Titanium Corporation Inc.

Condensed Interim Financial Statements
(Unaudited)

November 30, 2017 and August 31, 2017

January 24, 2018

To the Shareholders of
Titanium Corporation Inc.

The condensed interim financial statements of Titanium Corporation Inc. as at and for the three month period ended November 30, 2017 have been compiled by management.

No audit or review of this information has been performed by the company's auditors.

Titanium Corporation Inc.
Statement of Financial Position

(expressed in Canadian dollars)

	November 30, 2017 $	August 31, 2017 $
Assets		
Current assets		
Cash and cash equivalents	2,427,233	1,340,339
Short term investments	3,034,541	3,024,084
Government grants and goods and services tax receivable (note 4)	167,590	15,873
Prepaid expenses	26,107	38,536
	5,655,471	4,418,832
Equipment	9,885	10,577
Total assets	5,665,356	4,429,409
Liabilities		
Current liabilities		
Trade and other payables	113,609	41,928
Accrued liabilities	311,522	163,191
Deferred compensation (note 5)	405,081	240,083
Total liabilities	830,212	445,202
Shareholders' Equity		
Share capital (note 7)	70,342,799	68,002,318
Contributed surplus	16,339,321	17,030,434
Deficit	(81,846,976)	(81,048,545)
Total shareholders' equity (deficit)	4,835,144	3,984,207
Total liabilities and shareholders' equity	5,665,356	4,429,409

Reporting entity and recoverability (note 1)

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

Titanium Corporation Inc.

Statement of Loss and Comprehensive Loss

For the three month periods ended November 30, 2017 and 2016

(expressed in Canadian dollars)

	Three month periods ended November 30,	
	2017	**2016**
	$	**$**
Expenses and losses		
General and administrative (note 11)	594,142	442,899
Research and development (note 11)	217,786	189,375
Amortization and finance expenses (note 11)	736	112,828
	812,664	745,102
Other income		
Interest	(14,233)	(170)
Net loss and comprehensive loss	798,431	744,932
Basic and diluted loss per share (note 9)	0.01	0.01

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

Titanium Corporation Inc.

Statement of Changes in Shareholders' Equity
For the three month periods ended November 30, 2017 and 2016

(expressed in Canadian dollars)

	Share capital $	Contributed surplus $	Deficit $	Shareholders' equity $
Balance – September 1, 2017	68,002,318	17,030,434	(81,048,545)	3,984,207
Comprehensive loss for the period	-	-	(798,431)	(798,431)
Equity-based compensation	-	126,241	-	126,241
Proceeds on exercise of stock options	510,625	-	-	510,625
Proceeds on exercise of warrants	1,012,500	-	-	1,012,500
Fair value of stock options exercised	266,884	(266,884)	-	-
Fair value of warrants exercised	550,472	(550,472)	-	-
Balance – November 30, 2017	70,342,799	16,339,321	(81,846,976)	4,835,144

	Share capital $	Contributed surplus $	Deficit $	Shareholders' equity $
Balance – September 1, 2016	61,247,412	16,245,998	(78,021,810)	(528,400)
Comprehensive loss for the period	-	-	(744,932)	(744,932)
Equity-based compensation	-	238,294	-	238,295
Proceeds on exercise of stock options	5,313	-	-	5,313
Fair value of stock options exercised	3,607	(3,607)	-	-
Balance – November 30, 2016	61,256,332	16,480,685	(78,766,742)	(1,029,725)

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

Titanium Corporation Inc.

Statement of Cash Flows

For the three month periods ended November 30, 2017 and 2016

(expressed in Canadian dollars)

	Three month period ended November 30, 2017 $	Three month period ended November 30, 2016 $
Cash (used in) provided by		
Operating activities		
Net loss for the period	(798,431)	(744,932)
Items not affecting cash		
Amortization	694	2,620
Equity-based compensation	126,241	76,904
Amortization of debt issue costs(note 6)	-	76,193
	(671,496)	(589,215)
Net change in non-cash working capital items		
Deferred compensation expense(note 5)	164,998	168,384
Accrued interest income	(10,458)	-
Goods and services tax receivable	(6,021)	8,096
Prepaid expenses and other assets	12,429	(35,796)
Accounts receivable	(161,720)	-
Trade and other payables and accrued liabilities	236,036	55,223
	(436,231)	(393,308)
Financing activities		
Exercise of stock options	510,625	5,313
Exercise of Warrants	1,012,500	-
	1,523,125	5,313
Increase (decrease) in cash and cash equivalents	1,086,894	(387,995)
Cash and cash equivalents – beginning of period	1,340,339	594,743
Cash and cash equivalents – end of period	2,427,233	206,748

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

1 Reporting entity and recoverability

Titanium Corporation Inc. (the "Company" or "Titanium") is a public company domiciled in, and governed by the laws of Canada. Titanium was formed upon the amalgamation of Titanium Corporation of Canada Limited and NAR Resources Ltd. under the Business Corporations Act (Ontario) on July 24, 2001. On March 19, 2009 the Company was continued under the Canada Business Corporations Act. The Company does not have any subsidiaries.

The Company's principal business office is 903 8th Avenue, SW, Calgary, Alberta, T2P 0P7 and the Company's registered office is located at Suite 2400, 525 8th Avenue, SW, Calgary, Alberta, T2P 1G1. The Company's common shares are listed on the TSX Venture Exchange under the ticker symbol "TIC".

Titanium's mission is "Creating Value from Waste™" ("CVW™"). The Company has developed innovative CVW™ technologies to recover valuable heavy minerals, bitumen, solvent and water from oil sands waste tailings. The recovery of bitumen, associated solvents and water from froth treatment tailings streams enables important and timely environmental improvements for the oil sands industry. The Company has completed demonstration piloting which culminated several years of progressive research and development ("R&D") of its proprietary technology and is working towards the first commercial implementation of the CVW™ technology at an oil sands site.

The financial statements are prepared using International Financial Reporting Standards ("IFRS") that are applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company is considered to be a development stage enterprise as it has yet to earn any revenues from its planned operations. The Company is devoting substantially all of its efforts toward commercializing its proprietary technology. The recoverability of amounts expended on R&D is dependent on the ability of the Company to complete pre-commercialization activities, commercialization at oil sands sites, and achieve future profitable operations. Until commercial operations are established, the Company will continue to incur losses and is dependent on raising funds through the issuance of shares, loans, government grants and/or attracting partners in order to undertake further development and commercialization of its technology. While the Company has been successful in obtaining the necessary financing to develop the business to this point, there are no assurances that the Company will be successful in these endeavours in the future.

2 Basis of presentation

These financial statements of the Company have been approved by the Board of Directors on January 24, 2018. These financial statements are presented in Canadian dollars, which is the Company's functional currency and follow the same accounting policies and methods of application as the most recent annual audited financial statements.

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the international accounting standards Board and IFRIC interpretations. These financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2017. The financial statements have been prepared under the historical cost convention except as detailed in the Company's accounting policies disclosed in Note 3 in the annual financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

3 Significant accounting policies

These condensed interim financial statements have been prepared following the same accounting policies and methods of computation as the most recent annual financial statements as at and for the year ended August 31, 2017. Significant accounting policies are described in Note 3 of the August 31, 2017 annual financial statements.

Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the actual results. Management considers the following areas to be those where critical accounting policies affect the significant estimates and judgements used in the preparation of the Company's financial statements.

a) Government grants and partner project contributions

The recovery of government grants and partner project contributions requires judgement to determine when reasonable assurance exists that the Company complies with conditions contained in the contribution agreements.

b) Fair value of stock options

Determining the fair value of stock based compensation requires judgement related to the choice of a pricing model, the estimation of stock price volatility, the expected term of the underlying instruments and the estimation of the risk free interest rate.

c) Fair value of warrants

Determining the fair value of warrants requires judgement related to the choice of a pricing model, the estimation of stock price volatility, the expected term of the underlying instruments and the estimation of the risk free interest rate.

New standards and amendments issued but not yet adopted

Certain new standards, amendments to standards and interpretations are not yet effective for the current reporting period, and therefore have not been applied in preparing the financial statements.

IFRS 16 – "Leases". This is a new standard whereby a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset ("ROU") is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. This accounting treatment will typically produce a front-loaded expense profile. The new standard is effective January 1, 2019, for fiscal years commencing after that date with early adoption permitted.

The Company is currently evaluating the impact of adopting this standards on its financial statements, but does not anticipate these new standards will have a significant effect on the financial statements.

4 Government Grants and accounts receivable

On October 19, 2017, the Company entered into a contribution agreement with Emissions Reduction Alberta ("ERA') to fund a portion of the cost of the engineering design project for the implementation of Titanium's CVW™ technology at Canadian Natural's Resource Limited ("Canadian Natural")Horizon site. The contribution agreement provides for funding up to the lesser of $5.0 million or 50% of the cost of the engineering design project. In addition, the Company has an agreement with Canadian Natural to fund up to $3.7 million of the project costs. The Company is acting as the lead proponent and overall project manager, responsible for contracting with engineering and other firms required for the project, managing and funding these contracts, project controls, reporting progress against agreed milestones and collecting partner funding contributions upon milestone achievement from ERA and Canadian Natural. During the quarter, the Company commenced the project and started incurring eligible expenditures related to the project. The Company recognized a portion of government and partner contributions as accounts receivable for eligible project expenditures. These amounts will be received by the Company upon completion of agreed milestones outlined in the contribution agreements.

5 Deferred Compensation

The Company has made arrangements with its directors and officers to receive all or part of their cash compensation in the form of either Restricted Share Units ("RSUs") or Deferred Share Units ("DSUs"). During the period ended November 30, 2017 $164,997 (2016 $168,384) was recognized as deferred compensation expense. The deferred compensation liability of $405,081 represents an estimated accrual for deferred compensation that will be approved and settled in the future through the issuance of RSUs or DSUs (subsequent events note 15). Upon settlement, the outstanding liability is reclassified to contributed surplus.

6 Loan Facilities and Deferred Financing Costs

On October 9, 2015, the Company entered into loan agreements (the "Loan Agreements") with Mossco Capital Inc., an affiliated Canadian resident corporation controlled by Mr. Moss Kadey, ("Mossco") and David Macdonald, two of Titanium's independent directors (together, the "Lenders") considered to be related parties. The Lenders agreed to lend the aggregate principal amount of up to $1,500,000 (collectively, the "Loans"). Mossco agreed to advance up to $1,000,000 and Mr. Macdonald agreed to advance up to $500,000. On December 16, 2016, the Company repaid the Loans together with accrued interest in the amount of $1,005,920 from proceeds received on the closing of a Rights Offering. The repayment of the Loans terminated the Loan Agreements and eliminated all the Company's outstanding debt obligations and related security encumbrances.

7 Share capital

Authorized

Unlimited number of common shares without par value have been authorized. Details of share capital balances are as follows:

	Three month period November 30, 2017		Twelve month period August 31, 2017	
	Common shares #	Amount $	Common shares #	Amount $
Opening Balance – September 1	79,169,374	68,002,318	65,332,812	61,247,412
Issued for cash on exercise of stock options	525,000	510,625	67,500	28,308
Issued for cash on exercise of warrants	750,000	1,012,500	-	-
Gross proceeds on issuance of common shares	-	-	13,069,062	6,534,531
Share issue costs	-	-	-	(177,835)
Fair value of warrants issued in connection with common shares	-	-	-	(279,717)
Reallocation from contributed surplus relating to fair value of stock options	-	266,884	-	19,180
Issue and reallocation of fair value from contributed surplus relating to exercise of warrants	-	550,472	700,000	630,439
Closing Balance –	80,444,374	70,342,799	79,169,374	68,002,318

On December 19, 2016, the Company closed its fully subscribed rights offering with the issuance of 13,069,062 common shares for gross aggregate proceeds of $6,534,531 ($0.50 per share). In connection with the offering, and in consideration for the purchase commitment under the standby purchase agreement, the Company issued 2,675,000 common share purchase warrants exercisable at $0.70 per common share for a period of two years expiring December 21, 2018 (note 8). The Company incurred $177,835 in expenses for the offering consisting of legal, rights agent, exchange listing, and other fees. The share issue costs were recorded as a charge against share capital.

Equity-based compensation

The Company has equity plans for its directors, officers, employees and consultants to encourage ownership of common shares and align with the longer term interest of Company shareholders. The equity plans are designed to advance the Company's interests by providing additional incentives for plan participants and to retain and attract valued directors, officers, employees and consultants. The Company grants equity-based awards at the discretion of the board of directors. The associated equity-based compensation expenses are recognized as components of general and administrative and research and development expenses. The Company adopted "rolling" equity-based plans that include stock options, DSUs and RSUs. The number of common shares issuable under all such plans at any time is limited to 10% (rolling) of the issued and outstanding common shares of the Company in the aggregate. The plans are subject to annual approval by the Company's shareholders.

The equity plans are comprised of the following components:

a) Stock options

Once a stock option is granted, the compensation costs for options granted is based on the estimated fair values of the options at the time of grant. The cost is recognized as a component of general and administrative or research and development expenses over the vesting periods of the options with a corresponding increase to contributed surplus within shareholders' equity. Upon exercise of a stock option, both the consideration received and the fair value of the options are recognized as share capital.

b) DSUs

As part of the Company's long-term incentives for non-executive directors, a deferred share unit plan was established representing a component of director compensation. DSU awards vest immediately upon grant and are settled with the issuance of one common share for one DSU when a director's service ceases. The compensation expense for DSUs awarded to non-executive directors is based on the fair values at the time the award is granted. The fair value means, at any date, the higher of (i) weighted average price per share at which the common shares have traded on the TSXV during the last five (5) trading days prior to the relevant date and (ii) the closing price of the common shares on the date prior to the relevant date. The expense is recognized as a component of general and administration expense with a corresponding increase to contributed surplus within shareholders' equity. Upon redemption, the fair value of the award is reclassified from contributed surplus to share capital.

c) RSUs

As part of the Company's long-term incentives for officers and other key employees of the Company, a restricted share unit plan was established representing a component of compensation. The RSU plan provides participants with the opportunity to acquire RSUs in order to participate in the long term success of the Company. The vesting schedule for RSU awards is specified by the Board of Directors on the grant date. Once the award is vested, the RSU can be settled, at the option of the holder, with the issuance of one RSU in exchange for one common share. The compensation expense for RSUs awarded is based on the fair values of the award at the time of grant and amortized over the specified vesting period. The fair value means, at any date, the higher of (i) weighted average price per share at which the common shares have traded on the TSXV during the last five (5) trading days prior to the relevant date and (ii) the closing price of the common shares on the date prior to the relevant date. The cost is recognized as a component of general and administration and/or research and development expense with a corresponding increase to contributed surplus, within shareholders' equity. Upon redemption, the fair value of the award is reclassified from contributed surplus to share capital.

Summary of equity plan awards

The number of common shares issuable under all plans at any time is limited to 10% (rolling) of the issued and outstanding common shares of the Company in the aggregate. A summary of the equity plans as at November 30, 2017 and August 31, 2017 are as follows:

	November 30, 2017 #	August 31, 2017 #
Equity Award Pool (10% of common shares outstanding)	8,044,437	7,916,937
Less Awards Granted:		
Stock Options	(3,332,500)	(3,857,500)
DSUs	(1,080,281)	(1,080,281)
RSUs	(991,311)	(991,311)
Available Pool	2,640,345	1,987,845

Summary of stock options

A summary of the Company's stock option activity for the periods ended November 30, 2017 and August 31, 2017 is as follows:

	November 30, 2017		August 31, 2017	
	Number of common stock options #	Weighted average exercise price $	Number of common stock options #	Weighted average exercise price $
Outstanding – September 1	3,857,500	$ 0.78	2,850,000	$ 0.65
Granted	-	-	1,150,000	$ 1.12
Options exercised	(525,000)	$ 0.97	(67,500)	$ 0.42
Options expired	-	-	(75,000)	$ 1.75
Options outstanding	3,332,500	$ 0.74	3,857,500	$ 0.78
Options exercisable	2,170,000	$ 0.55	2,682,500	$ 0.63

The following table summarizes the options outstanding as at November 30, 2017:

Range of exercise price	Number of common shares #	Weighted average remaining contractual life years	Weighted average exercise price $	Number of options exercisable #	Weighted average exercise price $
0.00 – 0.99	1,682,500	3.2	$0.41	1,670,000	$0.41
1.00 – 1.99	1,650,000	3.2	$1.09	500,000	$1.00
	3,332,500	3.2	$0.74	2,170,000	$0.55

Stock-based compensation expense has been presented in the statement of loss and comprehensive loss as a non-cash component of research and development and general and administrative expense (note 11). The fair value of each stock option is accounted for in the statement of loss and comprehensive loss, over the vesting period of the options, and the related credit is recorded in contributed surplus.

Summary of DSUs

A summary of the DSU activity for the periods ended November 30, 2017 and August 31, 2017 is as follows:

	November 30, 2017		August 31, 2017	
	Number of DSUs #	Weighted average share price at time of grant $	Number of DSUs #	Weighted average share price at time of grant $
Outstanding – September 1	1,080,281	$0.73	647,102	$0.74
Granted	-	-	433,179	$0.71
Redeemed/released	-	-	-	-
DSUs outstanding	1,080,281	$0.73	1,080,281	$0.73

Summary of RSUs

A summary of the RSU activity for the periods ended November 30, 2017 and August 31, 2017 is as follows:

	November 30, 2017			August 31, 2017		
	Number of RSUs #	Exercise price $	Weighted Average share price at time of grant $	Number of RSUs #	Exercise price $	Weighted Average share price at time of grant $
Outstanding September 1	991,311	$0.0001	$0.68	895,502	$0.0001	$0.87
Granted	-	-	-	795,809	$0.0001	$0.66
Exercised	-	-	-	(700,000)	$0.0001	$0.90
RSUs outstanding	991,311	$0.0001	$0.68	991,311	$0.0001	$0.68

8 Warrants

In connection with the Rights Offering on December 19, 2016, and in consideration for the purchase commitment by certain investors under the standby purchase agreement, the Company issued 2,675,000 common share purchase warrants exercisable at $0.70 per common share for a period of two years expiring December 21, 2018. A value of $279,717 was attributed to the warrants issued to standby purchasers in connection with the rights offering based on the Black-Scholes pricing model and was recorded as part of contributed surplus on the statement of financial position. If the warrants are exercised before expiry, the fair value will be reclassified as share capital.

The assumptions used in the Black Scholes pricing model for the fair value of the warrants were as follows:

Exercise price of warrants	$0.70
Risk free interest rate	0.82%
Expected life	2.0
Expected volatility	64.15%
Fair value per whole warrant	$0.105

9 Basic and diluted loss per share

Weighted average number of common shares outstanding

As the Company incurred losses for each of the three month periods ended November 30, 2017 and November 30, 2016, the impact of potentially issuable common shares upon the exercise of options would be anti-dilutive, therefore basic and diluted loss per share are the same.

The following table sets forth the reconciliation of basic and diluted loss per share:

	November 30, 2017 $	November 30, 2016 $
Net loss and comprehensive loss	832,281	744,932
Weighted average number of common shares for basic and diluted loss per share	79,626,379	65,341,467
Basic and diluted loss per share	0.01	0.01

10 Segmented information

Operating segments

The Company has one reporting segment engaged in researching, developing and commercializing a separation process for the recovery of heavy minerals, bitumen, solvent and water from oil sands froth treatment tailings. As the operations comprise a single reporting segment, amounts disclosed in the financial statements represent those of the single reporting unit. In addition all of the Company’s equipment is located in Canada.

11 Expenses by nature

General and administrative expenses consist of the following:

	Three month period ended November 30	
	2017 **$**	**2016** **$**
Compensation and benefits	240,736	130,530
Deferred compensation expense (note 5)	49,664	78,394
Equity-based compensation (note 7)	73,350	58,204
Investor relations and regulatory	10,628	18,283
Consulting and professional fees	94,037	63,362
Directors' fees – deferred compensation (note 5)	82,500	55,490
Travel	10,989	11,604
Rent, insurance and office	32,238	27,032
	594,142	442,899

Research and development expenses consist of the following:

	Three month period ended November 30	
	2017 **$**	**2016** **$**
Projects, rent and other	123,990	49,575
Compensation and benefits	175,662	86,600
Deferred compensation expense (note 5)	32,833	34,500
Equity-based compensation (note 7)	52,891	18,700
Subtotal	385,376	189,375
Recovery of project expenses	(167,590)	-
	217,786	189,375

Amortization, interest and finance expenses:

	Three month period ended November 30	
	2017 **$**	**2016** **$**
Amortization of loan issue costs (note 6)	-	76,193
Standby and draw down charges (note 6)	-	3,740
Interest	-	30,258
Amortization of fixed assets	694	2,620
Foreign exchange loss	42	17
	736	112,828

12 Capital management

The Company considers its shareholders' equity as its capital, which at November 30, 2017 totalled $4,835,144, (August 31, 2017 – ($3,984,207). The Company does not have any bank debt or externally imposed capital requirements. The Company's capital management objectives are to manage its cash, cash equivalents and short term investments prudently; to minimize the expenditures on general and administrative costs to ensure funds are available to continue to advance the commercialization of CVW™ projects; and to access available government funding for research and development and commercialization.

Management reviews its capital management approach on an ongoing basis and believes that its current approach, given the relative size and stage of the Company, is appropriate.

13 Commitments – FEED Study Project with Emissions Reduction Alberta and Canadian Natural

On October 19, 2017, the Company announced that it had entered into a contribution agreement with ERA whereby ERA will fund up to the lesser of $5.0 million or 50% of the cost of the engineering design project for implementation of Titanium's CVW™ technology at Canadian Natural's Horizon site. On September 28, 2017 the Company announced Canadian Natural confirmed its commitment to fund up to $3.7 million with the signing of a Front End Engineering Design ("FEED") Study Agreement. With the ERA contribution in addition to the financial commitments of each of Canadian Natural ($3.7 million) and Titanium ($1.5 million), the estimated $10.2 million project cost is expected to be fully funded.

14 Related Party Transaction

The Company entered into loan agreements on October 9, 2015 with the Lenders, both directors of the Company, pursuant to which the Lenders agreed to lend to the Company the aggregate principal amount of up to $1.5 million. On December 16, 2016, in connection with the closing of the Company's rights offering, the outstanding loans of $1.0 million were repaid in full, the loan facilities were terminated and all of the debt obligations of the Company were eliminated. In connection with entering into the loan agreements, Titanium issued 750,000 non-transferable common share purchase warrants of the Company to the Lenders which were allocated proportionally on the basis of their committed amounts. Each warrant entitled the holder to acquire one common share of Titanium at a price of $1.35 per Common Share prior to October 9, 2017. The warrants were exercised on October 6, 2017 resulting in the issuance of an aggregate 750,000 common shares of the Company to the Lenders for proceeds of $1,012,500.

15 Subsequent Events

i. Deferred Compensation

a) On December 1, 2017 the Company issued RSUs and DSUs under each of the Company's shareholder approved RSU Plan and DSU Plan, respectively for the settlement of an aggregate of $113,738 in deferred compensation. The Company issued 23,487 RSUs to officers for settlement of $31,238 of deferred compensation and 62,030 DSUs to non-executive directors for settlement of $82,500 of deferred compensation. As a result of the issuance of these equity awards, the deferred compensation liability was reduced in aggregate by $113,738 and the corresponding credit was included as contributed surplus.

b) On January 2, 2018 the Company issued 270,042 RSUs under the Company's shareholder approved RSU Plan for the settlement of $324,050 in deferred compensation owing to certain officers of the Company on December 31, 2018. As a result of the issuance of these RSUs, the deferred compensation liability was reduced by $ 324,050 and the corresponding credit was included as contributed surplus.

ii. Stock Option Exercise

On December 5, 2017 and January 10, 2018, certain officers and consultants of the Company exercised 500,000 stock options that were due to expire on April 29, 2018. The Company received $500,000 in gross proceeds from the transaction.