
GRAPHENE 3D LAB INC.
(FORMERLY MATNIC RESOURCES INC.)
UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
(Expressed in US Dollars)
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014

January 28, 2015

Management's Report

The accompanying interim unaudited condensed consolidated financial statements of **Graphene 3D Lab Inc. (formerly Matnic Resources Inc.)** (the "Company") are the responsibility of management and have been approved by the Board of Directors. The interim unaudited condensed consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The interim unaudited condensed consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the interim unaudited condensed consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's consolidated financial statements, and recommended their approval by the Board of Directors.

These interim unaudited condensed consolidated financial statements have not been reviewed by the external auditors of the Company.

Signed:

"Daniel Stolyarov"

Daniel Stolyarov, President and Chief Executive Officer
Calverton, New York

"Robert Randall"

Robert Randall, Chief Financial Officer
Halifax, Nova Scotia

GRAPHENE 3D LAB INC.
(FORMERLY MATNIC RESOURCES INC.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)

	November 30, 2014 (Unaudited)	May 31, 2014 (Audited)
ASSETS		
	\$	\$
Current		
Cash	638,204	66,233
Amounts recoverable	10,070	-
Inventory	47,983	10,686
Prepaid expenses and deposits	67,478	-
	763,735	76,919
Equipment (Note 4)	135,792	20,308
	899,527	97,227
LIABILITIES		
Current		
Accounts payable and accrued liabilities	28,685	24,353
Convertible promissory notes payable (Note 5)	-	204,530
	28,685	228,883
Shareholders' Equity (Deficiency)	870,842	(131,656)
	899,527	97,227

Nature of Operations (Note 1)
Going Concern (Note 2)
Subsequent Events (Note 7)

Approved on behalf of the Board of Directors on January 28, 2015:

"Daniel Stolyarov" Director
Daniel Stolyarov

"Ian Klassen" Director
Ian Klassen

GRAPHENE 3D LAB INC.
(FORMERLY MATNIC RESOURCES INC.)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2014
(Expressed in US Dollars)
(Unaudited)

EXPENSES	Six months ended November 30, 2014 \$	Three months ended November 30, 2014 \$	Three and six months ended November 30, 2013 \$
Research and development	60,204	35,361	2,423
Salaries and benefits	125,394	110,776	-
Contract labour	19,182	3,848	-
Professional fees	188,259	126,655	13,704
Regulatory fees	35,586	30,729	-
Listing fee expense (note 3)	1,463,214	(44,784)	-
Office and administrative	39,900	23,928	1,163
Marketing and investor relations	92,446	56,111	971
Travel	25,935	24,130	-
Foreign exchange loss	3,803	1,777	-
Stock based compensation	691,471	390,886	-
Depreciation	4,352	2,176	-
NET LOSS FOR THE PERIOD	2,749,746	761,593	18,260
Foreign currency translation	13,212	7,538	-
COMPREHENSIVE LOSS FOR THE PERIOD	2,762,958	769,131	18,260
LOSS PER SHARE- BASIC AND DILUTED	0.8	0.02	0.001
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	33,882,087	40,694,423	16,391,735

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

GRAPHENE 3D LAB INC.
(FORMERLY MATNIC RESOURCES INC.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014
(Expressed in US Dollars)
(Unaudited)

	Six months ended November 30, 2014 \$	Six months ended November 30, 2013 \$
OPERATING ACTIVITIES		
Net loss	(2,749,746)	(18,260)
Non cash items		
Depreciation	4,352	-
Listing fee expense	1,318,519	-
Stock based compensation	691,471	-
	(735,405)	(18,260)
Changes in non-cash working capital items:		
Amounts recoverable	4,258	-
Inventory	(47,983)	-
Prepaid expenses and deposits	(56,792)	-
Accounts payable and accrued liabilities	(167,024)	-
	(1,002,946)	-
INVESTING ACTIVITIES		
Purchase of equipment	(119,836)	-
FINANCING ACTIVITIES		
Proceeds from issuance of common shares (net)	1,516,707	50,458
Proceeds on the exercise of warrants	190,724	-
Cash acquired on reverse acquisition transaction	535	-
	1,707,965	50,458
Effect of changes in exchange rates	(13,212)	-
Change in cash during the period	571,971	32,198
Cash, beginning of period	66,233	-
Cash, end of period	638,204	32,198

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GRAPHENE 3D LAB INC.
(FORMERLY MATNIC RESOURCES INC.)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014
(Expressed in US Dollars) (Unaudited)

	Common Shares		Warrants		Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
	#	\$	#	\$	\$	\$	\$	\$
Opening Balance	-	-	-	-	-	-	-	-
Common shares issued for cash	21,483,636	4,200	-	-	-	-	-	4,200
Preferred shares issued for cash	-	-	250,000	46,258	-	-	-	46,258
Share issuance costs	-	-	-	(7,437)	-	-	-	(7,437)
Net loss for the period	-	-	-	-	-	-	(18,260)	(18,260)
Balance – November 30, 2013	21,483,636	4,200	250,000	38,821	-	-	(18,260)	24,761
Conversion of preferred shares to common shares	3,196,970	38,821	(250,000)	(38,821)	-	-	-	-
Equity component of convertible promissory notes	-	-	-	-	2,996	-	-	2,996
Forfeiture of common shares	(3,580,606)	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(159,413)	(159,413)
Balance, May 31, 2014	21,100,000	43,021	-	-	2,996	-	(177,673)	(131,656)
Common shares of Graphene 3D (US) Inc. exchanged for common shares of the Graphene 3D Lab Inc.	(21,100,000)	-	-	-	-	-	-	-
Shares and warrants deemed to be issued on reverse takeover	6,367,500	578,970	3,000,000	228,000	-	-	-	806,970
Exercise of warrants	2,845,000	406,944	(2,845,000)	(216,220)	-	-	-	190,724
Convertible debenture exchanged for shares and warrants	4,500,000	204,581	4,500,000	358,000	-	-	-	562,581
Common shares issued for cash	7,200,000	1,636,661	-	-	-	-	-	1,636,661
Share issuance costs	-	(119,955)	-	-	-	-	-	(119,955)
Foreign currency translation	-	-	-	-	-	(13,312)	-	(13,312)
Net loss for the period	-	-	-	-	(2,996)	-	(2,749,746)	(2,752,742)
Stock based compensation	-	-	-	-	691,471	-	-	691,471
Balance, November 30, 2014	42,012,500	2,750,222	4,655,000	369,780	691,471	(13,312)	(2,927,419)	870,842

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

**GRAPHENE 3D LAB INC.
(FORMERLY MATNIC RESOURCES INC.)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014**
(Expressed in US Dollars)
(Unaudited)

1. NATURE OF OPERATIONS

Graphene 3D Lab Inc. (the "Company"), formerly MatNic Resources Inc. ("MatNic") was incorporated pursuant to the British Columbia Business Corporations Act on January 17, 2011. On August 8, 2014, the Company acquired Graphene 3D Lab (U.S.) Inc. (formerly Graphene 3D Lab Inc.) through a reverse acquisition transaction. The historical operations, assets and liabilities of Graphene 3D Lab (U.S.) Inc. are included as the comparative figures as at and for the period ended May 31, 2014, which is deemed to be the continuing entity for financial reporting purposes. Graphene 3D Lab (U.S.) Inc. was incorporated on September 3, 2013 in the State of Delaware.

Concurrent with the closing of the reverse acquisition transaction, MatNic changed its name to Graphene 3D Lab Inc. and effected a change in directors, management and business. On August 11, 2014 the Company's common shares resumed trading on the TSX Venture Exchange ("TSX-V") under the symbol "GGG."

The Company's principal business is the development and manufacturing of graphene-enhanced materials for 3D printing, with proprietary technologies aimed at enhancing the properties of materials currently used in 3D printers. The Company is currently in the development stage and has not commenced its principal operations. The address of the Company's principal place of business is at Suite 112 - 4603 Middle Country Road, Calverton, New York.

2. BASIS OF PREPARATION AND CONTINUING OPERATIONS

Statement of Compliance

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent audited financial statements of the Graphene 3D Lab (U.S.) Inc., except for the accounting policies which have changed as a result of the adoption of new and revised standards and interpretations which are effective June 1, 2014. These condensed consolidated interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the May 31, 2014 audited financial statements, which were prepared in accordance with IFRS as issued by the IASB.

Basis of Consolidation

These condensed consolidated interim financial statements incorporate the accounts of the Company and its wholly-owned subsidiary Graphene 3D Lab (U.S.) Inc. All significant intercompany transactions and balances have been eliminated on consolidation.

**GRAPHENE 3D LAB INC.
(FORMERLY MATNIC RESOURCES INC.)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014**
(Expressed in US Dollars) (Unaudited)

2. BASIS OF PREPARATION AND CONTINUING OPERATIONS (continued)

New Accounting Pronouncements

The following standards have been adopted by the Company effective June 1, 2014, with no material impact on its financial statements:

- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interest in Other Entities*, IAS 27 *Separate Financial Statement*, IAS 32 *Financial Instruments: Presentation*, IAS 36 *Impairment of Assets*, and IAS 39 *Financial Instruments: Recognition and Measurement*
- IFRIC 21 *Levies*

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. The Company intends to adopt these standards when they become effective.

Going Concern

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at November 30, 2014, the Company has an accumulated deficit, negative cash flows from operations and a projected working capital deficiency. These factors raise significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. There is no guarantee that the Company will be able to raise this additional financing. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Accounting policies

These financial statements are based on the accounting policies consistent with those disclosed in note 3 to the May 31, 2014 audited financial statements of Graphene 3D Lab (U.S.) Inc.

3. REVERSE ACQUISITION TRANSACTION

On August 8, 2014, MatNic acquired 100% ownership of Graphene 3D Lab (U.S.) Inc. by issuing 25,600,000 of its common shares and 4,500,000 common share purchase warrants (the "Transaction"). For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since MatNic, prior to the acquisition did not constitute a business. The transaction is accounted for in accordance with IFRS 2 *Share-based Payment* whereby Graphene 3D Lab (U.S.) is deemed to have issued shares and share purchase warrants in exchange for the net assets of MatNic together with its listing status at the fair value of the consideration received by Graphene 3D Lab (U.S.) Inc. The accounting for this transaction resulted in the following:

- (i) The consolidated financial statements of the combined entities are issued under the legal parent, MatNic, but are considered a continuation of the financial statements of the legal subsidiary, Graphene 3D Lab (U.S.) Inc.
- (ii) Since Graphene 3D Lab (U.S.) Inc. is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

GRAPHENE 3D LAB INC.
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3. REVERSE ACQUISITION TRANSACTION (continued)

Since the share and share based consideration allocated to the former shareholders of MatNic on closing the Transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares and warrants, the value in excess of the net identifiable assets or obligations of MatNic acquired on closing was expensed in the condensed consolidated interim statement of operations and comprehensive loss as listing expense.

The listing expense in the amount of \$1,463,214 is comprised of the fair value of shares and warrants of the Company retained by the former shareholders of MatNic, the warrants issued to convertible debenture holders as well as other direct expenses of the Transaction.

The listing fee expense is summarized as follows:

Net working capital deficiency acquired:	\$
Accounts payable and accrued liabilities	171,358
Receivables	(59,112)
Cash	(535)
	111,711
Common shares deemed to be issued re MatNic (6,367,500 shares at US\$0.091 (C\$0.10) per share)	578,970
Warrants deemed to be issued re MatNic (3,000,000 warrants exercisable at US\$0.0675 (C\$0.075) until February 27, 2017)	228,000
Warrants issued in exchange for convertible debenture (4,500,000 warrants exercisable at US\$0.064 (C\$0.07) until August 8, 2017)	358,000
Sponsors fee, legal and disbursements	59,306
Legal and other transaction costs	127,227
	1,351,503
Listing fee expense	1,463,214

The Company has estimated the fair value of the equity instruments deemed to be issued by MatNic. The fair value of the common shares amounted to \$578,970, based on the trading value of the MatNic shares at the time of the agreement being \$0.091 (C\$0.10) per share. The fair value of the Matnic warrants, exercisable at \$0.0675 (C\$0.075) per share for 30 months, amounted to \$235,000. The fair value of the warrants issued in association with the convertible debentures, exercisable at \$0.064 (C\$0.07) per share for 36 months, amounted to \$358,000. The fair value was estimated using the Black-Scholes pricing model applying an expected volatility of 165%, a risk free interest rate of 1% with no expected dividend yield. The fair value of these equity instruments has been recorded as a listing expense.

GRAPHENE 3D LAB INC.
(FORMERLY MATNIC RESOURCES INC.)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014
(Expressed in US Dollars) (Unaudited)

4. EQUIPMENT

	Three months ended November 30, 2014
	Laboratory Equipment
Cost:	\$
Beginning of period	26,110
Additions	119,836
Disposals	-
End of period	145,946
Accumulated Depreciation:	
Beginning of period	5,802
Depreciation expense	4,352
End of period	10,154
Net book value:	
Beginning of period	20,308
End of period	135,792

5. CONVERTIBLE PROMISSORY NOTES PAYABLE

The Company entered into a series of convertible promissory notes payable during the prior period with arms length individuals with a principal amount of \$204,581 (C\$225,000). The notes were convertible into common shares of the Company for any portion of the outstanding principal at a rate of 1.5% of the then fully-diluted common shares of the Company for each C\$10,000 principal balance converted at the discretion of the Company.

As a result of the reverse acquisition transaction described in Note 3, the entire amount of principal was converted into common shares at a conversion price of C\$0.05 per common share. In addition one common share purchase warrants has been issued for each C\$0.05 of principal outstanding to the convertible promissory note holders. Each common share purchase warrant will entitle the holder to purchase one common share for each warrant held at an exercise price of \$0.64 (C\$0.07) per share. The warrants expire on August 8, 2017.

6. RELATED PARTY TRANSACTIONS

Key management includes directors, and officers of the Company. The Company entered into the following transactions with related parties:

- a) During the six months ended November 30, 2014, the Company reimbursed payroll costs of \$14,087 to a company controlled by common officers and directors of the Company.
- b) During the six months ended November 30, 2014, the Company paid professional fees of \$45,700 to a company controlled by an officer of the Company and \$3,800 to companies controlled by directors.
- c) During the three months ended August 31, 2014 the Company paid \$21,110 for reimbursement of rent, accounting, research and development and other expenses to a Company controlled by common officers and directors.

**GRAPHENE 3D LAB INC.
(FORMERLY MATNIC RESOURCES INC.)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014**
(Expressed in US Dollars) (Unaudited)

7. SHARE CAPITAL

Authorized:

Unlimited number of common shares without par value.

Issued and outstanding common stock:

- a) On July 18, 2014, Graphene 3D (US) Inc. increased its authorized capital to 45 million common shares and completed a stock split whereby Graphene 3D (US) Inc. issued to each shareholder of record 12.787878 shares of common stock, par value \$0.0001 per share, for each share of common stock held by each shareholder as at the record date. This resulted in 21,100,000 issued and outstanding shares. Under International Financial Reporting Standards this stock split is applied retroactively in the financial statements. As at May 31, 2014, 21,100,000 common shares of Graphene 3D (US) Inc. are deemed to be outstanding.
- b) On August 8, 2014, as a result of the reverse acquisition transaction, the Company has acquired all of the issued and outstanding common shares of Graphene 3D Lab (U.S.) Inc. in exchange for 21,100,000 common shares of the Company.
- c) The Company has estimated the fair value of its 6,367,500 common shares deemed to be issued by MatNic Resources Inc. on the reverse acquisition transaction as \$578,970, based on the trading value of the MatNic shares at the price of the shares was \$0.091 (C\$0.10) per share.
- d) Concurrent with the reverse acquisition transaction, the Company also acquired all of the common shares of Graphene 3D US Inc. held as a result of the conversion of the 7.5% unsecured convertible notes which had a fair value of \$204,581 (C\$225,000). The Company issued 4,500,000 common shares and 4,500,000 non-transferable common share purchase warrants to the note holders.
- e) The Company completed a concurrent private placement offering for gross proceeds of US\$1,636,661 (C\$1,800,000) by the issuance of 7,200,000 common shares at C\$0.25 per share. In connection with the private placement financing the Company incurred share issue costs of \$119,955.
- f) During the period ended November 30, 2014, the Company issued 2,845,000 common shares on the exercise of warrants for proceeds of \$190,724 (C\$213,375).

Escrow shares:

As at November 30, 2014, there are 20,168,750 common shares subject to escrow agreements.

Stock options:

The Company has adopted a stock option plan (the "Plan"), providing the Board of Directors with the discretion to issue an equivalent number of options of up to 10% of the issued and outstanding share capital of the Company. Stock options are granted with an exercise price of not less than the closing share price of the day preceding the date of grant.

GRAPHENE 3D LAB INC.
(FORMERLY MATNIC RESOURCES INC.)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014
(Expressed in US Dollars) (Unaudited)

7. SHARE CAPITAL (continued)

Stock options (continued):

During the period ended November 30, 2014, the Company granted 2,075,000 stock options to directors, employees and consultants of the Company. The estimated fair value of the stock options granted was estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options. The resulting weighted average fair value at the date of grant is \$0.78. The weighted average assumptions used in the Black-Scholes option pricing model are as follows:

	November 30, 2014
Risk-free interest rate	1.0%
Expected volatility	130%
Expected dividend yield	\$nil
Expected life	5 years

Continuity of stock options for the three months ended August 31, 2014:

	# of options	Exercise price
Options outstanding at beginning of period	-	-
Granted August 26, 2014 for five year term	2,075,000	\$ 1.00
Options outstanding - end of period	2,075,000	\$ 1.00
Vested options - end of period	452,500	\$ 1.00

The options have various vesting schedule ranging from one year to 42 months. Based on the Black-Scholes stock option pricing model and the assumptions outlined above the estimated fair value of the granted options is \$1,660,623. This amount is recognized over the vesting period. As a result a stock-based compensation expense of \$691,471 has been recorded in the period ended November 30, 2014. Upon issuance 382,500 options vested immediately and an additional 70,000 options vested in the quarter ended November 30, 2014 for a total of 452,500 vested options.

Share purchase warrants:

The Company has 3,000,000 common share purchase warrants deemed to be issued by MatNic Resources Inc. on the reverse acquisition transaction. The Company also issued 4,500,000 non-transferable share purchase warrants to the note holders described in Note 5.

GRAPHENE 3D LAB INC.
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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Expressed in US Dollars) (Unaudited)

7. SHARE CAPITAL (continued)

Share purchase warrants (continued):

Continuity of share purchase warrants for the six months ended November 30, 2014:

	# of warrants	Weighted average exercise price
Warrants outstanding at beginning of period	-	-
Deemed to be issued on the reverse acquisition transaction, expire February 27, 2017	3,000,000	\$ 0.075
Issued on conversion of convertible debentures, expire August 8, 2017	4,500,000	\$ 0.070
Warrants exercised during the period	(2,845,000)	\$0.075
Warrants outstanding at end of period	4,655,000	\$ 0.070

Subsequent to November 30, 2014, 155,000 warrants, with an exercise price of \$0.075, have been exercised for total proceeds of \$11,625.

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and convertible promissory notes payable.

The following table summarizes the carrying values of the Company's financial instruments:

	November 30, 2014	May 31, 2014
	\$	\$
FVTPL (i)	638,204	66,233
Other financial liabilities (ii)	28,686	228,883

(i) Cash and security deposit

(ii) Accounts payable and convertible promissory notes payable

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and

Level 3 - Inputs that are not based on observable market data

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash and security deposit	638,204	-	-	638,204

**GRAPHENE 3D LAB INC.
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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2014**
(Expressed in US Dollars) (Unaudited)

9. SUBSEQUENT EVENTS

Subsequent to November 30, 2014, the Company issued 155,000 common shares on the exercise of warrants for proceeds of \$9,990 (C\$11,625).

In December, the Company signed a Letter of Intent to acquire Boots Industries Inc., a Canadian 3D printer manufacturer in an all share deal capped at C\$500,000. The Company's due diligence on this acquisition is continuing.

On January 9, 2015 the Company closed a private placement issuing 1,220,000 common shares and 610,000 common share purchase warrants for gross proceeds of \$1,042,735 (C\$1,220,000). Each common share purchase warrant entitles the holder to acquire one common share of the Company at a price of \$1.25. These warrants expire on January 9, 2017.