466	197,652
Professional fees	9	64,164	82,334
Investor relations and marketing		11,813	53,659
Share-based compensation	8	166,000	230,510
Write down – exploration and evaluation	6	-	263,544
Net loss		(478,443)	(827,699)
Other items			
Flow-through share premium		-	111,765
Loss before income tax		(478,443)	(715,934)
Deferred income tax recovery (expense)	13	(7,722)	7,722
Net loss before other comprehensive income		(486,165)	(708,212)
Unrealized gain (loss) on investment, net of tax		(179,003)	51,678
Comprehensive loss		(665,168)	(656,534)
Loss per share			
Basic and diluted		(0.01)	(0.01)
Weighted average number of shares outstanding			
Basic and diluted		75,200,621	59,832,661

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

Clean Commodities Corp.
Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars, except where indicated)

	Common shares outstanding	Share capital	Reserves				Total shareholders' equity
			Share based compensation reserves	Warrants reserves	Accumulated other comprehensive Income (loss)	Deficit	
		\$	\$	\$	\$	\$	\$
Balance at December 31, 2016	70,568,845	8,345,795	889,027	220,280	51,678	(7,160,988)	2,345,792
Private placements	26,766,666	1,960,000	-	-	-	-	1,960,000
Private placement finder fees - cash	-	(90,265)	-	-	-	-	(90,265)
Private placement finder fees – warrants	-	(98,000)	-	98,000	-	-	-
Private placement issuance costs	-	(23,431)	-	-	-	-	(23,431)
Share subscription receivable	-	(75,000)	-	-	-	-	(75,000)
Warrant exercises	3,430,588	165,100	-	-	-	-	165,100
Stock-based compensation	-	-	166,000	-	-	-	166,000
Net loss and other comprehensive loss for the year	-	-	-	-	(179,003)	(486,165)	(665,168)
Balance at December 31, 2017	100,766,099	10,184,199	1,055,027	318,280	(127,325)	(7,647,153)	3,783,028

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

Clean Commodities Corp.
Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars, except where indicated)

	Common shares outstanding	Share capital	Reserves				Total shareholders' equity
			Share-based compensation reserves	Warrants reserves	Accumulated other comprehensive income	Deficit	
		\$	\$	\$	\$	\$	\$
Balance at December 31, 2015	51,643,954	7,014,939	658,517	146,481	-	(6,452,776)	1,367,161
Private placements	15,467,648	1,265,000	-	-	-	-	1,265,000
Private placement issuance costs	-	(77,390)	-	-	-	-	(77,390)
Warrants issuance for finders fees	-	(40,000)	-	40,000	-	-	-
Flow through share premium	-	(111,765)	-	-	-	-	(111,765)
Warrant and stock option exercises	957,243	95,011	-	-	-	-	95,011
Share issuance for E&EA -Torp/Phoenix	2,500,000	200,000	-	-	-	-	200,000
Warrant issuance for E&EA	-	-	-	33,799	-	-	33,799
Share-based compensation	-	-	230,510	-	-	-	230,510
Net loss and other comprehensive income for the year	-	-	-	-	51,678	(708,212)	(656,534)
Balance at December 31, 2016	70,568,845	8,345,795	889,027	220,280	51,678	(7,160,988)	2,345,792

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

Clean Commodities Corp.

Statements of Cash Flows

(amounts expressed in Canadian dollars, except where indicated)

	For the year ended December 31	
	2017	2016
	\$	\$
Cash used from (used in) operating activities		
Net loss	(486,165)	(708,212)
Items not affecting cash		
Deferred income tax expense (recovery)	7,722	(7,722)
Share-based compensation	166,000	230,510
Flow-through share premium	-	(111,765)
Write down - exploration and evaluation assets	-	263,544
	(312,443)	(333,645)
Change in non-cash operating working capital:		
(Increase) decrease in other receivables and prepaid expenses and deposits	(165,214)	(17,641)
Increase (decrease) in accounts payable and accrued liabilities	(14,512)	(13,503)
	(492,169)	(364,789)
Cash flows from (used in) investing activities		
Option payment received	150,000	-
Expenditures on exploration and evaluation assets	(449,480)	(556,821)
	(299,480)	(556,821)
Cash flows from (used in) financing activities		
Private placement proceeds	1,885,000	1,265,000
Finder fees	(90,265)	
Share issuance costs	(23,431)	(77,390)
Gross proceeds from warrant and stock option exercises	165,100	95,011
	1,936,404	1,282,621
Increase in cash	1,144,756	361,011
Cash - beginning of year	536,928	175,917
Cash - end of year	1,681,684	536,928
Cash	1,681,684	536,928
Cash - end of year	1,681,684	536,928
Supplemental cash flow information		
Share issuance – exploration and evaluation assets acquisition	-	200,000
Warrant issuance – exploration and evaluation assets acquisition	-	33,799
Warrant issuance for finders fees	98,000	40,000
Expenditure on exploration and evaluation assets - accrued	86,482	17,561
Shares received from property option payments	495,000	-

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

Clean Commodities Corp.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

(amounts expressed in Canadian dollars, except where indicated)

1 Nature of operations

Clean Commodities Corp. (formerly Athabasca Nuclear Corp.) (the “Company”) was incorporated on August 24, 2011, pursuant to the *Business Corporation Act* (Alberta) and was continued into British Columbia under the *Business Corporation Act* (British Columbia) on November 10, 2015. The Company is extra-provincially registered in the provinces of Saskatchewan, Quebec, and the Northwest Territories.

The Company holds mineral tenures for the purpose of exploring for and developing mineral resources and is considered to be in the exploration stage.

The Company’s corporate office and principal place of business is Suite 605, 815 Hornby St, Vancouver, B.C., V6Z 2E6. Management believes the Company will realize its assets and discharge its liabilities in the normal course of business however the Company’s ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, more immediately, to obtain the necessary financing to meet its obligations and pay liabilities as they become due. External financing, predominantly by the issuance of equity, will be sought to finance the operations of the Company. These uncertainties cast significant doubts regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2 Basis of presentation

The financial statements of the Company for the year ended December 31, 2017 are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Interpretations Committee (“IFRIC”).

These financial statements have been prepared on a historical cost basis except for financial instruments classified as Fair Value Through Profit or Loss (“FVTPL”) and available-for-sale (“AFS”) which are stated at their fair value. The financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar.

These financial statements were authorized for issue by the Board of Directors on April 26, 2018.

3 Estimates, risks and uncertainties

The preparation of financial statements in compliance with IFRS requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates and assumptions.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

Significant accounting estimates

- a) The inputs used in accounting for share-based compensation in profit or loss.
- b) Amounts of provisions, if any, for environmental rehabilitation and restoration.
- c) The inputs used in the fair value of investments (see note 5)

Significant accounting judgments

- a) The determination of categories of financial assets and financial liabilities.
- b) The assessment of indications of impairment of each mineral property and the related determination of the recoverable amount and write-down of those properties where applicable.
- c) The tax basis of assets and liabilities and related deferred income tax assets and liabilities.
- d) Assessment of the Company’s ability to continue as a going concern.
- e) The assessment of indications of impairment of available-for-sale financial assets.

Clean Commodities Corp.

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

(amounts expressed in Canadian dollars, except where indicated)

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, term deposits and investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at December 31, 2017, the Company held all its cash at a major Canadian financial institution and no cash equivalents were held.

Financial instruments

Financial instruments recognized in the statement of financial position include cash, other receivables, investments, and accounts payable and accrued liabilities.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held for trading, it is a derivative, or it is designated as FVTPL. Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The Company has classified cash designated as FVTPL.

Available-for-sale financial assets

Investments in marketable securities are classified as AFS financial assets. Investments are initially recognized at fair value and are subsequently carried at fair value with changes recognized in other comprehensive income or loss. Fair value is based on closing quoted bid prices for publicly traded shares without recognizing the possible effects of price fluctuations, quantities traded and similar items. The Company records transactions on the settlement date.

The cost of securities sold is based on the specific identification method. Realized gains and losses, including any significant or prolonged decline in value, on these equity securities are removed from accumulated other comprehensive income (AOCI) and recorded in profit or loss. Investments in entities in which the Company does not have control or significant influence are designated as available-for-sale.

Loans and receivables

Accounts receivable and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost less impairment losses. The Company has classified other receivables as loans and receivables.

The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified.

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

Where impairment has occurred, the cumulative loss is recognized in profit or loss in the statement of loss and comprehensive loss.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the final asset and substantially all the risks and rewards of ownership to another entity.

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Financial liabilities

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss in the statement of loss and comprehensive loss. The Company has not classified any financial liabilities as FVTPL.

The Company holds various financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Exploration and evaluation expenditures

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into option arrangements, whereby the Company may transfer part of a mineral interest, as consideration, for an agreement by the optionee to meet certain E&E which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss in the statement of loss and comprehensive loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount and at each reporting period end.

Under IFRS 6 Exploration for and Evaluation of Mineral Resources, one or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- i. The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- ii. Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- iii. Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- iv. Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

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(amounts expressed in Canadian dollars, except where indicated)

Property, plant and equipment

Property, plant and equipment (“PPE”) are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Where an item of PPE comprises major components with different useful lives, the components are accounted for as separate items. The depreciation method, useful life and residual values are assessed annually.

Depreciation is determined using the declining balance method, using the rates below which approximate the estimated useful life of the asset:

Automotive	30% per annum
Geological equipment	20% per annum
Ore processing equipment	30% per annum
Plant equipment	20% per annum
Dewatering pipeline	6% per annum

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of loss and comprehensive loss.

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s value in use and fair value less costs to sell. 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. The impairment loss is recognized in profit or loss in the statement of loss and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for a rehabilitation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in profit or loss in the statement of loss and comprehensive loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant rehabilitation obligations.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

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Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, warrants or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a 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 more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to warrants reserves.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being renounced, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's year is disclosed separately as flow-through share commitments, if any.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financing expense until qualifying expenditures are incurred.

Per share amounts

Basic earnings per common share is computed by dividing the net income for the period by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to re-purchase common shares of the Company at the average market price during the period. For the current and prior year, this calculation proved to be anti-dilutive.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss in the statement of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss in the statement of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss in the statement of loss and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in share-based compensation reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based compensation reserves is credited to share capital, adjusted for any consideration paid. Share-based payments of options which expire unexercised remain in share-based compensation reserves.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Mineral tax credit

The Federal and Provincial taxation authorities provide companies with tax incentives for undertaking mineral exploration programs in certain areas. The Company accrues these credits as a reduction of exploration and evaluation expenditures in the period that the related expenditures were incurred. These accrued credits are subject to review by the relevant authorities and adjustments, if any, resulting from such a review are recorded in the period that the tax filings are amended.

Joint Arrangements

Certain of the Company's activities are conducted through joint arrangements in which two or more parties have joint control. A joint arrangement is classified as either a joint operation or a joint venture, depending on the rights and obligations of the parties to the arrangement.

Joint operations arise when the Company has a direct ownership interest in jointly controlled assets and obligations for liabilities. The financial statements include the Company's interest in the assets, liabilities, revenues, expenses, and cash flows of this type of arrangement. Joint ventures arise when the Company has rights to the net assets of the arrangement. For these arrangements the Company uses the equity method of accounting and recognizes initial and subsequent investments at cost, adjusting for the Company's share of the joint venture's income or loss, less dividends received thereafter. Joint ventures are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable under the equity method of accounting. The impairment amount is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of to sell and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

New accounting pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2017 reporting period. Each of the new standards is effective for annual periods as noted below with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

IFRS 9 Financial instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The application of this standard has been extended and the final date of application is for periods beginning on or after January 1, 2018.

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IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15 in May 2014. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with early adoption permitted.

IFRS 16 Leases

The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. The application of this standard is effective for annual periods beginning on or after January 1, 2019.

5 Investments

	Fair value December 31, 2015	Unrealized gain (loss)	Fair value December 31, 2016	Acquisition	Unrealized gain (loss)	Fair value December 31, 2017
	\$	\$	\$	\$	\$	\$
Investments	24,884	59,400	84,284	495,000	(186,725)	392,559

Investments at December 31, 2017 comprise 2,000,000 warrants of African Queen Mines Ltd. ("African Queen") received as consideration for the disposal of assets on August 10, 2015, whereby the Company completed the sale of its Yellowjacket Gold Project and other assets to African Queen. The fair value of the warrants was determined to be \$24,884 on the date of receipt using the Black-Scholes pricing model using the following weighted average assumptions: expected life of 2.61 years, volatility of 177%, share price on measurement date of \$0.01, exercise price of \$0.08, annual rate of dividends of 0%, risk free rate of 0.42%. Volatility was determined using the historical share price of African Queen. The value of these warrants decreased by \$81,100 (2016 - \$59,400 increase) during the year ended December 31, 2017 which was recognized in other comprehensive income.

The Company received 2,250,000 common shares of Azincourt Energy Inc. on April 4, 2017 valued at \$0.22 per share. The shares were part of a March 8, 2017 option agreement entered into by the Company and Azincourt Energy Corp. (formerly Azincourt Uranium Inc.). See Note 6 for details of the transaction. The value of these shares decreased by \$105,625 during the year ended December 31, 2017 which was recognized in other comprehensive income.

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6 Exploration and evaluation assets

	Syndicate – Preston Lake	Labrador Trough	Whabouchi Project	Torp Lake & Phoenix Project	Juliet Lithium Project	Other	Total
	\$	\$	\$	\$	\$	\$	\$
December 31, 2015	948,956	-	-	-	-	246,555	1,195,511
Analytical	-	73	-	-	-	-	73
Geology	37,421	101,750	144,167	164	-	-	283,502
Tenure and acquisition	-	193,069	21,959	233,798	15,533	57,893	522,252
Impairment	-	-	-	-	-	(263,544)	(263,544)
December 31, 2016	986,377	294,892	166,126	233,962	15,533	40,904	1,737,794
Geology	1,115	5,160	17,398	179,000	79,009	246,699	528,381
Tenure and acquisition	-	-	-	137	7,276	20,168	27,581
Recovery of deferred costs	(620,000)	-	(25,000)	(20,000)	-	-	(665,000)
December 31, 2017	367,492	300,052	158,254	393,099	101,818	307,771	1,628,756

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Western Athabasca Syndicate / Preston Uranium Project

On July 9, 2013, the Company entered into a formal agreement (the “Agreement”) with Skyharbour Resources Ltd. (“Skyharbour”)(TSX-V: SYH), Noka Resources Inc. (“Noka”)(TSX-V: NX) and Rojo Resources Ltd. (“Rojo”, formerly Lucky Strike Resources Ltd.)(TSX-V: RJ) to form a strategic alliance, the Western Athabasca Syndicate (the “Syndicate”), which would expand the Company’s exploration land coverage, generate working capital, and provide third-party funded exploration on its Preston Uranium Property thereby expediting the Company’s ongoing uranium exploration efforts.

Under terms of the Agreement, the Company combined its Preston Uranium Property with Skyharbour’s Athabasca Properties to develop and explore an uranium project base (the “Western Athabasca Syndicate Project” or “Preston Uranium Project”).

Under the terms of the Agreement, each of the Company, Skyharbour, Noka and Rojo received an option to earn 25% of the combined lands by making a series of cash payments, share payments and incurring exploration expenditures over the two-year earn-in term of the agreement. If carried to completion, the agreement called for \$6,000,000 of exploration on the project over two years. The Company was appointed as the operator of the project (the “Operator”), a role that transitioned to Skyharbour in the third quarter of 2014.

On August 17, 2015, two signatory companies, Noka and Rojo, had their participation interest in the Western Athabasca Syndicate terminated as a result of not fulfilling the final stage of the expenditure requirements related to the drill program that commenced in the third quarter of 2015. The net result to the Company, who met its funding requirement (along with Skyharbour), was an increase in the Company’s working interest in the Preston Uranium Project from 25% to 50%. The final exploration stage of the earn-in process for the Syndicate was a drill program that commenced on August 18, 2015, to which the Company contributed its final earn-in obligation of cash of \$322,667.

On March 7, 2017, the Company, in conjunction with Preston Uranium Project partner Skyharbour, executed an option agreement with Orano Canada Inc. (formerly AREVA Resources Canada Inc.) which provides Orano an earn-in option to acquire up to a 70-per-cent working interest in a portion of the Preston uranium project. Under the agreement, Orano will contribute cash and exploration program consideration totalling up to \$8-million in exchange for up to 70 per cent of the applicable project area over six years with a first option where Orano may acquire an initial 51-per-cent working interest in the Preston segment for a period of three years by financing exploration expenditures in the total amount of \$2.8-million and making combined cash payments totalling \$200,000 to the Company and Skyharbour.

On March 27, 2017, the Company, in conjunction with Preston Uranium Project partner Skyharbour, executed an option agreement with Azincourt Energy Corp. (formerly Azincourt Uranium Inc.) (“**Azincourt**”) which provides Azincourt an earn-in option to acquire a 70-per-cent working interest in a portion of the Preston uranium project known as the East Preston property. Under the agreement, Azincourt will issue 4.5 million listed common shares and contribute cash and exploration expenditure consideration totalling up to \$3.5-million in exchange for up to 70 per cent of the applicable property area over three years. Of the \$3.5-million in project consideration, \$1-million will be in cash payments to the Company and Skyharbour, as well as \$2.5-million in exploration expenditures over a three-year period. Azincourt issued the Company and Skyharbour each 2.25 million common shares upfront for a combined total issuance of 4.5 million common shares.

On November 9, 2017, the Company announced details of an upcoming exploration program funded and operated by Orano Canada Inc. (formerly Areva) at the Preston Uranium Project.

The Preston Uranium Project, and its optioned components, is considered to be the Company’s principal asset of exploration focus.

Whabouchi Project

During the year ended December 31, 2016, the Company acquired tenure related to the Whabouchi Lithium Project (Dumont and Spodumene Lake claim sets) located in Quebec through the payment of certain licensing fees and the granting of a two percent royalty. An exploration program was conducted on the property during calendar 2016.

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On November 30, 2017, the Company entered into an option agreement with Cameo Resources Corp. (“Cameo”), whereby Cameo has the option to acquire an 80% interest in the Dumont and Spodumene Lake projects by completing \$5,000,000 of exploration work over a four year period (being the completion of \$500,000 of work in year one, \$1,000,000 of work in year two, \$1,500,000 of work in year three and \$2,000,000 of work in year four), issuing 500,000 common shares (received on February 8, 2018) of Cameo and payment of \$25,000 (received).

Labrador Trough Project

During the year ended December 31, 2016, the Company acquired the tenure related to the Labrador Trough Project located in Quebec through the payment of certain licensing fees and the granting of a two percent royalty. An exploration program was conducted on the property during calendar 2016. The Company did not execute an exploration program on the project during 2017.

Juliet Lithium Project

During the year ended December 31, 2016, the Company acquired the tenure related to the Juliet Lithium Project located in Quebec through the payment of certain licensing fees and the granting of a two percent royalty. An exploration program for the Juliet Lithium Project was conducted during the third quarter of 2017 with results announced on September 26, 2017. In addition, the Company acquired additional tenure at the project in calendar 2017.

Torp Lake & Phoenix Lithium Projects

On May 20, 2016, the Company acquired the Torp Lake and Phoenix claims from North Arrow Minerals Inc. (“North Arrow”). As consideration for the Torp Lake and Phoenix lithium claims, North Arrow received 2,500,000 common shares of Company at a fair value of \$0.08 as well as 1,000,000 common share purchase warrants with an exercise price of \$0.20 per common share exercisable for a two-year period.

During the year ended December 31, 2017, the Company sold a 1% gross royalty on both the Torp Lake and Phoenix Lithium projects to the Chief Executive officer of the Company for \$10,000 each or \$20,000 total, the proceeds of which were spent at the projects as further described in the Management Discussion & Analysis accompanying these financials.

Other Mineral Projects

(i) Garland Lake Project (*discontinued*)

During the year ended December 31, 2015, the Company established a mineral tenure position in the Garland Lake area of Labrador, Canada. The Company acquired its Garland Lake Project mineral tenures by way of staking.

During the year ended December 31, 2016, the Company recorded an impairment charge of \$77,625 recognized on the carrying value of the project as no exploration was planned in the near future.

(ii) Wollaston NE Uranium Project (*discontinued*)

On July 24, 2014, the Company entered into an agreement to acquire a 100% interest in the Wollaston NE Uranium Project in Saskatchewan. The Wollaston NE Uranium Project was acquired from DG Resource Management Ltd. (the “Vendor”) who received cash consideration of \$50,000 (\$25,000 upon closing and \$25,000 within twelve months of closing) and was issued 1.25 million common shares of the Company upon closing at a deemed value of \$0.06 per common share. The transaction provides for the grant of a 1% production royalty to the Vendor and the assumption of a pre-existing 2% production royalty on the property. The Vendor will also be provided the right to manage, on competitive terms, the exploration programs of the Corporation at the Wollaston NE Uranium.

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During the year ended December 31, 2016, the Company recorded an impairment charge of \$125,000 recognized on the carrying value of the project as no future exploration was planned.

(iii) Prongua Lake Diamond Project (*discontinued*)

On November 24, 2014, the Company entered into a property purchase agreement to acquire the Prongua Lake Diamond Project. The Prongua Lake Diamond Project was acquired from DG Resource Management Ltd. (the "Vendor") who received cash consideration of \$15,000 and share consideration of 500,000 common shares at closing. The transaction provides for the grant of a 3% production royalty to the Vendor (half of which may be repurchased by the Company for \$1.5m) and a 20% carried interest up to, but not including, mine construction. Dahrouge Geological Consulting Ltd. was provided the right to manage, on competitive terms, the exploration programs of the Company at the Prongua Lake Diamond Project for a period of twenty-four months from the date of closing.

During the year ended December 31, 2016, the Company recorded an impairment charge of \$39,997 recognized on the carrying value of the project as no future exploration was planned.

(iv) Manitou Cobalt Project

On February 17, 2017, the Company entered into an earn-in agreement to acquire a 50% interest in the Manitou Cobalt Project in exchange for a one-time cash renewal payment for the claims under the agreement and funding a \$50,000 exploration program in 2017.

On July 24, 2017, the Company announced an option to increase its earn-in percentage on the project to 75% in exchange for funding a \$150,000 exploration program in 2017.

During the third-quarter of 2017, the Company conducted an exploration program at the Manitou Cobalt Project, with results announced by news release dated September 21, 2017.

(v) Zeolite Projects

On July 7, 2017, the Company announced the acquisition of the Ogilvie Quarry Zeolite Project in exchange for the payment of certain licensing fees and the granting of a three percent royalty. The project is part of the Company's initiative to establish a portfolio of projects prospective for zeolite minerals.

On July 17, 2017, the Company announced the acquisition of the Hampton Quarry Zeolite Project in exchange for the payment of certain licensing fees and the granting of a three percent royalty. The project is part of the Company's initiative to establish a portfolio of projects prospective for zeolite minerals.

vi) Isko Gold Project

During calendar 2017, the Company acquired the Isko Gold Project in Quebec in exchange for a cash payment of staking fees and the granting of a two percent royalty. The Company performed a soil sampling program at the project in 2017 and is reviewing potential follow-up exploration options for the project during 2018.

vii) During the year ended December 31, 2016, various other mineral claim expenditures totaling \$10,922 were impaired.

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7 Share Capital

- a) The Company's authorized share capital consists of an unlimited number of common shares without par value and unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

- b) 2017 share capital activities:
 - i) On December 13, 2017, and December 14, 2017, the Company closed a two tranche private placement by issuing 17,870,000 Units and 2,130,000 Units, respectively, for gross proceeds of \$1,500,000. Each Unit comprised of one common shares and a one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.10 per share for two years from the closing dates. A cash finder's fee of \$90,625 cash was paid and 967,400 finder's warrants exercisable at \$0.10 per warrant for 24 months from the time of closing were paid by the Company. The warrants were valued at \$98,000 using the Black-Scholes pricing model.

 - ii) On July 24, 2017, the Company closed a private placement financing and issued 4,666,666 Units for gross proceeds of \$280,000. Each Unit comprised of one common shares and a one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.07 per share for one year from the closing date.

 - iii) On April 12, 2017, the Company closed a private placement financing and issued 2,100,000 Units for gross proceeds of \$105,000. Each Unit comprised of one common share and a one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.075 per share for a period of one year from the closing date.

 - iv) During the year ended December 31, 2017, the Company received gross proceeds of \$165,100 relating to the exercise of 3,430,588 warrants.

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- c) 2016 share capital activities:
- i) During the year ended December 31, 2016, 857,243 common shares were issued from various warrant exercises for total proceeds of \$90,011. In addition, 100,000 common shares were issued from a stock option exercise for total proceeds of \$5,000.
 - ii) On December 23, 2016, the Company closed a placement consisting of up to 1,600,000 units at a price of \$0.05 per unit for gross proceeds of \$80,000. Each unit comprises one common share and one-half share purchase warrant exercisable at \$0.10 per shares for a one year period from the closing date. The Company paid a finder's fee \$3,850 on certain units.
 - iii) On November 9, 2016, the Company closed a placement consisting of up to 4,117,648 flow-through shares at a price of \$0.085 per flow-through share for gross proceeds of up to \$350,000. A \$61,765 flow-through share liability has been recognized for this issuance and has been included in flow through share premium in the statements of loss upon renunciation of the qualifying expenditures. The Company paid a fee of \$24,500 on the gross proceeds of the flow-through financing and issued 288,235 non-transferrable common share finders warrants exercisable at \$0.085 for an 18-month period following closing. The warrants were valued at \$7,000 using the Black-Scholes pricing model. In addition, the Company incurred other share issue costs of \$3,000 with this financing.
 - iv) On August 2, 2016, the Company closed the first tranche through the issuance of 1,300,000 units for gross proceeds of \$130,000 and on August 11, 2016 the Company closed the second and final tranche through the issuance of 1,200,000 units for gross proceeds of \$120,000. Each unit price at \$0.10 comprised of one common share and one share purchase warrant exercisable at \$0.25 per share for a period of one year from the date of date of closing. A fee of \$12,950 cash and 129,500 finder's warrants exercisable at \$0.10 per warrant for 12 months from the time of closing were paid by the Company. The warrants were valued at \$6,000 using the Black-Scholes pricing model.
 - v) On May 20, 2016, the Company acquired the Torp Lake and Phoenix claims from North Arrow Minerals Inc. ("North Arrow"). As consideration for the Torp Lake and Phoenix claims, North Arrow received 2,500,000 common shares of Company at a fair value of \$0.08 (\$200,000 deemed value) as a well as 1,000,000 common share purchase warrants exercisable at \$0.20 per common share for a two-year period. The warrants were valued at \$33,799 using the Black-Scholes pricing model.
 - vi) On May 30, 2016, the Company closed a non-brokered private placement of up to 2,500,000 flow-through common share units at a price of \$0.10 per unit to raise gross proceeds of \$250,000. Each unit comprised one flow-through common share and half of one common share warrant exercisable at \$0.15 per common share for a period of 18 months from closing. A \$50,000 flow-through share liability has been recognized for this issuance and has been included in flow through share premium in the statements of loss upon renunciation of the qualifying expenditures. Concurrent with the non-brokered private portion, the Company also closed a brokered non flow-through portion in the amount of 3,250,000 units at a price of \$0.08 per unit to raise gross proceeds of \$260,000. Each unit comprised of one common share and one half of a common share warrant exercisable at a price of \$0.15 for a period of 18 months from closing. A fee of \$25,340 cash and 273,000 finder's warrants exercisable at \$0.10 per warrant for 18 months from the time of closing may be paid by the Company. The warrants were valued at \$27,000 using the Black-Scholes pricing model. In addition, the Company incurred other share issue costs of \$2,500 with this financing.
 - vii) On March 18, 2016, the Company announced a non-brokered private placement of up to 8,020,000 common share units at a price of \$0.05 per Unit to raise gross proceeds of \$401,000. Each Unit comprised one common share and one full common share warrant exercisable at \$0.05 per share for a period of one year from the date of closing. On April 14, 2016, the Company closed this financing by way of 1,500,000 units for gross proceeds of \$75,000. A finder's fee of \$5,250 was paid on the gross proceeds.

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d) Warrants

	December 31, 2017		December 31, 2016	
	Number of warrants (000's)	Weighted average exercise price	Number of warrants (000's)	Weighted average exercise price
		\$		\$
Outstanding - beginning	10,566	0.15	3,511	0.09
Issuance – private placement	13,383	0.10	7,675	0.16
Issuance – finder fees	967	0.10	691	0.09
Issuance – E&EA	-	-	1,000	0.20
Exercised	(3,430)	0.07	(857)	(0.11)
Expired	(5,778)	0.19	(1,454)	(0.11)
Outstanding - ending	15,708	0.10	10,566	0.15

The warrants issued as finder fees during the year ended December 31, 2017 were fair valued at \$98,000 using Black-Scholes option pricing model with the following weighted average assumptions: share price on issue date of \$0.11, expected life of stock option of 3 years, volatility of 111.144%, annual rate of dividends of 0.00% and a risk free rate of 0.66%.

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The following table discloses the number of warrants outstanding as at December 31, 2017:

Number of warrants ('000s)	Price per share	Expiry Date
	\$	
58	0.085	May 9, 2018
1,000	0.20	May 19, 2018
1,200	0.05	July 24, 2020
550	0.075	April 12, 2018
1,933	0.07	June 24, 2018
8,935	0.10	December 13, 2019
1,065	0.10	December 14, 2019
967	0.10	December 14, 2019
15,708		

8 Share-based Compensation

a) Stock options

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

	December 31, 2017		December 31, 2016	
	Number of options (000's)	Weighted average exercise price	Number of options (000's)	Weighted average exercise price
		\$		\$
Outstanding - beginning	6,045	0.08	1,945	0.10
Granted	1,500	0.14	4,300	0.07
Exercised	-	-	(100)	(0.05)
Expired or Cancelled	(400)	0.15	(100)	(0.05)
Outstanding - ending	7,145	0.08	6,045	0.08

On December 5, 2017, the Company granted 1,500,000 incentive stock options exercisable at \$0.14 per share for five years to certain directors and officers of the Company. The weighted average fair value of \$0.11 per stock option was determined using the Black-Scholes option pricing model using the following assumptions: share price on grant date of \$0.14, expected life of stock option of 5 years, volatility of 111.14%, annual rate of dividends of 0.00% and a risk free rate of 0.66%.

On October 14, 2016, the Company granted 1,200,000 incentive stock options exercisable at \$0.065 per share for five years to certain directors and officers of the Company. The weighted average fair value of \$0.05 per stock option was determined using the Black-Scholes option pricing model using the following assumptions: share price on grant date of \$0.06, expected life of stock option of 5 years, volatility of 111.14%, annual rate of dividends of 0.00% and a risk free rate of 0.66%.

On June 28, 2016 the Company granted 1,250,000 incentive stock options exercisable at \$0.12 per share for five years to certain directors, officers, and consultants of the Company. The weighted average fair value of \$0.08 per stock option was determined using the Black-Scholes option pricing model using the following assumptions: share price on grant date of \$0.10, expected life of stock option of 5 years, volatility of 120.89%, annual rate of dividends of 0.00% and a risk free rate of 0.66%.

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On March 21, 2016 the Company granted 1,850,000 incentive stock options exercisable at \$0.05 per share for five years to certain directors, officers, and consultants of the Company. The weighted average fair value of \$0.04 per stock option was determined using the Black-Scholes option pricing model using the following assumptions: share price on grant date of \$0.05, expected life of stock option of 5 years, volatility of 111.14%, annual rate of dividends of 0.00% and a risk free rate of 0.66%.

Volatility was determined using the historical share price of the Company.

The following table discloses the number of options and vested options outstanding as at December 31, 2017.

Number of options outstanding ('000s)	Number of options exercisable ('000s)	Price per share (\$)	Expiry Date
200	200	0.18	August 26, 2018
120	120	0.15	April 9, 2019
750	750	0.07	July 9, 2019
475	475	0.05	February 26, 2020
1,650	1,650	0.05	March 21, 2021
1,250	1,250	0.12	June 28, 2021
1,200	1,200	0.065	October 26, 2021
1,500	1,500	0.14	December 5, 2022
7,145	7,145		

9 Related Party Transactions

The value of transactions and outstanding balances relating to key officers and directors and entities over which they have control or significant influence were as follows:

During the year ended December 31, 2017, the Company incurred \$125,000 (2016 - \$125,000) of consulting fees included in general and administrative with a company controlled by the Chief Executive Officer for services performed. In addition, during the year ended December 31, 2017, the Chief Executive Officer of the Company acquired 1% gross royalties in each of the Torp and Phoenix Lithium Projects from the Company (see Note 6) for a cash payment of \$10,000 per project, \$20,000 total.

During the year ended December 31, 2017, the Company incurred \$30,000 (2016 - \$30,000) of professional fees with a company controlled by the Chief Financial Officer for services performed.

The Company incurred \$5,000 (2016 - \$Nil) of consulting fees included in general and administrative with a company controlled by a Director for services performed.

The Company incurred \$5,000 (2016 - \$Nil) of consulting fees included in general and administrative with a company controlled by a second Director for services performed.

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. Amounts due to or from related parties are non-interest bearing, unsecured, and have no fixed terms of repayment, unless otherwise noted.

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10 Capital Management

The Company includes cash and shareholders' equity, comprising of issued common shares, share-based compensation reserves and warrants reserves, deficit and accumulated other comprehensive income (loss) in the definition of capital. 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 mineral properties. The Board of Directors do not establish quantitative return on capital criteria for management, but rather rely on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has interests are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds 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 period ended December 31, 2017. The Company is not subject to externally imposed capital requirements.

11 Financial Instruments

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total December 31, 2017
Cash	\$ 1,681,684	\$ -	\$ -	\$ 1,681,684
Investments	\$ 389,375	\$ -	\$ 3,184	\$ 392,559

	Level 1	Level 2	Level 3	Total December 31, 2016
Cash	\$ 536,928	\$ -	\$ -	\$ 536,928
Investments	\$ -	\$ -	\$ 84,284	\$ 84,284

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, liquidity risk, commodity price risk, and foreign exchange risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

Concentration Risk

At December 31, 2017, substantially all of the Company's cash and cash equivalents was held at a Canadian national financial institution. As a result, the Company was exposed to all of the risks associated with these institutions.

Credit Risk

The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The Company's maximum exposure to credit risk is the carrying amount of cash and other receivables on the statement of financial position.

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Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting its cash flows from operations and anticipating investing and financing activities. Senior management is actively involved in the review and approval of planned expenditures. As at December 31, 2017, the Company's working capital of \$2,154,272 (December 31, 2016 - \$607,998) is sufficient to meet its short-term business requirements. Future operations or exploration programs will require additional financing primarily through equity markets.

Commodity Price Risk

The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

Foreign Exchange Risk

Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at December 31, 2017, the Company has no monetary assets or liabilities in foreign currencies.

12 Commitments

The Company entered into flow-through share subscription agreements during the year ended December 31, 2016 whereby it was committed to incur within a 24 month period a total of \$600,000 of qualifying Canadian Exploration Expenses ("CEE") as described in the Income Tax Act of Canada, of which \$283,575 was incurred by the year ended December 31, 2016 and the remainder balance of \$316,425 was incurred by the year ended December 31, 2017.

13 Income tax

For the years ended December 31, 2017 and 2016, the effective tax rate of income tax varies from the statutory rate as follows:

	2017	2016
Statutory tax rates	26.00%	26.00%
Expected income tax recovery at statutory rates	\$ (124,395)	\$ (186,143)
Permanent differences	43,160	59,933
Tax benefit not realized	88,957	118,488
Deferred income tax expense (recovery)	\$ 7,722	\$ (7,722)

Nature of deferred income tax assets (liabilities)	2017	2016
Exploration and evaluation assets	\$ (51,000)	\$ (49,000)
Investments	17,000	(11,000)
Unused tax losses carried forward	827,000	673,000
Share issue costs	41,000	22,000
Deferred income tax assets	834,000	635,000
Unrecognized deferred income tax assets	(834,000)	(635,000)
Net deferred income tax assets	\$ -	\$ -

Clean Commodities Corp.
Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

(amounts expressed in Canadian dollars, except where indicated)

As of December 31, 2017, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools, deductible from future income at rates prescribed by the Canadian Income Tax Act:

	2017	2016
Non-capital losses carried forward	\$ 2,633,000	\$ 2,155,831
Capital losses carried forward	861,000	861,130
Cumulative Canadian exploration and development expenses	1,440,000	1,549,572
	\$ 4,934,000	\$ 4,566,533

At December 31, 2017, there are non-capital tax losses of \$2,633,699 (2016 - \$2,155,831) available for carry-forward to reduce future years' taxable income, expiring as follows:

Expiry year	Balance
2031	\$ 296,014
2032	428,795
2033	226,586
2034	266,837
2035	710,878
2036	333,646
2037	370,940
	\$ 2,633,699

14 Subsequent events

On January 26, 2018, 57,647 share purchase warrants were exercised for total gross proceeds of \$4,900. On January 30, 2018, 1,625,000 share purchase warrants were exercised for gross proceeds of \$113,750. On March 18, 2018, 200,000 share purchase warrants were exercised for gross proceeds of \$15,000.