

Carube Copper Corp.

(An Exploration Stage Company)

Consolidated Financial Statements

For the years ended August 31, 2017 and 2016

(expressed in Canadian dollars)



December 6, 2017

Independent Auditor's Report

To the Shareholders of Carube Copper Corp.

We have audited the accompanying consolidated financial statements of Carube Copper Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at August 31, 2017 and August 31, 2016 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 consolidated financial statements present fairly, in all material respects, the financial position of Carube Copper Corp. and its subsidiaries as at August 31, 2017 and August 31, 2016 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 to the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about Carube Copper Corp. and its subsidiaries' ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Carube Copper Corp.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(expressed in Canadian dollars)

	August 31, 2017 \$	August 31, 2016 \$
Assets		
Current assets:		
Cash and cash equivalents	665,096	128,672
Restricted cash (note 7)	5,880	77,216
Restricted deposits (note 4)	27,840	-
Amounts receivable (note 5)	49,399	11,970
Prepaid expenses	90,322	108,551
	<u>838,537</u>	<u>326,409</u>
Equipment (note 6)	62,321	20,031
Exploration advances	43,288	-
Mineral exploration properties (note 7)	7,214,464	7,176,197
Deferred exploration expenditures (note 7)	4,576,351	3,390,988
	<u>11,896,424</u>	<u>10,587,216</u>
Total assets	<u>12,734,961</u>	<u>10,913,625</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	491,786	173,180
OZ Minerals Ltd. exploration advance (note 7)	5,880	57,183
Bridge loan payable (note 8)	104,500	-
Promissory notes payable (note 9)	255,976	344,400
	<u>858,142</u>	<u>574,763</u>
Flow-through premium liability (note 12)	1,913	17,778
Bridge loans payable (note 8)	-	180,719
Promissory notes payable (note 9)	277,571	813,067
	<u>1,137,626</u>	<u>1,586,327</u>
Total liabilities	<u>1,137,626</u>	<u>1,586,327</u>
Shareholders' equity		
Capital stock (note 10)	15,406,956	12,171,571
Warrants (note 10)	408,325	803,339
Contributed surplus	1,469,094	529,425
Accumulated deficit	(5,350,535)	(3,978,217)
Accumulated other comprehensive loss	(336,505)	(198,820)
	<u>11,597,335</u>	<u>9,327,298</u>
Total shareholders' equity	<u>11,597,335</u>	<u>9,327,298</u>
Total liabilities and shareholders' equity	<u>12,734,961</u>	<u>10,913,625</u>
Going concern (note 1)		
Subsequent events (note 17)		

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

Approved by the Board of Directors:

/s/ Jeffrey Ackert
Director

/s/ Greg LeBlanc
Director

Carube Copper Corp.

(An Exploration Stage Company)

Consolidated Statements of Operations and Comprehensive Loss

(expressed in Canadian dollars)

	Year ended August 31, 2017 \$	Year ended August 31, 2016 \$
Expenses		
Promotion and investor relations	236,435	206,350
Regulatory authority and transfer agent fees	26,614	25,156
Legal, accounting, audit and financial advisory	80,571	74,956
Office, general and administrative	500,901	333,533
Project generation and evaluation	2,100	-
Share based compensation (note 10)	423,566	300,687
	<u>1,270,187</u>	<u>940,682</u>
Interest income	(2,616)	(231)
Interest expense	126,699	153,909
Gain on forgiveness of debt (note 10)	-	(194,000)
Other income	(16,810)	(21,057)
Foreign exchange gain	(5,142)	(11,535)
	<u>102,131</u>	<u>(72,914)</u>
Net loss for the year	1,372,318	867,768
Other comprehensive loss		
Items that may be subsequently reclassified to operations		
Foreign currency translation adjustment	137,685	216,917
Total comprehensive loss for the year	1,510,003	1,084,685
Loss per common share:		
Basic and diluted	<u>0.02</u>	<u>0.01</u>
Weighted average number of common shares outstanding:		
Basic and diluted	<u>85,082,513</u>	<u>63,760,691</u>

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

Carube Copper Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

(expressed in Canadian dollars)

	Capital stock		Warrants		Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	#	\$	#	\$	\$	\$	\$	\$
Balance, August 31, 2015	61,595,051	11,570,593	9,962,707	721,128	126,879	(3,110,449)	18,097	9,326,248
Net loss for the year	-	-	-	-	-	(867,768)	-	(867,768)
Foreign currency translation adjustment	-	-	-	-	-	-	(216,917)	(216,917)
Total comprehensive loss for the year	-	-	-	-	-	(867,768)	(216,917)	(1,084,685)
Debt settlements with shares (note 10)	605,882	103,000	-	-	-	-	-	103,000
Renouncement of shares (note 10)	(937,500)	(187,500)	-	-	-	-	-	(187,500)
Private placement of flow-through shares (note 10)	625,000	42,187	-	-	-	-	-	42,187
Private placement of units (note 10)	8,000,000	657,500	4,000,000	82,500	-	-	-	740,000
Share issue costs	-	(10,889)	-	-	-	-	-	(10,889)
Compensation options issued to finders (note 10)	-	(3,320)	-	-	3,320	-	-	-
Expiry of warrants (note 10)	-	-	(330,000)	(289)	289	-	-	-
Deferred share units (note 10)	-	-	-	-	180,750	-	-	180,750
Restricted share units (note 10)	-	-	-	-	58,429	-	-	58,429
Stock option compensation charge (note 10)	-	-	-	-	159,758	-	-	159,758
	8,293,382	600,978	3,670,000	82,211	402,546	(867,768)	(216,917)	1,050
Balance, August 31, 2016	69,888,433	12,171,571	13,632,707	803,339	529,425	(3,978,217)	(198,820)	9,327,298
Net loss for the year	-	-	-	-	-	(1,372,318)	-	(1,372,318)
Foreign currency translation adjustment	-	-	-	-	-	-	(137,685)	(137,685)
Total comprehensive loss for the year	-	-	-	-	-	(1,372,318)	(137,685)	(1,510,003)
Shares issued for property (note 7)	338,148	33,434	-	-	-	-	-	33,434
Debt settlements with shares (notes 9 and 10)	3,108,696	360,000	-	-	-	-	-	360,000
Private placements of units (note 10)	34,250,000	2,807,375	17,125,000	257,625	-	-	-	3,065,000
Compensation options issued to finders (note 10)	-	(42,032)	-	-	42,032	-	-	-
Share issue costs	-	(101,959)	-	-	-	-	-	(101,959)
Expiry of warrants (note 10)	-	-	(8,857,707)	(652,639)	652,639	-	-	-
Shares issued for vested restricted share units (note 10)	1,918,198	178,567	-	-	(178,567)	-	-	-
Restricted share units (note 10)	-	-	-	-	183,994	-	-	183,994
Deferred share units (note 10)	-	-	-	-	84,000	-	-	84,000
Stock option compensation charge (note 10)	-	-	-	-	155,571	-	-	155,571
	39,615,042	3,235,385	8,267,293	(395,014)	939,669	(1,372,318)	(137,685)	2,270,037
Balance, August 31, 2017	109,503,475	15,406,956	21,900,000	408,325	1,469,094	(5,350,535)	(336,505)	11,597,335

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

Carube Copper Corp.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	Year ended August 31, 2017 \$	Year ended August 31, 2016 \$
Cash provided by (used in)		
Operating activities		
Net loss for the year	(1,372,318)	(867,768)
Items not affecting cash:		
Share based compensation (note 10)	423,566	300,687
Depreciation of equipment	8,122	3,101
Interest accrued on bridge loans and promissory notes	126,581	153,134
Gain on forgiveness of debt	-	(194,000)
Reduction of flow-through premium in other income (note 12)	(15,865)	(2,535)
Change in working capital items:		
Amounts receivable	(37,429)	22,912
Prepaid expenses	18,229	(2,005)
Accounts payable and accrued liabilities	107,485	(146,586)
	<u>(741,629)</u>	<u>(733,060)</u>
Investing activities		
Restricted deposits (note 4)	(27,840)	-
Exploration advances	(43,288)	46,000
Purchase of field equipment	(52,283)	-
Mineral exploration properties costs (note 7)	(6,660)	(2,838)
Deferred exploration expenditures (note 7)	(1,090,067)	(248,869)
	<u>(1,220,138)</u>	<u>(205,707)</u>
Financing activities		
Issuance of common share and warrants (note 10)	3,065,000	788,500
Share issue costs	(101,959)	(10,889)
OZ Minerals Ltd. exploration funding (note 7)	317,200	1,299,631
OZ Minerals Ltd. exploration expenditures (note 7)	(315,330)	(1,281,292)
OZ Minerals Ltd. option payments (note 7)	-	50,000
Repayment of bridge loans and accrued interest (note 8)	(99,552)	(23,000)
Repayment of promissory notes and accrued interest (note 9)	(367,168)	(91,951)
	<u>2,498,191</u>	<u>730,999</u>
Net change in cash and cash equivalents	536,424	(207,768)
Cash and cash equivalents - Beginning of year	<u>128,672</u>	<u>336,440</u>
Cash and cash equivalents - End of year	<u>665,096</u>	<u>128,672</u>

Supplemental cash flow information (note 16)

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

Carube Copper Corp.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
August 31, 2017 and 2016

(expressed in Canadian dollars)

1. Nature of operations and going concern

General information

On June 18, 2015, Miocene Resources Limited ("Miocene"), now renamed Carube Copper Corp. (referred to herein collectively with its subsidiaries as the "Company"), completed a reverse takeover with Carube Resources Inc. (CRI). On July 7, 2015, the Company commenced trading on the TSX Venture Exchange ("TSX-V") under the ticker symbol CUC.

Carube Copper Corp. is an exploration stage junior mining company. Since November of 2009, the Company has been engaged in the identification, acquisition, evaluation and exploration of mineral properties. The Company has not determined whether any of its properties contain mineral resources that are economically recoverable. The recoverability of any amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

The Company's registered office is located at 107 Falldown Lane, Carp (Ottawa), Ontario, Canada where it is domiciled. The Company's subsidiaries include Carube Resources Inc., domiciled in Carp (Ottawa), Canada and Carube Resources Jamaica Limited and Rodinia Jamaica Limited, which are both domiciled in Kingston, Jamaica.

Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards (IFRS) applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

From November 2009 to date, the Company has incurred losses from operations and has had negative cash flows from operating activities. As at August 31, 2017, the Company had a working capital deficiency of \$19,605. Existing funds on hand are not sufficient to support ongoing corporate costs, exploration costs, interest on its indebtedness or repayment of debts. These conditions raise uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. During the year ended August 31, 2017, the Company completed three private placement financings of units raising total gross proceeds of \$3,065,000. On December 1, 2017, the Company announced the initiation of a private placement financing to raise up to \$1,200,000 (see note 17). The Company will require additional funding to be able to acquire, advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; the generation of profits from operations; or, the sale of property assets in the future.

There is no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

2. Significant accounting policies

Statement of compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The Board of Directors of the Company approved these consolidated financial statements (including comparatives) for issue on December 6, 2017.

General information and basis of consolidation

Carube Copper Corp. (formerly Miocene Resources Limited) was incorporated under the *Business Corporations Act (Ontario)* on March 29, 2010. The Company completed a reverse takeover with CRI on June 18, 2015. Carube Resources Inc. was incorporated under the *Business Corporations Act (Ontario)* on August 2, 2007 under the name 2144321 Ontario Inc. and was inactive until October 2009 at which time its name was changed to CRI. On March 31, 2011, CRI incorporated Carube Resources Jamaica Limited (CRJL), a wholly-owned Jamaican subsidiary, in order for it to hold the Bellas Gate project mineral exploration licenses and to conduct business as operator of the project. On March 31, 2012, CRI acquired all of the outstanding shares of Rodinia Jamaica Limited (RJL) in exchange for common shares of CRI. RJL holds title to four Special Exclusive Prospecting Licenses (SEPLs) in Jamaica.

The Company's financial statements consolidate those of the parent company and each of its 100% wholly-owned subsidiaries CRI, CRJL and RJL. All inter-company balances and transactions are eliminated upon consolidation. The consolidated financial statements are expressed in Canadian dollars and are prepared using the historical cost method.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash held in banks and investments which have a term to maturity at the time of purchase of ninety days or less and which are readily convertible into cash.

Equipment

Equipment is initially recorded at cost and is then depreciated using the declining balance method at the following annual rates: computers at 30%, office furniture and equipment at 20% and field vehicles and equipment at 30%.

(expressed in Canadian dollars)

Mineral exploration property and deferred exploration expenditures

Acquisition costs of mineral exploration properties together with direct exploration and development expenditures are capitalized and are carried at cost less any impairment loss recognized. When production is attained, these costs will be amortized. If properties are abandoned or it is determined that there is an impairment in value, the costs of the properties and related deferred expenditures will be written down to their estimated recoverable amount at that time. Costs incurred before the legal right to undertake exploration and evaluation activities on a project was acquired, are expensed in the consolidated statements of operations and comprehensive loss. Expenditures of a general nature are expensed to project generation and business development in the consolidated statements of operations and comprehensive loss.

The Company may be entitled to certain refundable tax credits on qualified exploration expenditures incurred in the Provinces of British Columbia and Quebec. The refundable tax credit rate based on qualified expenditures incurred is 20% in British Columbia and 28% in Quebec. Additionally, the Company may be entitled to a refundable credit on duties for losses in the Province of Quebec under the *Mining Duties Act*. The refundable credit on duties is applicable on 50% of qualifying exploration expenditures at a rate of 16%. In accordance with IAS 20, any tax credits receivable are credited against the costs incurred at the time they are determined to be receivable.

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

Impairment of non-financial assets

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash generating unit is reviewed for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash generating unit level. Impairment reviews for exploration and evaluation assets are carried out on a property by property basis.

An impairment loss is recognized for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less cost to sell and its value in use. To determine the value in use, management determines a suitable interest rate and estimates expected future cash flows from each asset or cash generating unit. An impairment loss is recognized immediately in the consolidated statements of operations and comprehensive loss. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

Share capital and equity-settled share-based payments

Share issue costs are recorded as a reduction of share capital when the related shares are issued.

Share capital issued for non-monetary consideration including exploration property assets and other goods or services is measured at the fair values of the property or goods and services received, unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the property or goods and services received, the Company determines their value indirectly by reference to the fair value of the equity instruments granted at an amount based on the recent trading price of Company shares on the TSX-V.

The Company grants stock options to certain officers, directors and consultants of the Company. The vesting period and life of stock options is determined by the Company's Compensation Committee at the time of grant. Each vesting tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation cost related to stock options is charged to expense or is capitalized to deferred exploration expenditures when related to direct exploration activities. Compensation cost is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Restricted share units (RSUs) and deferred share units (DSUs) are measured at the fair value of the shares at the grant date as these are settled through the issuance of shares. The Company's compensation expense is recognized over the vesting period based on the number of units estimated to vest. Management estimates the number of awards likely to vest on grant and at each reporting date up to the vesting date. The estimated forfeiture rate is adjusted for actual forfeitures in the period.

Flow-through share accounting

In accordance with current tax legislation, the Company renounces the tax deductions relating to qualified resource expenditures that are financed by the issuance of flow-through shares to the benefit of the flow-through shareholders. Common shares issued on a flow-through basis typically include a premium over the market price of the Company's common shares that is associated with the tax benefits of the flow-through share. The Company estimates the proportion of proceeds attributable to the flow-through premium as the excess of the subscription price over the market value of the shares and records this value as a liability at issuance.

Deferred income taxes related to the temporary differences created by the renouncement of flow-through share tax benefits to subscribers are recorded on a pro-rata basis when the qualified expenditures are incurred. This can occur either before or after the formal renunciation of expenditures is filed with tax authorities. When the qualified expenditures are incurred, the tax value of the renunciation is recorded on a pro-rata basis as a deferred income tax liability with a corresponding charge to income tax expense in the consolidated statements of operations and comprehensive loss. If unrecognized deferred tax assets exist, deferred tax liabilities recorded upon incurring the qualified expenditures are offset with a deferred tax recovery recorded in the consolidated statements of operations and comprehensive loss. Additionally, as qualified expenditures are incurred, the Company recognizes a pro-rata reduction of the flow-through premium liability as other income in the consolidated statements of operations and comprehensive loss.

(expressed in Canadian dollars)

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Carube Copper Corp. and CRI is the Canadian dollar. The functional currency of CRJL and RJL is the Jamaican dollar. The functional currency has remained unchanged during the reporting periods for both the parent company and its subsidiaries. The presentation currency of the Company is the Canadian dollar.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at each statement of financial position date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transactions. Foreign exchange gains or losses on translation to the functional currency of an entity are recorded in the consolidated statements of operations and comprehensive loss as foreign exchange gain or loss.

Consolidation

The financial statements of CRJL and RJL are translated into Canadian dollars on consolidation as follows: assets and liabilities - at the closing rate at the date of the statements of financial position, and income and expenses - at the average rate of the period (as this is considered a reasonable approximation of actual rates). All resulting foreign exchange translation adjustments are recognized in other comprehensive income (loss).

Income taxes

Income tax comprises current and deferred tax, when applicable. Income tax is recognized in the consolidated statements of operations and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax liabilities are always recorded in full.

Deferred income tax assets and liabilities are presented as non-current. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

Loss per common share

Loss per common share is calculated based upon the weighted average number of common shares outstanding during the year. As the Company incurred a net loss for the fiscal years ended August 31, 2017 and 2016, the diluted number of common shares outstanding excludes all contingently issuable shares as they have an anti-dilutive effect for the years presented.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

On initial recognition, all financial assets and liabilities, including derivatives, are measured at their fair value. Transaction costs related to loans and receivables increase the carrying amount of the related financial assets. Transaction costs related to other financial liabilities reduce the carrying amount of the related financial liabilities. Subsequently, financial assets and liabilities are measured and recognized as follows:

Cash and cash equivalents are classified as loans and receivables and after initial recognition are measured at amortized cost using the effective interest method, less any provision for impairment. Loans, receivables and exploration advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Discounting is omitted where the effect of discounting is immaterial.

Accounts payable and accrued liabilities, OZ Minerals Ltd. exploration advance, bridge loans payable and promissory notes payable are classified as other financial liabilities. They are measured at amortized cost using the effective interest method.

Segmented reporting

The Company presents and discloses segmented information based on information that is regularly reviewed by the Company's President and CEO who is the chief operating decision-maker. The President & CEO has primary responsibility for allocating resources to the Company's operating segments and assessing their performance. The Company has determined that there is only one operating segment being the sector of exploration and development of mineral resource properties.

(expressed in Canadian dollars)

Comparative figures

Certain comparative figures have been reclassified to ensure consistency with the current year's presentation.

New and revised accounting standards

IAS 1 – Presentation of financial statements

In December 2014, the IASB issued amendments to clarify guidance in International Accounting Standard (IAS) 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form a part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments are effective for reporting periods beginning on or after January 1, 2016. Adoption of these IAS 1 amendments has not had any impact on the Company's financial statements.

IAS 7 – Statement of cash flows

In January 2016, the IASB amended IAS 7, Statement of Cash Flows. The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and, (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment is mandatory for annual reporting periods beginning on or after January 1, 2017. The future adoption of these IAS 7 amendments is not expected to have an impact on the Company's financial statements.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9) which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption of the new standard permitted. Company management has yet to assess the impact of this new standard on the Company's consolidated financial statements. The Company does not intend to early adopt IFRS 9.

3. Critical accounting estimates and judgments

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, equity, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, equity, income and expenses are discussed below.

Mineral exploration property and deferred exploration expenditure assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a 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; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

Valuation of stock options, warrants and compensation options

The estimation of share-based payment costs and the value of warrants and compensation options requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model. The Company has made estimates as to the volatility of its own common shares, the expected life of share options, warrants and compensation options granted and the time of exercise of those instruments.

The Company allocates values to share capital and to warrants according to their fair value using the proportional method when the two are issued together as a unit. The Company uses the Black-Scholes valuation model to determine the fair value of warrants issued.

Going concern

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions. Further information regarding going concern is outlined in note 1.

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4. Restricted deposits

	August 31, 2017	August 31, 2016
	\$	\$
Guaranteed investment certificate	15,000	-
Term deposit	12,840	-
	<u>27,840</u>	<u>-</u>

The Company has established a corporate credit card account for the payment of travel and corporate costs. An amount of \$15,000 held in a guaranteed investment certificate has been pledged as collateral for the maximum credit limit on this credit card account. The Company has established a credit account with a supplier of fuel in Jamaica. An amount of \$12,840 held in a term deposit has been pledged as collateral for fuel purchased on the account.

5. Amounts receivable

	August 31, 2017	August 31, 2016
	\$	\$
Harmonized sales tax (HST) receivable	40,707	11,970
Refundable import duty on exploration equipment	8,595	-
Other amounts	97	-
	<u>49,399</u>	<u>11,970</u>

6. Equipment

	Computers \$	Office furniture and equipment \$	Field vehicles and equipment \$	Total \$
Gross carrying amount				
Balance, September 1, 2016	13,696	4,593	35,443	53,732
Equipment acquired	-	-	52,283	52,283
Balance, August 31, 2017	<u>13,696</u>	<u>4,593</u>	<u>87,726</u>	<u>106,015</u>
Accumulated depreciation				
Balance, September 1, 2016	9,993	2,528	21,180	33,701
Depreciation	992	1,167	7,834	9,993
Balance, August 31, 2017	<u>10,985</u>	<u>3,695</u>	<u>29,014</u>	<u>43,694</u>
Carrying amount, August 31, 2017	<u>2,711</u>	<u>898</u>	<u>58,712</u>	<u>62,321</u>
Gross carrying amount				
Balance, September 1, 2015	13,696	4,593	35,443	53,732
Accumulated depreciation				
Balance, September 1, 2015	8,638	1,095	18,171	27,904
Depreciation	1,355	1,433	3,009	5,797
Balance, August 31, 2016	<u>9,993</u>	<u>2,528</u>	<u>21,180</u>	<u>33,701</u>
Carrying amount, August 31, 2016	<u>3,703</u>	<u>2,065</u>	<u>14,263</u>	<u>20,031</u>

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7. Mineral exploration properties and deferred exploration expenditures

	Bellas Gate (Jamaica) \$	Rodinia and Other Licenses (Jamaica) \$	Fiedmont (Quebec, Canada) \$	Rogers Creek, Mackenzie and Salal (BC, Canada) \$	Total \$
<u>Mineral exploration properties:</u>					
Balance, August 31, 2015	1,732,930	2,043,059	150,102	3,300,719	7,226,810
Cash option payments received	-	(50,000)	-	-	(50,000)
License and claim renewal fees	-	1,397	-	1,441	2,838
Translation to reporting currency	(2,796)	(655)	-	-	(3,451)
Balance, August 31, 2016	1,730,134	1,993,801	150,102	3,302,160	7,176,197
License and claim renewal fees	1,155	-	3,722	1,783	6,660
Shares issued for property	-	-	33,434	-	33,434
Translation to reporting currency	(1,451)	(376)	-	-	(1,827)
Balance, August 31, 2017	1,729,838	1,993,425	187,258	3,303,943	7,214,464
<u>Deferred exploration expenditures:</u>					
Balance, August 31, 2015	2,958,225	240,698	129,985	25,536	3,354,444
Geology	-	8,318	90	54,129	62,537
Geochemical	7,743	10,956	-	15,906	34,605
Geophysical	-	3,941	-	156,818	160,759
Health and safety	-	-	-	22	22
Translation to reporting currency	(210,040)	(11,339)	-	-	(221,379)
Balance, August 31, 2016	2,755,928	252,574	130,075	252,411	3,390,988
Geology	40,658	10,443	-	16,445	67,546
Geochemical	17,147	81,792	-	33,358	132,297
Geophysical	4,191	400	-	170	4,761
Trenching	-	-	450	-	450
Drilling and related	1,049,392	-	-	-	1,049,392
Environmental	378	-	-	-	378
Community and social development	30,408	-	-	-	30,408
Health and safety	41,506	-	-	-	41,506
Translation to reporting currency	(132,209)	(9,166)	-	-	(141,375)
Balance, August 31, 2017	3,807,399	336,043	130,525	302,384	4,576,351

Bellas Gate property agreements

OZ Minerals Ltd. agreements

Current OZ Minerals agreement

During September 2016, the Company announced it had finalized a heads of agreement ("HoA") with OZ Minerals Ltd., an Australian copper-gold producer listed on the Australian Securities Exchange ("OZ Minerals"), to acquire all of OZ Minerals' property holdings in Jamaica which include the 70% interest that OZ Minerals had earned in the Bellas Gate Project (see below) and five licenses covering 276 square kilometres which OZ Minerals had acquired directly in 2014. Additionally, the Company will retain a 100% interest in the Above Rocks project as OZ Minerals elected not to proceed with the joint venture earn-in (see below). A definitive legal agreement incorporating the terms of the HoA was concluded in January 2017.

Under the terms of the definitive agreement, for the acquisition of the 70% interest in the Bellas Gate Project the Company is obligated to: (i) pay OZ Minerals \$8.5 million within one year of commencement of commercial production at Bellas Gate; (ii) pay OZ Minerals an additional \$4 million within two years of commencement of commercial production; and, (iii) grant OZ Minerals a 2% net smelter royalty (NSR) with a buyback right of two-thirds of the NSR for \$1.3 million with any NSR payments capped at a maximum amount of \$20 million.

Additionally, the Company has acquired a 100% interest in the five OZ Minerals licenses. The Company would be obligated to provide OZ Minerals a single payment of \$1.5 million within one year of commencement of commercial production on any of the five licenses. Each of the licenses is subject to a 2% NSR with a buyback of one-half of the NSR for \$500,000.

Preceding OZ Minerals agreements

During May 2013, the Company entered into a term sheet with OZ Minerals that lead to a farm-in joint venture agreement relating to the Bellas Gate Project which consists of the Bellas Gate and Browns Hall Special Exclusive Prospecting Licenses (SEPLs) which total 84 sq. km. in area.

(expressed in Canadian dollars)

The term sheet provided that upon certain conditions being met, that OZ Minerals and the Company would enter into an agreement which would potentially lead to a joint venture with respect to the Bellas Gate Project and the Company would grant OZ Minerals a right to enter into separate agreements on each of the Company's other projects in Jamaica (which comprise the other four SEPLs, excluding the Bellas Gate Project SEPLs). OZ Minerals agreed to make a US\$900,000 equity investment in the Company, which was completed during January 2014, when OZ Minerals confirmed the satisfactory completion of their due diligence and that any conditions precedent had been satisfied such that the terms of the May 2013 term sheet became binding on OZ Minerals and the Company. A definitive agreement incorporating the terms contained in the term sheet and other conditions that are customary for mining exploration project joint venture agreements was completed during May 2015.

Significant terms of the definitive agreement included an initial phase of work by OZ Minerals for \$500,000 of exploration expenditures. In total, to earn a 70% interest in the Bellas Gate Project, OZ Minerals was required to spend \$6.5 million on exploration and make cash payments to the Company of \$475,000 over a maximum period of 3.5 years. During January 2016, the Company announced that OZ Minerals had incurred cumulative exploration expenditures in excess of \$8.3 million and had fulfilled the Phase 4 earn-in requirements to have a vested 70% interest in the Bellas Gate Project. OZ Minerals was then able to earn a further 10% interest by financing all work to the end of a feasibility study. This Phase 5 of the earn-in was initiated during February 2016.

Additionally, OZ Minerals was provided the option to fly airborne geophysics over the Company's other three Jamaican projects (comprised of four SEPLs, see *Rodinia Jamaica property licenses* below) in return for the right to enter into joint ventures on any or all of the projects. OZ Minerals completed the airborne geophysics during June 2015. During September 2015, the Company and OZ Minerals entered into a definitive agreement with respect to the earn-in and potential joint venture on the Above Rocks Project. OZ Minerals did not elect to proceed with joint ventures on the Hungry Gully and Main Ridge Projects.

The Bellas Gate Project is subject to a 2% NSR in favour of Clarendon Consolidated Minerals Ltd. ("CCM").

OZ Minerals project funding

As at August 31, 2017, OZ Minerals had advanced total exploration funding of \$5,593,373 directly to the Company to fund joint venture earn-in expenditures in addition to funds they had expended directly. Of this total, \$5,587,493 had been utilized for exploration work expenditures and \$5,880 remained in restricted cash. The net working capital items related to OZ Minerals' funding of \$5,880 have been reflected as a current liability as at August 31, 2017.

Rodinia Jamaica property licenses

Acquisition of Rodinia Jamaica Limited

On March 31, 2012, the Company completed the acquisition of a 100% interest in Rodinia Jamaica Limited ("RJL") from Tigers Realm Metals Pty Limited ("TRM") and Rodinia Resources Pty Limited ("Rodinia"). At the time of the acquisition TRM held a non-controlling equity interest in the Company. RJL holds a 100% interest in four SEPLs in Jamaica which are known as Belvedere, Hungry Gully, Main Ridge and Mount Royal and total 184 sq. km. in area. The Belvedere and Mount Royal SEPLs are contiguous and are considered one project area known as Above Rocks. Rodinia retains a 2% NSR in respect of the four SEPLs. The acquisition agreement for the SEPLs included certain commitments to conduct exploration work on the SEPLs within specified time periods as amended during December 2013. A series of common share issuances were completed during calendar 2014 and 2015 in lieu of completing the exploration work commitments within specified time periods. No further commitments remain.

OZ Minerals definitive agreement

During September 2015, the Company entered into a definitive agreement with OZ Minerals related to the earn-in and potential joint venture with respect to the Rodinia Jamaica licenses comprising three separate projects. Terms of the agreement are as follows.

OZ Minerals had to elect on which projects it wished to earn into before December 20, 2015, and subsequently pay \$50,000 to the Company within 30 days and spend \$500,000 on exploration within one year of the election date to earn a 40% interest in each project elected. OZ Minerals then had a right to earn up to a 70% interest in any one of the three projects, in a staged earn-in, by paying \$275,000 to the Company and solely funding \$6.5 million of exploration expenditures over a period of five years or less. Thereafter, OZ Minerals could have advanced its interest in a project to 80% by solely funding all costs required for the completion of a National Instrument 43-101-compliant, Joint Ore Reserves Committee standard feasibility study.

On December 7, 2015, OZ Minerals provided the Company notice of its election to initiate an earn-in and potential joint venture with respect to the Above Rocks Project (comprising two SEPLs), totalling 104 sq. km. in area. The Company received the initial cash payment of \$50,000 during December 2015. This payment was recorded as a reduction of mineral exploration property costs. OZ Minerals did not elect to proceed with joint ventures on the Hungry Gully and Main Ridge Projects.

During September 2016, OZ Minerals elected not to proceed with the Above Rocks earn-in. The Company retains a 100% interest in each of the four Rodinia SEPLs subject to Rodinia's 2% NSR.

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Fiedmont property option agreement

During September 2010, the Company entered into a property option letter agreement to acquire a potential 100% interest in the Fiedmont property comprised of 54 claims, totalling 23 sq. km. in area, in Fiedmont Township, Quebec. A definitive option agreement was entered into on October 22, 2010. Consideration payable under the terms of the option agreement include: \$170,000 in cash; up to 490,000 common shares; and, exploration expenditures of \$700,000 as follows:

Payable	Cash \$	Common shares	Exploration expenditures \$
Following execution of definitive option agreement (paid Nov. 2010)	10,000	-	-
Upon going public ⁽¹⁾	10,000	90,000	-
First anniversary of going public (paid Sept. 2016)	20,000	90,000	70,000
Second anniversary of going public ⁽²⁾	30,000	100,000	180,000
Third anniversary of going public	40,000	100,000	200,000
Fourth anniversary of going public	60,000	110,000	250,000
Totals	170,000	490,000	700,000

- (1) The number of shares payable upon the Company going public is equal to the greater of: (i) a value of \$25,000 based upon the initial public listing price of the Company's common shares; or (ii) 90,000 common shares. A total of 125,000 common shares were issued.
- (2) On July 6, 2017, the Company entered into an amending agreement to the Fiedmont option agreement which extended the time period by which cumulative exploration expenditures of \$250,000 were to be incurred. This date was extended from July 7, 2017 to December 31, 2017. The second anniversary cash payment of \$30,000 was made during September 2017 and 100,000 common shares were issued during August 2017.

The Company will act as operator of the property. The Fiedmont property is subject to a 2% NSR retained by the vendors. The Company has the right to purchase up to half of the NSR by paying \$500,000 for each 0.5%. The Company will also have the right of first refusal to purchase the remaining 1% of the NSR.

During September 2016, the Company issued a total of 238,148 common shares to the vendors of the Fiedmont property in satisfaction of both the cash and share obligations due on the first anniversary of going public. These common shares were valued at \$26,434. During August 2017, the Company issued 100,000 common shares related to the second anniversary commitment. These common shares were valued at \$7,000.

As at August 31, 2017, the Company had incurred cumulative exploration expenses of \$188,903 (gross of Quebec exploration tax credits of \$58,378 recorded as a reduction of deferred exploration expenditures during 2012) for the Fiedmont property.

Rogers Creek, Mackenzie and Salal properties

The Rogers Creek, Mackenzie and Salal projects were acquired with the reverse takeover of Miocene. These properties are described as follows.

Rogers Creek

The Rogers Creek property is located within the Coastal Mountain Belt of British Columbia, northeast of Vancouver and consists of 55 claims totalling 253 sq. km. in area. A 2.5% NSR royalty is payable upon production, half of which can be purchased for \$1.25 million.

Mackenzie

The Mackenzie property is located within the Coastal Mountain Belt of British Columbia, north of Vancouver and consists of 50 claims totalling 216 sq. km. in area. The property is subject to a 2% NSR royalty which is payable upon production, 62.5% of which can be purchased at \$1 million adjusted for the Consumer Price Index for the City of Vancouver. The Company has the first right of refusal to purchase the remaining 37.5% of the NSR. Additionally, a 1.5% NSR royalty on the Mackenzie property was granted to Wallbridge Mining Company Ltd. ("Wallbridge") in connection with Miocene's prior line of credit arrangements with Wallbridge. The promissory note payable to Wallbridge is secured through a first charge on the Mackenzie property (see note 9). On March 31, 2016, the maturity date of the promissory note payable to Wallbridge was extended. Consideration provided for this repayment extension included an increase in the NSR granted to Wallbridge to 1.75% and the NSR buyback clause was amended such that the NSR on the Mackenzie and Salal properties can be repurchased provided that the amended promissory note and any accrued interest have been repaid in full, as follows: (i) for \$350,000 at any time on or before December 31, 2017; (ii) for \$750,000 during the one-year period following December 31, 2017; or (iii) for \$1,750,000 at any time thereafter.

Salal

The Salal property consists of 34 claims totalling 124 sq. km. in area and is located within the Coastal Mountain Belt of British Columbia, northeast of Vancouver. Seven mineral claims are subject to a 2% NSR royalty payable upon production, half of which can be purchased for \$500,000. The Company has the first right of refusal to purchase the remaining 50% of the NSR royalty. One claim is subject to a 1.5% NSR royalty payable upon production, half of which can be purchased for \$500,000. Additionally, a 1.5% NSR royalty on the Salal property was granted to Wallbridge in connection with Miocene's prior line of credit arrangements with Wallbridge. The promissory note payable to Wallbridge is secured through a first charge on the Salal property (see note 9). On March 31, 2016, the maturity date of the promissory note payable to Wallbridge was extended. Consideration provided for this repayment extension included an increase in the NSR granted to Wallbridge to 1.75% and the NSR buyback clause was amended such that the NSR on the Mackenzie and Salal properties can be repurchased as described above under the Mackenzie property description. A full impairment charge with respect to prior property and exploration costs associated with the Salal property was recorded by Miocene during 2013. No additional expenditures have been incurred since this time.

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8. Bridge loans payable

During January 2014, the Company completed an offering of convertible promissory notes with six lenders raising proceeds of \$270,000 intended to provide funding of general working capital requirements up until the completion of the Miocene going public transaction. A director of the Company participated in the offering for a bridge loan having a maturity value of \$12,500. The convertible promissory notes had an original maturity date of May 15, 2014 or the date on which the Company began trading on the TSX Venture Exchange, whichever was sooner. These bridge loans bear interest at a rate of 1.5% per month (18% per annum).

During 2014 and 2015, various bridge loans were settled via conversions into equity units of the Company and the remaining bridge loans outstanding were amended to extend their maturity dates. During February 2016, the maturity date with respect to the bridge loans was extended, with a principal balance of \$148,000 extended to September 30, 2017 and \$14,500 extended to January 31, 2018. During July 2016, total payments of \$23,000 were made with respect to the bridge loans. During May 2017, total payments of \$99,552 were made with respect to bridge loan principal and accrued interest. Bridge loans are summarized as follows:

	August 31, 2017 \$	August 31, 2016 \$
Principal value of bridge loans payable, due September 30, 2017	100,000	130,000
Principal value of bridge loan payable, due January 31, 2018	-	9,500
Accrued interest	4,500	41,219
	<hr/>	<hr/>
Total principal and interest	104,500	180,719
Less: current portion	(104,500)	-
	<hr/>	<hr/>
Bridge loans payable, non-current	-	180,719

Subsequent to year end, on September 30, 2017, an amending agreement with respect to the outstanding bridge loan was entered into. This amending agreement sets out principal and interest payments as follows: (i) principal of \$35,000 and interest of \$6,000 on October 3, 2017; (ii) principal of \$35,000 on November 15, 2017; and, (iii) principal of \$30,000 and interest of \$2,138 on December 31, 2017.

9. Promissory notes payable

The Company has had various promissory notes payable to officers and a contractor for the settlement of accrued compensation and cash demand loans previously advanced to the Company. Additionally, in connection with the Miocene reverse takeover transaction various payables and debts totalling \$571,415 were settled with the issuance of promissory notes to the Company's Chairman, legal counsel and Wallbridge Mining Company Ltd. All promissory notes bear interest at a rate of 12% per annum. These promissory notes payable have been subject to various amendments including partial repayments, maturity date extensions and settlements with the issuance of common shares, as further described below.

During December 2015, principal and accrued interest totalling \$10,000 was paid with respect to one note. During February 2016, the maturity dates with respect to four of these promissory note agreements having a total principal value of \$215,474 were extended to January 31, 2018. During the period from December 2015 to July 2016, principal and accrued interest totalling \$85,951 was paid with respect to certain of these notes. During February 2016, the maturity date with respect to a promissory note with a principal balance of \$50,000 was extended to January 31, 2018.

The promissory note payable to Wallbridge is secured through a first charge on the Mackenzie and Salal properties (see note 7). During February 2016, the maturity date with respect to the promissory note payable to the Company's Chairman (principal balance of \$40,000) was extended to January 31, 2018. On March 31, 2016, the promissory note payable to Wallbridge was amended. The maturity date with respect to the principal balance of \$436,415 and accrued interest of \$41,573 was extended from September 30, 2016 to December 31, 2017. Additionally at that time, the current liability payable to Wallbridge of \$24,914 was included in the amended promissory note agreement. The total of the amended promissory note was \$502,902 and continued to bear interest at 12% per annum. Consideration provided for this extension included an increase in the NSR on the Mackenzie and Salal properties held by Wallbridge in addition to amendments to the terms of the NSR buyback clause (see note 7). During July 2016, an amount of \$20,000 was paid with respect to the note payable to the Company's Chairman.

On March 8, 2017, the Company paid a total of \$64,936 to Wallbridge in payment of the outstanding interest on the promissory note and an outstanding account payable balance. On March 14, 2017, the Company amended the promissory note with Wallbridge to extend the repayment date from December 31, 2017 to December 31, 2019. In consideration for this extension of the repayment date Wallbridge has been granted a pre-emptive right with respect to any future financings of the Company in order to maintain at all times a 15.5% equity interest in the Company's outstanding common shares. Wallbridge has also been given the right to convert any of the remaining promissory note indebtedness, at any time, into common shares of the Company at a price equal to the 4-day volume weighted average price. On June 22, 2017, the Company issued 2,173,913 common shares in partial settlement of \$250,000 of the Wallbridge promissory note.

On April 28, 2017, the Company entered into a Promissory Note Extension Agreement with respect to the \$180,000 principal value note and accrued interest of \$70,057 (interest accrued to April 30, 2017) which was previously due on January 31, 2017. Under the terms of this agreement a partial cash payment of \$100,057 (comprised of \$30,000 of principal and all accrued interest) was made during May 2017. The balance of \$150,000 in principal is due on January 30, 2018 and remains subject to 12% interest per annum. In the event that the Company proposes an offering of its common shares or securities convertible into common shares to raise funds for the Company on or before January 30, 2018, the promissory note holder retains a right to subscribe for such offered securities having a value of up to \$150,000. On June 22, 2017, the Company issued 434,783 common shares in partial settlement of \$50,000 of this promissory note.

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On April 30, 2017, the Company entered into an amended agreement with respect to the \$95,000 principal value note and accrued interest of \$21,270 which was previously due on December 31, 2016. Under the terms of this agreement, the promissory note holder agreed to accept 500,000 common shares of the Company valued at \$60,000 as partial payment. This share payment was concluded on June 22, 2017. Following this share payment, the balance due of \$56,270 is due December 15, 2017 and remains subject to 12% interest per annum.

Promissory notes payable are summarized as follows:

	August 31, 2017	August 31, 2016
	\$	\$
Principal value of promissory note payable, due December 15, 2017	56,270	95,000
Principal value of promissory note payable, due January 31, 2018	100,000	180,000
Principal value of promissory note payable, due December 31, 2019	252,902	502,902
Principal value of promissory notes payable, due January 31, 2018	70,000	214,473
Accrued interest	54,375	165,092
	<hr/>	<hr/>
Total principal and interest	533,547	1,157,467
Less: current portion	(255,976)	(344,400)
	<hr/>	<hr/>
Promissory notes payable, non-current	277,571	813,067
	<hr/>	<hr/>

10. Capital stock

Authorized

The Company is authorized to issue an unlimited number of common shares, having no par value.

Issued

Fiscal 2017 financing activity

On March 2, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of \$1,600,000 with the issuance of 20,000,000 units at a price of \$0.08 per unit. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.15 per common share and has a two year term to expiry on March 3, 2019. In connection with the financing, eligible finders were paid cash commissions of \$1,890 and were issued 23,625 compensation options. Each compensation option is exercisable for a unit (having the same attributes as above) at \$0.08 per unit until its expiry on March 3, 2019.

On May 18, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of \$1,365,000 with the issuance of 13,000,000 units at a price of \$0.105 per unit. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.15 per common share and has a two year term to expiry on May 19, 2019. In connection with the financing, eligible finders were paid cash commissions of \$72,379 and were issued 689,328 compensation options. Each compensation option is exercisable for a unit (having the same attributes as above) at \$0.105 per unit until its expiry on May 19, 2019.

On August 30, 2017, the Company closed a non-brokered private placement financing raising gross proceeds of \$100,000 with the issuance of 1,250,000 units at a price of \$0.08 per unit. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$0.13 per common share and has a two year term to expiry on August 31, 2019.

Other share issuances during fiscal 2017

During September 2016, the Company issued a total of 238,148 common shares to the vendors of the Fiedmont property. These common shares were valued at \$26,434. Additionally, during August 2017, the Company issued 100,000 common shares to the vendors of the Fiedmont property. These common shares were valued at \$7,000 (see note 7). During June 2017, the Company issued a total of 3,108,696 common shares in settlement of \$360,000 in promissory notes payable (see note 9). During fiscal 2017, the Company issued a total of 1,918,198 common shares for vested restricted share units which were valued at \$178,567.

Fiscal 2016 financing activity

During April 2015, the Company entered into debt settlement agreements for a total of \$103,000 in accounts payable with officers of the Company with the balance owed to related parties to be settled with common shares. These debt settlements were subject to TSX-V approval after public trading of the Company's shares resumed and to disinterested shareholder approval. These approvals were obtained during September 2015. A total of 605,882 common shares were issued in satisfaction of a balance of \$103,000 in accounts payable.

During December 2015, former directors of Miocene renounced a total of 937,500 common shares of the Company which had been issued pursuant to debt settlement agreements in connection with the Miocene reverse takeover transaction. Additionally, a total of \$6,500 in accrued director meeting fees was also renounced. The renounced shares valued at \$187,500 along with the accrued fees have been recorded in the consolidated statements of operations and comprehensive loss as a gain on forgiveness of debt in a total amount of \$194,000.

During December 2015, the Company announced its intention to raise an aggregate of \$440,000 by way of non-brokered private placements of up to 3,000,000 units of the Company at a price of \$0.08 per unit and up to 2,000,000 flow-through common shares of the Company at a price of \$0.10 per flow-through share. Each unit was comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will be exercisable into one common share at a price of \$0.15 per common share for a period of two years from the closing date of the offering. On December 31, 2015, the Company closed a first tranche of \$42,500 in flow-through financing issuing a total of 425,000 flow-through shares. During March 2016, the Company closed \$240,000 of the unit financing issuing a total of 3,000,000 units and a second tranche of \$20,000 in flow-through financing was completed with the issuance of 200,000 flow-through shares.

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During June 2016, the Company announced its intention to raise an aggregate of \$500,000 by way of non-brokered private placement of up to 5,000,000 units of the Company at a price of \$0.10 per unit. Each unit was comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will be exercisable into one common share at a price of \$0.15 per common share for a period of two years from the closing date of the offering. This private placement was fully subscribed for and was closed on July 21, 2016. Certain eligible persons were paid a cash commission equal to 7% of the proceeds raised from subscribers introduced to the Company by such finder and the Company also issued an aggregate of 43,671 compensation options. Each compensation option entitles the holder to acquire one unit at a price of \$0.10 per unit until its expiry on July 20, 2018.

Warrants

As at August 31, 2017, a total of 21,900,000 warrants were outstanding as follows:

Number	Exercise price \$	Expiry date
625,000	0.13	August 31, 2019
1,500,000	0.15	March 21, 2018
2,500,000	0.15	July 20, 2018
10,000,000	0.15	March 3, 2019
6,500,000	0.15	May 19, 2019
<u>775,000</u>	0.25	May 1, 2020
<u>21,900,000</u>	0.15	

During February and March of 2016, a total of 330,000 warrants exercisable at \$1.00 expired. During February 2017, a total of 250,000 warrants exercisable at \$0.30 expired. During July 2017, a total of 8,607,707 warrants exercisable at \$0.30 expired.

The fair value of warrants have been estimated using the Black-Scholes option pricing model and this value has been presented as a separate component of shareholders' equity. The range of assumptions used for the valuation of warrants during fiscal 2017 and 2016 are as follows.

	<u>2017</u>	<u>2016</u>
Expected life in years	2.0	2.0
Expected volatility	86% to 91%	100%
Risk-free interest rate	0.46% to 0.67%	0.43% to 0.49%
Dividend yield	Nil	Nil

Compensation options and compensation option warrants

In connection with the March 2017 unit financing, the Company issued an aggregate of 23,625 compensation options to eligible finders. These compensation options are exercisable at \$0.08 per unit to obtain one common share and one-half common share purchase warrant and expire March 3, 2019. A potential total of 11,813 common share purchase warrants are issuable upon exercise of the compensation options. These common share purchase warrants would be exercisable to obtain a common share at \$0.15 per share and would expire March 3, 2019. These compensation options were valued at \$1,037.

In connection with the May 2017 unit financing, the Company issued an aggregate of 689,328 compensation options to eligible finders. These compensation options are exercisable at \$0.105 per unit to obtain one common share and one-half common share purchase warrant and expire May 19, 2019. A potential total of 344,664 common share purchase warrants are issuable upon exercise of the compensation options. These common share purchase warrants would be exercisable to obtain a common share at \$0.15 per share and would expire May 19, 2019. These compensation options were valued at \$40,995.

In connection with the June 2016 unit financing, the Company issued an aggregate of 43,671 compensation options to eligible finders. These compensation options are exercisable at \$0.10 per unit to obtain one common share and one-half common share purchase warrant and expire July 20, 2018. A potential total of 21,836 common share purchase warrants are issuable upon exercise of the compensation options. These common share purchase warrants would be exercisable to obtain a common share at \$0.15 per share and would expire July 20, 2018. These compensation options were valued at \$3,320.

In connection with the financings completed concurrently with the Miocene reverse takeover transaction, the Company provided compensation options to agents who referred investors to the Company. A total of 135,000 compensation options were issued. These compensation options were exercisable at \$0.20 per unit to obtain one common share and one-half common share purchase warrant. These compensation options expired on July 7, 2017.

The fair value of compensation options has been estimated using the Black-Scholes option pricing model and these values have been recorded in contributed surplus and share issue costs reducing capital stock. The assumptions used for the valuation of compensation options are as follows: expected life of two years; expected volatility ranging from 86% to 100%; risk-free interest rates ranging from 0.40% to 0.49%; and, dividend yield of nil.

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Stock options

During October 2010, the Company approved a stock option plan available to its employees, officers, directors and service providers. The number of options available under the plan is a maximum of 10% of the total number of issued and outstanding common shares. The Compensation Committee recommends to the Board the vesting period and exercise rights for each stock option granted.

Activity with respect to stock options is as follows:

	Number	Weighted- average exercise price \$	Expiry
Balance, August 31, 2015	481,500	0.80	January 2016 to August 2017
Expired	(70,000)	2.25	January 2016
Granted	<u>4,150,000</u>	0.08	February 2021
Balance, August 31, 2016	4,561,500	0.12	March 2017 to February 2021
Expired	(411,500)	0.55	March 2017 to August 2017
Granted	<u>2,585,000</u>	0.10	April and June 2022
Balance, August 31, 2017	<u>6,735,000</u>	0.09	February 2021 to June 2022

As at August 31, 2017 outstanding stock options are as follows:

Options outstanding		Options exercisable			
Exercise price \$	Number of options	Weighted- average remaining contractual life (years)	Number of options	Weighted- average remaining contractual life (years)	Expiry
0.08	4,150,000	3.50	4,150,000	3.50	February 28, 2021
0.10	2,085,000	4.67	1,045,000	4.67	April 30, 2022
0.10	<u>500,000</u>	4.83	-	4.83	June 22, 2022
	<u>6,735,000</u>	3.96	<u>5,195,000</u>	3.73	

On February 29, 2016, the Company's board of directors approved the grant of a total of 4,150,000 stock options to officers, directors and consultants of the Company. During June 2017, the Company granted a total of 2,585,000 stock options to a consultant and directors.

During the year ended August 31, 2017, the Company recorded a total of \$155,571 (2016 - \$159,758) in share based compensation expense related to stock options. Share based compensation amounts are included in shareholders' equity as contributed surplus. The values determined using the Black-Scholes option pricing model, with respect to stock options granted during fiscal 2017 and 2016, utilized the following assumptions and values.

	<u>2017</u>	<u>2016</u>
Expected volatility	72% to 76%	100%
Expected option life (in years)	5.0	5.0
Risk-free interest rate	0.56%	0.42%
Expected dividend yield	Nil	Nil
Weighted-average exercise price	0.10	0.08
Weighted-average market price at grant date	0.12	0.07
Weighted-average fair value	0.07	0.05

The Company determines expected volatility in relation to both historical Company volatility and by analysis of comparable companies in the mineral exploration sector.

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Restricted share unit / Deferred share unit plan ("RSU / DSU Plan")

On June 13, 2013, Company shareholders adopted a RSU/DSU Plan. The Plan provides for granting of RSUs and DSUs for the purpose of advancing the interests of the Company through motivation, attraction and retention of employees, consultants and non-employee directors by granting equity-based compensation incentives, in addition to the Company's stock option plan. The number of shares reserved for issuance for the RSU/DSU Plan and the stock option plan combined shall not exceed 20% of the issued and outstanding common shares on the date of adoption. Under the RSU/DSU Plan, no cash settlements are made as settlement is in common shares only. On June 16, 2017, shareholders of the Company approved an increase in the number of common shares reserved for the RSU/DSU Plan to 9,126,451. Under the terms of the RSU/DSU Plan, the number of common shares issued and issuable to insiders within a one-year period shall not exceed 10% of the issued and outstanding common shares; and, to any one insider within one year shall not exceed 5% of the issued and outstanding common shares. The maximum grant within a one-year period to any one participant shall not exceed 5% of the total issued and outstanding common shares.

Restricted share units

RSUs are used to compensate participants for their individual performance based achievements and corporate performance, and they are intended to supplement stock option awards. The Company's Compensation Committee may determine the vesting schedule of RSUs at the time of grant. The settlement date shall be no later than the third anniversary of the date of grant and all payments in respect of the vested units shall be paid in full before the end of the same calendar year. Non-vested RSUs are forfeited if the participant voluntarily leaves employment with the Company. On exercise of RSUs, the shares are issued from treasury.

As at August 31, 2017, a total of 1,134,897 RSUs are outstanding having been granted to officers of the Company. These RSUs vest ratably over the one year period following the date of grant. The total value of these RSUs will be recorded as share based compensation expense in contributed surplus over the vesting period. During the year ended August 31, 2017, a total of \$183,994 (2016 - \$58,429) was recorded in share based compensation expense related to RSUs. During the year ended August 31, 2017, a total of 1,918,198 common shares were issued in satisfaction of vested RSUs valued at \$178,567.

Deferred share units

DSUs are used as a means of reducing the cash payable by the Company for amounts owing to non-employee directors. A DSU is a notional share that has the same value as one share of the Company as at the grant date. DSUs are paid out to directors as common shares when they retire from the Board. As DSUs are equity settled, they are fair valued based on the market value of the shares at the grant date.

During the year ended August 31, 2017, a value of \$84,000 (2016 - \$82,500) was recorded in stock based compensation expense and in contributed surplus related to DSUs. On October 31, 2016, 889,087 DSUs valued at \$82,500 were granted in satisfaction of the fiscal 2016 director fees. On February 29, 2016, a total of 544,423 DSUs valued at \$98,250 were granted to directors of the Company as settlement for director fees related to the period from June 2014 to August 2015. DSUs are recorded in contributed surplus and will be settled in the future with the issuance of common shares when directors retire from the Board.

11. Income taxes

For the years ended August 31, 2017 and 2016, a reconciliation of the combined Canadian federal and provincial income tax rate with the Company's effective tax rate is as follows:

	Year ended August 31, 2017 \$	Year ended August 31, 2016 \$
Loss before income taxes	1,372,318	867,768
Statutory rate	26.50%	26.50%
Expected recovery of income tax	(363,664)	(229,959)
Permanent differences	112,526	84,187
Foreign tax rate difference	207	(228)
Origination and reversal of temporary differences	250,931	146,000
Recovery of income taxes	-	-

Statutory tax rates presented above reflect the combined Canadian federal and provincial income tax rates enacted as at the Company's fiscal year ends. Significant components of the Company's deferred income tax assets and liabilities are as follows.

	August 31, 2017 \$	August 31, 2016 \$
Deferred income tax assets		
Non-capital loss carry forwards	2,550,697	2,286,200
Asset basis differences	649,107	652,510
Share issue costs	32,330	16,854
	3,232,134	2,955,564

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As at August 31, 2017, no deferred tax asset was recognized related to these non-capital loss carry forward, asset basis difference and share issue cost amounts as realization was not probable. As at August 31, 2017, the Company had loss carry forward balances totalling \$9,634,652 which are available to offset future years' taxable income. Loss carry forward balances in each jurisdiction expire as follows.

Canada		Jamaica	
Year	\$	Year	\$
2037	969,315	Indefinite	165,702
2036	642,323		
2035	1,277,248		
2034	1,832,709		
2033	1,173,019		
2032	1,640,594		
2031	1,473,847		
2030	459,895		

12. Commitment for qualifying flow-through expenditures / Flow-through premium liability

During April and December 2015, the Company closed flow-through financing placements for proceeds of \$95,000 and \$42,500, respectively. The Company renounced these expenditures to subscribers effective December 31, 2015. The Company had incurred these qualifying exploration expenditures during calendar 2016.

During March 2016, the Company closed a round of flow-through financing for total proceeds of \$20,000. The Company has until December 31, 2017 to incur the balance of these qualifying expenditures.

Common shares issued on a flow-through basis typically include a premium over the market price of the Company's common shares that is associated with the tax benefits of the flow-through share. The Company estimates the proportion of proceeds attributable to the flow-through premium as the excess of the subscription price over the market value of the shares and records this value as a liability at issuance. A total amount of \$20,313 was recorded as a flow-through premium liability with respect to the flow-through financings closed during March 2016 and December 2015. As qualified expenditures are incurred, the Company recognizes a pro-rata reduction of the flow-through premium liability as other income in the consolidated statements of operations and comprehensive loss. During the year ended August 31, 2017, a reduction in the flow-through premium liability of \$15,865 was recorded in other income.

13. Related party transactions and compensation of key management

The Company has contracts for management and geological services with its officers, directors and companies controlled by its officers and directors. Key management includes all persons named or performing the duties of Chief Executive Officer and President, Chief Financial Officer, Vice-President and Director. Compensation awarded to key management has been recorded at the exchange amount, being the amount agreed to by the respective parties, and is with respect to short-term compensation and was conducted in the normal course of business. Amounts are summarized as follows:

	Year ended August 31, 2017 \$	Year ended August 31, 2016 \$
Chief Executive Officer and President service contract fees	80,100	72,000
Executive Vice-President Corporate Development service contract fees	84,000	84,000
Chief Financial Officer service contract fees	57,139	87,243
Value of RSUs with officers expensed	123,357	43,167
Value of stock options with officers and directors expensed	135,800	89,864
Director board meeting and committee fees	84,000	82,500
	<u>564,396</u>	<u>458,774</u>

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As at August 31, 2017, a total of \$953 (August 31, 2016 - \$Nil) is included in accounts payable and accrued liabilities with respect to amounts due to key executive management for service contract obligations.

In addition to the above, Rampton Resource Group ("RRG"), a corporation controlled by a Company officer and director, has also charged the Company for shared services related to accounting, an office administrator, office rent and related office expenses in the amount of \$111,274 (2016 - \$102,165) during the year ended August 31, 2017. Office rent of \$11,700 (2016 - \$11,700) included in that total is in accordance with a rental agreement between RRG and an independent director of the Company. As at August 31, 2017, a total of \$Nil (August 31, 2016 - \$Nil) is included in accounts payable and accrued liabilities with respect to amounts due to RRG for accounting and office costs.

Certain management service contracts include potential entitlements for restricted share unit grants in addition to cash compensation (see note 10).

During July 2015, the Board approved a decision that all director fees would be settled by the issuance of DSUs.

The Company has management service agreements with each of the Chief Executive Officer and President and Chief Financial Officer which provide for a payment upon termination without cause. These payments are equivalent to 18 months' compensation for each of these two individuals. The service agreements also provide that, should a change in control event occur that each of these individuals would be entitled to a lump sum payment equivalent to 24 months' compensation irrespective of whether their services were retained subsequent to the change in control. As at August 31, 2017, the aggregate total payout resulting from a change of control event under these agreements would have been \$306,135.

14. Financial instruments and risk management

As at August 31, 2017, the Company's financial instruments include cash and cash equivalents, exploration advances, accounts payable and accrued liabilities and the OZ Minerals Ltd. exploration advance. Due to the short-term nature of these financial instruments the carrying values approximate their fair values. Other financial instruments include bridge loans payable and promissory notes payable which have carrying values approximating fair value as they are carried at cost plus accrued interest and stated interest rates approximate current market rates that would be obtained for instruments with similar terms and maturity dates.

The Company examines the various financial risks to which it may be exposed and assesses the impact and likelihood of those risks. The Company may be exposed to various financial risks related to credit risk, liquidity risk and currency risk. Where material, these risks are reviewed and monitored by the Board of Directors of the Company.

Credit risk

A financial instrument that potentially subjects the Company to concentrations of credit risk consists of cash and cash equivalents. The Company's cash is held at major Canadian financial institutions in both Canada and Jamaica. The maximum exposure to credit risk is equivalent to the carrying amount. As at August 31, 2017, the Company does not consider any of its financial assets to be impaired.

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 through monitoring cash outflows due in its day-to-day business and by regular cash flow forecasting of cash requirements to fund exploration projects and operating costs. As at August 31, 2017, the Company's liabilities included accounts payable and accrued liabilities of \$491,786 all of which are due within normal trade terms of generally 30 days. The current bridge loan payable of \$104,500 has an amended payment schedule requiring payments during October through December 2017 (see note 8). Current promissory notes payable totalling \$255,976 have maturity dates of December 31, 2017 and January 31, 2018 (see note 9).

Currency risk

The Company's cash is held in Canadian dollar, Jamaican dollar and US dollar accounts. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates with respect to the US dollar. As at August 31, 2017, the Company held cash and restricted cash in United States dollars of US\$4,924, equivalent to \$6,187 (2015 - US\$22,656, equivalent to \$29,552). The Company has not utilized derivative instruments to reduce its exposure to foreign currency risk.

During the year ended August 31, 2017, the majority of the Company's cash based operating expenses were denominated in Canadian dollars with a total of US\$1,136 (2016 - US\$7,101) denominated in United States dollars. With all other variables held constant, a plus or minus 10% change in the United States / Canadian dollar exchange rate would give rise to a change in reported net loss for the year of plus or minus \$114 (2016 - \$710). The use of the 10% rate of change is based on observed historical fluctuations in exchange rates.

Interest rate risk

The Company has obligations under the terms of bridge loan and promissory note agreements that bear fixed interest rates. The Company is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. Interest rate movements may affect the fair value of the fixed interest financial liability. Because these financial liabilities are recognized at amortized cost any fair value variation has no impact on net income.

15. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Ontario, Canada. The Company's exploration property assets are in Jamaica, British Columbia, Canada and Quebec, Canada. Long-term assets by geographic area are as follows:

	August 31, 2017			August 31, 2016		
	Equipment	Mineral exploration properties	Deferred exploration expenditures	Equipment	Mineral exploration properties	Deferred exploration expenditures
	\$	\$	\$	\$	\$	\$
Canada	55,008	3,491,201	432,909	10,848	3,452,262	382,486
Jamaica	7,313	3,723,263	4,143,442	9,183	3,723,935	3,008,502
	<u>62,321</u>	<u>7,214,464</u>	<u>4,576,351</u>	<u>20,031</u>	<u>7,176,197</u>	<u>3,390,988</u>

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16. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Year ended August 31, 2017 \$	Year ended August 31, 2016 \$
Exploration expenditures included in accounts payable and accrued liabilities	236,671	9,054
Depreciation of field vehicles charged to exploration expenditures	1,871	2,696
Accounts payable and accrued liabilities settled with common shares	-	103,000
Promissory notes settled with common shares	360,000	14,000
Interest accrued on bridge loans and promissory notes	105,449	153,134
Shares issued for property payments	33,434	-

17. Subsequent event

Private placement financing

On December 1, 2017, the Company announced its intention to raise up to \$1,200,000 by way of a non-brokered private placement offering of up to 20,000,000 units of the Company at a price of \$0.06 per unit. Each unit will be comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will be exercisable into one common share at a price of \$0.10 per common share for a period of two years from the closing date of the offering. Eligible finders who source funds may earn a cash commission of up to 6 percent of the gross proceeds raised by the finder and may receive compensation options entitling the finder to purchase that number of units at \$0.06 per unit equal to 6 percent of the number of units sold by the finder.