



SAINT JEAN CARBON INC.
(An exploration stage company)

Condensed Interim Financial Statements

(Unaudited – presented in Canadian Dollars)

for the period ended July 31, 2017

MANAGEMENT'S REPORT TO THE SHAREHOLDERS

The accompanying financial statements have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements and the accompanying Management's Discussion and Analysis. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The significant accounting policies followed by the Company are set out in *Note 3* to the financial statements.

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 the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of Saint Jean Carbon Inc. ("Saint Jean" or 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 financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

"William Pfaffenberger"
William Pfaffenberger
President

"Paul Ogilvie"
Paul Ogilvie
Chief Executive Officer

SAINT JEAN CARBON INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

ASSETS	July 31,	October 31,
Current	2017	2016
Cash and equivalents	\$ 1,120,649	\$ 21,499
Accounts receivable	101,196	17,286
Corporate income tax receivable	3,004	3,004
Prepaid expenses	37,660	6,021
	1,262,509	47,810
Restricted cash (Note 12)	36,000	36,000
Equipment (Note 3 (f) & 6)	108,637	-
Mineral exploration and evaluation assets (Note 3 (b) & 7)	4,075,617	3,390,920
	\$ 5,482,763	\$ 3,474,730
 LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 244,982	\$ 763,929
Notes payables (Note 9)	-	127,656
Other liabilities (Note 13)	342,381	54,381
	587,363	945,966
 SHAREHOLDERS' EQUITY		
Share capital (Note 10)	19,274,310	15,921,411
Equity component of convertible debentures	38,341	38,341
Contributed surplus	1,766,713	1,266,473
Deficit	(16,183,964)	(14,697,461)
	4,895,400	2,528,764
	\$ 5,482,763	\$ 3,474,730

Going concern (Note 2(c)), **Measurement uncertainty** (Note 7) and **Subsequent events** (Note 17)

See accompanying notes

On behalf of the Board of Directors

"Paul Ogilvie"

CEO

"Barry Pearson"

CFO

SAINT JEAN CARBON INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Three Months ended July 31, 2017	Three Months ended July 31, 2016	Nine Months ended July 31, 2017	Nine Months ended July 31, 2016
Revenue				
Service income	\$ -	\$ -	\$ -	\$ 22,166
Interest Income	5	90	13	121
Graphene/Graphite Sales	-	-	-	-
	5	90	13	22,287
Cost of goods sold				
	-	-	-	481
	5	90	13	21,806
Administrative costs				
Amortization	\$ 11,126	\$ -	\$ 11,475	\$ 1,556
Bad debts expense	-	-	-	-
Bank and loan interest	610	3,317	4,695	25,742
Business development	5,000	-	10,000	1,684
Filing fees	(3,731)	2,227	48,781	15,090
General meetings	971	326	14,463	3,144
Internet and website	5,492	-	14,060	236
Investor relations	32,545	36,221	102,525	48,864
Management fees	103,250	114,000	299,250	312,000
Mill operating expenses	5,413	-	5,413	-
Office expense	14,760	25,939	50,189	73,246
Payroll Expense	-	-	1,171	-
Professional fees	73,349	20,257	267,890	64,915
Property evaluation	-	507	-	3,337
Sales and marketing	57,900	-	121,400	-
Stock based compensation	-	-	500,240	82,500
Telecommunications	1,247	1,011	3,917	2,903
Transfer agent	1,170	928	4,202	2,660
Travel and promotion	9,056	3,935	26,845	3,135
Gain on disposal of Assets	-	(13,804)	-	(13,804)
Write-down of mineral property interests	-	-	-	-
	318,158	194,864	1,486,516	627,208
Loss before income taxes	(318,153)	(194,774)	(1,486,503)	(605,402)
Deferred income tax provision (recovery)	-	-	-	-
Net loss and comprehensive loss for the year	(318,153)	(194,774)	(1,486,503)	(605,402)
Loss per share - basic and diluted	\$ (0.002)	\$ (0.001)	\$ (0.008)	\$ (0.005)
Weighted average number of shares outstanding - basic and diluted	202,873,626	144,107,775	184,218,455	128,497,702

SAINT JEAN CARBON INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of shares	Share Capital	Contributed Surplus	Equity component of debenture	Deficit	Total
Balance at October 31, 2015	113,073,160	14,382,294	1,183,973	38,341	(14,036,419)	1,568,189
Private placements	29,825,000	1,491,250	-	-	-	1,491,250
Share issuance costs	-	(177,133)	-	-	-	(177,133)
Stock based compensation	-	-	82,500	-	-	82,500
Conversion of warrants	800,000	40,000	-	-	-	40,000
Debts settled in shares	-	-	-	-	-	-
Flow-through shares	-	(140,000)	-	-	-	(140,000)
Shares issued pursuant to property agreements	8,500,000	325,000	-	-	-	325,000
Net loss and comprehensive loss for the year	-	-	-	-	(661,042)	(661,042)
Balance, October 31, 2016	152,198,160	\$ 15,921,411	\$ 1,266,473	\$ 38,341	\$ (14,697,461)	\$ 2,528,764
Private placements	52,712,700	2,635,635	-	-	-	2,635,635
Share issuance costs	-	(308,450)	-	-	-	(308,450)
Stock based compensation	-	-	500,240	-	-	500,240
Conversion of warrants	20,071,000	1,144,300	-	-	-	1,144,300
Conversion of finders options	3,388,270	169,414	-	-	-	169,414
Debts settled in shares	-	-	-	-	-	-
Flow-through shares	-	(288,000)	-	-	-	(288,000)
Shares issued pursuant to property agreements	-	-	-	-	-	-
Net loss and comprehensive loss for the year	-	-	-	-	(1,486,503)	(1,486,503)
Balance, July 31, 2017	228,370,130	\$ 19,274,310	\$ 1,766,713	\$ 38,341	\$ (16,183,964)	\$ 4,895,400

SAINT JEAN CARBON INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Nine Months Ended	Nine Months Ended
	July 31, 2017	July 31, 2016
Cash flows from (used in) the Operating Activity		
Net and comprehensive loss for the year	\$ (1,486,503)	\$ (605,402)
Items not involving cash:		
Stock based compensation	500,240	82,500
Gain (Loss) on disposal of assets	-	-
Amortization	11,475	-
Recognition of flow-through premium liability	288,000	180,000
Impairment of mineral properties	-	-
	(686,788)	(342,902)
Changes in non-cash working capital items:		
Accounts receivable	(83,909)	(6,143)
Prepaid expenses	(31,639)	(9,764)
Accounts payable	(518,949)	(206,632)
Notes payable	(25,607)	(285,382)
	(1,346,892)	(850,823)
Cash flow from (used in) financing activities		
Issuance of share capital	3,661,348	1,426,250
Share issuance cost	(308,450)	(172,256)
Subscription received in advance	-	-
Proceeds from restricted cash	-	-
Loans and accrued interest	(102,048)	(86,376)
	3,250,850	1,167,618
Cash flows from (used in) investing activities		
Disposition (Acquisition) of mineral properties and rights	-	(94,947)
Disposition (Acquisition) of equipment	(120,112)	15,564
Deferred exploration expenses	(684,696)	(137,519)
	(804,808)	(216,902)
Increase (decrease) in cash and cash equivalents	1,099,150	99,893
Cash and cash equivalents, beginning of year	21,499	18,751
Cash and equivalents, end of period	\$ 1,120,649	\$ 118,644
Cash and equivalents is comprised of:		
Cash	\$ 1,120,649	\$ 118,644
Short-term investments	-	-
	\$ 1,120,649	\$ 118,644
Supplemental cash flow disclosure:		
Shares issued for acquisition of property	-	75,000
Interest paid	-	-
Income tax paid	-	-

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Saint Jean Carbon Inc. (formerly Torch River Resources Ltd.) incorporated provincially in Alberta, and extra provincially Saskatchewan, Manitoba, Quebec and British Columbia has shares listed on the TSX Venture Exchange.

The Company is in the process of exploring its mineral properties and has not determined whether these properties contain ore reserves which are economically recoverable.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production from the properties or proceeds from disposition.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

On November 25, 2011, the Company consolidated its 69,989,990 old common shares, exchanging 2 (old) common shares for 1 (new) common share resulting in 34,994,993 new common shares outstanding.

On October 30, 2013 the Company changed its corporate name to Saint Jean Carbon Inc.

2. BASIS OF PRESENTATION AND GOING CONCERN

A) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretations Committee ("IFRIC"). These financial statements were approved by the Board of Directors on September 28, 2017.

B) Basis of presentation

The preparation of financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in *Note 5*.

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

2. BASIS OF PRESENTATION AND GOING CONCERN (continued)

C) Going concern

These financial statements have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than normal course of business and at amounts which may differ from those shown in the financial statements.

As at July 31, 2017, the Company had a positive working capital of \$675,146 and an accumulated deficit of \$16,183,964. The Company's ability to continue as a going concern is contingent on its ability to obtain additional equity financing. However, the current financial equity market conditions and the low price of the Company's common shares have caused the Company to balance the need for additional operating funds against the dilutive effect of issuing new common shares.

The amounts shown as mineral exploration and evaluation assets costs represent costs net of recoveries to date, less amounts written off, and do not represent present or future values. Recoverability of these amounts is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

a) Measurement basis

These financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policy set out in *Note 14*. The Company's presentation and functional currency is Canadian dollars.

b) Mineral exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral properties. Expenditures incurred before the entity has obtained the legal rights to explore a specific area are expensed. Expenditures related to the development of mineral resources are not recognized as exploration and evaluation assets. Expenditures related to the development are accounted as an asset only when technical feasibility and commercial viability of a specific area are demonstrable and when recognition criteria of IAS 16, *Property, Plant and Equipment* or IAS 38 *Intangible Assets* are met.

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All costs directly associated with property acquisition and exploration activities are capitalized as exploration and evaluation assets. Costs that are capitalized are limited to costs related to the acquisition and exploration activities that can be associated with finding specific mineral resources, and do not include costs related to production, administrative expenses and other general indirect costs.

Costs related to the acquisition of mining properties and exploration and evaluation expenditures are capitalized by property until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets are reclassified as mining assets under development. Exploration and evaluation assets are assessed for impairment before reclassification, and any impairment loss is then recognized.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value in use of the asset. When the recoverable amount of an exploration and evaluation asset is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount by recording an impairment loss.

The recoverable amount of exploration and evaluation assets depends on the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. The carrying amount of exploration and evaluation assets does not necessarily represent present or future values.

c) Impairment of non-financial assets

Property and equipment and mineral exploration and evaluation assets are regularly tested for recoverability, or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. In the case of mineral exploration and evaluation assets impairment reviews are carried out on a property by property basis.

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of a mineral property exploration interest is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near expiry with no expectation of renewal, no further substantive expenditures are planned, exploration work is discontinued in an area for which commercially viable quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or sale.

The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

d) Cash and equivalents

Cash equivalents consist of cash or highly liquid investments which are readily convertible into cash and subject to an insignificant risk of change in value. Interest from cash is recorded on an accrual basis. The Company has designated cash as fair value through profit and loss. All gains are recognized in income in the period in which they arise.

e) Short-term investments

Short-term investments are classified as fair value through profit or loss and recorded at fair value with realized and unrealized gains recognized in income.

f) Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the declining balance basis at the following annual rates:

Computer equipment	45%
Field equipment	20%
Furniture, fixtures and office equipment	20%

One half of the above rates are used in the year of acquisition.

g) Investments and comprehensive income

Investments other than derivatives are classified as available-for-sale, and are measured at fair value, where applicable, or at an estimate of fair value. The resulting unrealized gains, net of applicable deferred income taxes, or losses, are included in other comprehensive income while realized gains, net of income taxes, or losses are included in the consolidated statement of operations.

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrealized gains and losses are recognized directly in other comprehensive income, except for other than temporary impairment losses, which are recognized in net earnings. Investments are reviewed on a regular basis to determine whether there has been a decline in value that is other than temporary. For the purpose of measuring any decline in value, the Company takes into account many factors related to each investment as well as all the factors that encompass, without being inclusive, a significant or prolonged decline in fair value, important financial distress of the issuer, a breach of contract, increasing risk of issuer's bankruptcy, and disappearance of an active market for the financial asset concerned. If it is determined that the security is not impaired, an other-than-temporary impairment shall be considered to have occurred. If the decline in fair value is judged to be other than temporary, the cost basis of the individual security will be written down to fair value as a new cost basis and the amount of the write-down shall be included in earnings.

h) Government assistance and tax credits

Any federal or provincial tax credits received by the Company, with respect to exploration or evaluation work conducted on any of its properties, are credited as a reduction to the carrying costs of the property to which credits related. Until such time that there is significant certainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.

i) Income taxes

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the period which is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income taxes are accounted for using the liability method. The liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantively enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred tax assets, such as non-capital loss carry forwards, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized.

The determination of income taxes requires the use of judgment and estimates. If certain judgments or estimates prove to be inaccurate, or if certain tax rates or laws change, the Company's results of operations and financial position could be materially impacted.

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

k) Share capital

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted price on the TSX-V on the date the shares are issued unless the fair value of goods and services is readily determinable.

l) Share-based payments

The Company has a stock option plan that is described in *Note 10*.

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is recognized as an expense 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.

Where the terms and conditions are modified before they vest, the increase in the fair value of the options, measured immediately before and after modification, is also recognized as an expense over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized as an expense over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

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

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is determined by the Black-Scholes Option Pricing Model with assumptions for: weighted average risk-free interest rates; dividend yields; weighted-average volatility factors of the expected market price of the Company's Common Shares; and a weighted average expected life of the options. The fair value of direct awards of stocks is determined by the quoted market price of the Company's stock.

m) Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to Common Shares. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

n) Share capital – flow through shares

The Company finances a portion of its exploration activities through the issue of flow-through shares.

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The Company renounces the qualifying expenditures upon issuance of the respective flow-through common shares and accordingly is not entitled to the related taxable income deductions for such expenditures.

The shares issued require that the Company make certain qualifying expenditures for tax purposes on or before December 31, the deduction of which flow through to the shareholders.

The proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the quoted price of the Company's existing shares and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium ("other liability"), and is reversed into the statement of loss as a deferred tax recovery when the eligible expenditures are incurred. If the flow-through shares are not issued at a premium, a liability is not recorded.

o) Financial instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities.

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9, Financial Instruments

IFRS 9 is to be applied retrospectively and is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. Management has not yet determined the potential impact that the adoption of IFRS 9 will have on the Company's financial statements.

IFRS 15, Revenue Recognition

IFRS 15, *Revenue Recognition*: provides for a single, comprehensive revenue recognition model for all contracts with customers. It contains a single principles based five step approach that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management has not yet considered the potential impact of the adoption of IFRS 15.

IFRS 16, Leases

In January of 2016 the IASB issued IFRS 16, *Leases* ("IFRS 16"), which replaces IAS 17, *Leases* ("IAS 17") and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained. IFRS 16 will be applied retrospectively for annual periods beginning on or after January 1, 2019.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk to cause material adjustment to the carrying amounts of assets and liabilities recognized in these financial statements within the next financial year are discussed below:

Mineral exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of an expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Mineral exploration and evaluation expenditures

At each reporting period, assets, specifically exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may differ materially from the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recovered.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with directors, officers, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in *Note 10*.

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

6. PROPERTY AND EQUIPMENT

	Furniture/ Equipment	Leasehold Improvements	Accumulated Depreciation	Net Book Value
At October 31, 2016	\$ 0	\$ 0	\$ 0	\$ 0
Additions/disposals	101,787	18,325		120,112
Depreciation	-	-	(11,475)	(11,475)
At July 31, 2017	\$ 101,787	\$ 18,325	\$ (11,475)	\$ 108,637

7. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company has acquired certain mineral properties and rights, the costs of which are as follows:

July 31, 2017			
Property	Property Acquisition Costs	Deferred Exploration Costs	Total
High Rock and Climpy	\$ 15,000	\$ 85,336	\$ 100,336
Red Bird	420,000	50,045	470,045
Mount Copeland	331,779	692,572	1,024,351
Walker Mine	623,015	635,401	1,258,416
Clot	178,820	205,482	384,302
Bell	77,633	545,009	622,642
Whabouchi	117,391	5,689	123,080
Buckingham/Kendall	44,123	48,322	92,445
	\$ 1,807,761	\$ 2,267,856	\$ 4,075,617

October 31, 2016			
Property	Property Acquisition Costs	Deferred Exploration Costs	Total
High Rock and Climpy	\$ 15,000	\$ 85,220	\$ 100,220
Red Bird	420,000	50,045	470,045
Mount Copeland	331,779	692,572	1,024,351
Walker mine	617,699	552,101	1,169,800
Clot	178,820	133,112	311,932
Bell	76,133	71,236	147,369
Whabouchi	117,391	5,689	123,080
Buckingham/Kendall	44,123	-	44,123
	\$ 1,800,945	\$ 1,589,975	\$ 3,390,920

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

7. MINERAL EXPLORATION AND EVALUATION ASSETS (Continued)

A. High Rock and Climpy

The High Rock property and the Climpy property are gold prospects in northeast Manitoba located approximately eight kilometers apart and cover approximately 1,550 hectares. The High Rock property consists of nine mining claims covering 1,307 hectares and the Climpy property consists of one claim covering 243 hectares. The Company holds a 100% interest in all of the claims.

These claims do not include surface rights, but the use of such surface areas as may be required to carry out a mining operation can be obtained according to regulation. The claims have not been surveyed.

B. Red Bird

On July 8, 2005 the Company entered into an agreement with Red Bird Resources Ltd. ("Red Bird") whereby the Company will have an option to acquire a 100% interest in a molybdenum/copper property consisting of 444 hectares located in the Skeena Mining Division of the Central Coastal region of British Columbia.

The option is subject to a 2.5% net smelter royalty ("NSR") which shall be retained by the Optionor on the Property.

At May 31, 2008 the Company earned a 25% undivided interest in the property. Red Bird retains the sole right to negotiate future deals with third parties on 100% of the Red Bird Property.

C. Mount Copeland

On February 12, 2008, the Company entered into an agreement whereby the Company will have the option to acquire a 100% interest in a molybdenum/copper property consisting of two mineral claims covering a total of 730.112 hectares located in British Columbia.

The option is subject to a 2.75% net smelter royalty ("NSR") which shall be retained by the Optionor on the property.

In 2010 the Company acquired a 100% interest in the Mount Copeland property.

D. Walker Mine

On August 19, 2013 the Company announced that it had closed an arm's length transaction to purchase the Walker mine. The property now consists of 22 claims totalling 1,322 hectares.

As part of the consideration for the transaction the Company was required to issue 5,500,000 common shares (issued), make a \$5,000 payment on signing (paid), as well as a \$45,000 payment on August 30, 2013 (paid). On the first anniversary of the closing of the transaction the Company issued a further 5,000,000 shares (issued).

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

7. MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

E. Clot

On March 27, 2014, the Company announced that it had signed a definitive agreement to acquire the Clot property. A \$5,000 payment was made on signing the term sheet (paid). On January 30, 2015 the transaction closed with a \$2,500 cash payment (paid) and the issuance of 3,500,000 shares (issued). Property consists of 5 claims covering 297 hectares.

F. Bell

On June 8, 2016, the Company announced that it had completed the purchase of the Bell property through the issuance of 1,500,000 Common shares (issued). This agreement calls for a 0.75 percent Net Output Return. Consists of 13 claims that total 782 hectares.

H. Buckingham/Kendall

On July 6, 2016. The Company announced that it had signed a definitive agreement to acquire the Buckingham/Kendall graphite properties. On August 10, 2016, the transaction closed with the issuance of 1,250,000 shares. The agreement calls for a royalty of 0.75 percent on the "Net Output Returned" derived from the Mining Claims.

I. South Whabouchi

On August 28, 2016, the Company announced that it had purchased 82 claims for \$5,000 and 2,000,000 shares. On October 27, 2016 an additional 27 claims were purchased for 1,000,000 shares. The final claim count is 109 claims covering 5,836 hectares.

Measurement Uncertainty

The Company has not experienced any property specific adverse impact to date on its operations, but general mining market conditions have deteriorated, resulting in a decrease in the price of the Company's common shares, which in turn has created difficulty in raising sufficient equity capital to effectively explore or develop the Company's mineral property interests.

One or more of the issues described, or other factors beyond management's control, could in future periods adversely affect the Company's operations and could result in future partial or total write downs of the Company's recorded mineral exploration and evaluation assets of \$4,075,617 as at July 31, 2017. Such write-down amounts could be material.

8. ACCOUNTS PAYABLE

	July 31, 2017	Oct 31, 2016
Trade payables	\$ 162,303	\$ 468,720
Trade payables – related parties	82,679	295,209
	\$ 244,982	\$ 763,929

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

9. NOTES PAYABLE

	July 31, 2017	Oct 31, 2016
(a) Unsecured promissory note payable bearing interest at 10% per annum. The promissory note is due on demand.	\$ -	\$ 25,607
(b) Unsecured promissory notes from a related party bearing interest at 12% per annum. The promissory notes are due on demand.	-	53,814
(c) Unsecured promissory notes from a related party bearing interest at 12% per annum. The promissory notes are due on demand.	-	29,255
(d) Unsecured promissory notes from a related party bearing interest at 12% per annum. The promissory notes are due on demand.	-	18,980
	\$ -	\$ 127,656

10. SHARE CAPITAL

(a) Authorized:

The authorized share capital of the Company is:

- An unlimited number of voting common shares without par value.
- An unlimited number of non-voting first preferred shares.
- An unlimited number of non-voting second preferred shares.

(b) Issued and outstanding:

See the Statement of Changes in Shareholders' Equity.

(c) Private placements:

- On November 21, 2016 the Company announced the first close on their private placement which consisted of 4,980,000 flow through shares at a price of \$0.05 grossing \$249,000.
- On December 12, 2016 the final close of the private placement consisted of an additional 21,492,700 flow through shares at a price of \$0.05 grossing \$1,074,635.
- Additionally 12,890,000 units were purchased December 12, 2016 at a price of \$0.05 per unit grossing \$644,500. Each unit consists of one Common Share and one Common Share purchase warrant at an exercise price of \$0.055 per Common Share for a period of 48 months.
- On May 17, 2017, the Company announced that it had closed the first tranche of a private placement consisting of 6,550,000 common share units at \$0.05 for a gross value of \$327,500. Each unit consisted of one share and one common share purchase warrant exercisable at \$0.055 per common share for a period of 48 months from the date of issuance. The Company issued 270,000 non transferrable warrants to the Finder entitling the holder to acquire one additional Common Share at an exercise price of \$0.055 for a period of 48 months from the date of issuance.

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

10. SHARE CAPITAL (continued)

- On May 30, 2017, the Company announced that it had closed the second and final tranche of a private placement consisting of 4,500,000 common share units at \$0.05 for gross proceeds of \$552,500. Each unit consisted of one share and one common share purchase warrant exercisable at \$0.055 per common share for a period of 48 months from the date of issuance. In addition, the Company closed 2,300,000 flow through shares at a price of \$0.05 for gross proceeds of \$115,000. The Company also issued 150,000 non-transferable warrants to a Finder entitling the holder to acquire one additional Common Share per warrant at an exercisable price of \$0.055 per common share for a period of 48 months from the date of issuance.
- In the first nine months, 20,071,000 Common Share warrants were exercised realizing total proceeds of \$1,144,300.
- In the first nine months, 3,388,270 Finders Options were exercised realizing total proceeds of \$169,414

(d) Stock options

The Company has established a stock based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and contractors of the

Company as well as persons providing ongoing services to the Company. Exercise price of options equals at least the market price of the Company's stock on the date of grant. Stock options are exercisable on the day of grant and are for a two or five-year term in accordance with TSX Venture Exchange policy.

A summary of the status of the Company's incentive stock option plan as at July 31, 2017 is as follows:

	Number of options	Weighted Average Exercise Price
Balance, October 31, 2015	7,765,689	\$0.06
Granted	1,650,000	\$0.05
Expired	(400,000)	\$0.20
Exercised	-	-
Balance, October 31, 2016	9,015,689	\$0.06
Granted	9,785,000	\$0.05
Expired	(985,000)	\$0.05
Exercised	-	-
Balance July 31, 2017	17,815,689	\$0.05

SAINT JEAN CARBON INC.
Notes to the financial statements
(Unaudited - Expressed in Canadian Dollars)
For the nine month period ended July 31, 2017

10. SHARE CAPITAL (continued)

Options Granted

A summary of options granted as at July 31, 2017 is as follows:

Number of Shares Under Option	Exercise Price	Expiry Date
1,200,000	\$0.05	December 12, 2019
6,380,689	\$0.05	June 16, 2020
1,650,000	\$0.05	April 5, 2021
4,985,000	\$0.05	November 8, 2021
3,600,000	\$0.05	January 13, 2022
<u>17,815,689</u>		

FINDER'S OPTIONS

On April 26, 2016, 360,000 Finder's options were granted at a price of \$0.05 per Unit for a period of three years. Each Unit comprises of one common share and one warrant priced at \$0.06. All of these Finder's options have been redeemed.

On May 4, 2016, 720,000 Finder's options were granted at a price of \$0.05 per Unit for a period of three years. Each Unit comprises of one common share and one warrant priced at \$0.06. All of these Finder's options have been redeemed.

On November 24, 2016, 498,000 Finder's Options were granted at a price of \$0.05 per share, for a period of three years. 249,000 remain outstanding as at July 31, 2017.

On December 12, 2016, 1,949,270 Finder's Options were granted at a price of \$0.05 per share, for a period of three years. 640,000 remain outstanding as at July 31, 2017.

(e) Share purchase warrants

A summary of outstanding warrants as at July 31, 2017 is as follows:

	Number Of Warrants	Weighted Average Exercise Price
Balance, October 31, 2015	7,116,000	\$0.050
Granted	20,825,000	\$0.060
Expired	(120,000)	\$0.100
Exercised	(800,000)	\$0.050
Balance, October 31, 2016	27,021,000	\$0.058
Granted	25,440,000	\$0.055
Expired	(200,000)	\$0.050
Exercised	(20,071,000)	\$0.050
Balance July 31, 2017	32,190,000	\$0.057

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

10. SHARE CAPITAL (continued)

A summary of warrants granted as at July 31, 2017 is as follows:

Number of Warrants	Exercise Price	Expiry Date
5,000,000	\$0.060	December 21, 2018
2,290,000	\$0.060	April 26, 2019
540,000	\$0.060	May 4, 2019
12,890,000	\$0.055	December 12, 2020
6,820,000	\$0.055	May 17, 2021
4,650,000	\$0.055	May 29, 2021
<hr/>		
32,190,000		

11. RELATED PARTY TRANSACTIONS

Key management personnel include the board of directors, chief executive officer, chief financial officer and chief operating officer. Key management personnel compensation comprised:

Key management compensation

	Nine months ended July 31,	
	2017	2016
Retainers, wages and benefits	\$ 492,317	\$ 312,000
Share based payments	-	-
Expense reimbursement	27,044	11,064
	<hr/>	<hr/>
	\$ 519,361	\$ 323,064

	Nine months ended July 31,	
Services and reimbursement of expenses	2017	2016
Company controlled by the CEO	\$ 349,646	\$ 195,000
Company controlled by the CFO	114,500	90,000
Share based payments	-	-
Salaries and benefits	28,171	27,000
Reimbursement of expenses	27,044	11,064

These transactions occurred during the normal course of operations and were measured at the exchange amount that is the amount established and accepted by the parties.

12. RESTRICTED CASH

Term deposits of \$36,000 have been pledged as security to the Scotia Bank for their irrevocable letter of credit in favor of the Province of British Columbia, Ministry of Energy and Mines.

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

13. OTHER LIABILITIES

Other liabilities include the premium between the quoted price of Company's shares and the amount paid by investors for the flow-through shares. The accounting for flow-through shares under IFRS is explained further in *Note 3 (n)*. The following is a continuity schedule of the liability portion of the flow-through share issuances:

Balance at October 31, 2015	\$ -
Flow-through premium on flow-through share issuances	140,000
Settlement of flow-through share liability on incurring expenditures	(85,619)
Balance, October 31, 2016	\$ 54,381
Flow-through premium on flow-through share issuances	288,000
Settlement of flow-through share liability on incurring expenditures	-
Balance, July 31, 2017	\$ 342,381

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

Financial instruments recognized at fair value on the statements of financial position must classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy levels are as follows:

- Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques based on inputs that are other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

As at July 31, 2017, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for October 31, 2016 are shown in the table below:

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Classification	July 31, 2017		October 31, 2016	
	Fair value	Carrying value	Fair value	Carrying value
<i>Financial assets</i>				
Cash and equivalents	1,120,649	1,120,649	21,499	21,499
Accounts receivable (1)	-	-	-	-
<i>Financial liabilities</i>				
Accounts payable and accrued liabilities	244,982	244,982	763,929	763,929
Other liabilities	-	-	-	-

(1) Excluding taxes receivable

The fair values of the Company's financial instruments measured at July 31, 2017, constitute Level 1 measurements for its cash and equivalents within the fair value hierarchy.

The Company recognized interest income during the period ended July 31, 2017, totaling \$5 which represents interest income from the Company's held-for-trading investments. This balance represents interest income from all sources.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk as at July 31, 2017 date under its financial instruments is summarized as follows:

	July 31, 2017	October 31, 2016
Accounts and other receivables -		
Currently due	-	-
Past due by 90 days or less, not impaired	-	-
Past due by greater than 90 days, not impaired	-	-
	-	-
Cash and equivalents	1,120,649	21,499
	1,120,649	21,499

All of the Company's cash and cash equivalents are held with major financial institutions in Canada, and management believes the exposure to credit risk with such institutions is not significant. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. As at July 31, 2017, no material provision has been recorded in respect of impaired receivables. The Company's maximum exposure to credit risk as at July 31, 2017, is the carrying value of its financial assets.

SAINT JEAN CARBON INC.

Notes to the financial statements

(Unaudited - Expressed in Canadian Dollars)

For the nine month period ended July 31, 2017

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in *Note 15*, in normal circumstances. Due to the lack of liquidity, management has increased its focus on liquidity risk given the impact of the current economic climate on the availability of finance. Further information regarding liquidity risk is set out in *Note 2*.

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities and amounts due to related parties, the contractual maturities of which at July 31, 2017, are summarized as follows:

	July 31, 2017	October 31, 2016
Accounts payable and accrued liabilities with contractual maturities -		
Within 90 days or less	244,982	763,929
In later than 90 days, not later than one year	-	-
Due to related parties with contractual maturities -		
Within 90 days or less	-	295,209
In later than 90 days, not later than a year	-	-

Market risk

The significant market risks to which the Company is exposed include commodity price risk, interest rate risk and foreign exchange risk.

- Commodity price risk
The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of graphite, molybdenum, copper and gold and the outlook for these metals, as the Company's ability to raise capital is affected by the commodity that the Company is exploring for on its mineral property interests. The Company does not have any hedging or other derivative contracts respecting its operations.
- Interest rate risk
The Company has no significant exposure at July 31, 2017, to interest rate risk through its financial instruments.

SAINT JEAN CARBON INC.

Notes to the financial statements

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For the nine month period ended July 31, 2017

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

- Currency risk

The Company has no significant exposure at July 31, 2017 to currency risk as all cash and cash equivalents are held in Canadian funds.

15. MANAGEMENT OF CAPITAL

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard its ability to continue as a going concern in order to pursue the development of its mineral property interests.

The Company considers the items included in shareholders' equity to be capital. The Company relies on equity financing in order to fund future exploration and development and makes adjustments to the Company's capital structure based on financing needs, as well as in response to economic conditions and the risk characteristics of the underlying assets. Management makes adjustments to its capital structure through share issuances and the acquisition or disposition of assets.

As the Company is in the exploration stage it endeavors to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

The Company facilitates the management of capital through the preparation of annual expenditure budgets and cash forecasts that are updated as necessary. The Company does not have any externally imposed capital requirements.

The Company's managed capital is as follows:

	July 31, 2017	October 31, 2016
Share capital	19,274,310	15,921,411
Equity component of convertible debentures	38,341	38,341
Contributed surplus	1,766,713	1,266,473
Deficit	(16,183,964)	(14,697,461)
	4,895,400	2,528,764

16. SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment, mineral exploration and development, and all of its operations are in Canada.

SAINT JEAN CARBON INC.

Notes to the financial statements

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For the nine month period ended July 31, 2017

17. SUBSEQUENT EVENTS

- On August 2, 2017, the Company announced the preliminary results of the first seven of eleven diamond drilling holes executed on the Bell Graphite property. Core samples were sent to ALS Minerals for assay.
- On August 29, 2017, the Company announced the final diamond drilling results, the remaining 4 holes on the Bell Graphite property.
- On September 26, 2017, the Company announced that it intends to complete a non-brokered private placement financing of up to 10 million units at a price of \$0.05 per common unit for gross proceeds to the company of up to \$500,000. Each common unit will consist of one common share in the capital of the company and one common share purchase warrant. Each warrant will entitle the holder to acquire one additional common share in the capital of the company at an exercise price of \$0.055 per warrant for a period of 24 months from the date of issuance.