MASON GRAPHITE INC.

Management's Discussion and Analysis
For the years ended June 30, 2019 and 2018

The following Management's discussion and analysis ("MD&A") relates to the audited financial statements of Mason Graphite Inc. ("we", "our", "us", "Mason Graphite", ''Mason'' or the "Company") for the years ended June 30, 2019 and 2018 ("Financial statements"). This MD&A reports on our activities through October 28, 2019 unless otherwise indicated. The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company has consistently applied the accounting policies used in the preparation of its IFRS financial statements, including the comparative figures.

Qualified person consent

Jean L'Heureux, Eng., M. Eng., Executive Vice-President, Process Development for Mason Graphite, and a Qualified Person, as defined by NI 43-101, for Mason Graphite was responsible for verifying the scientific and technical data herein and has read and approved this MD&A.

All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. Additional information, including our press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under our profile at www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to targeted milestones to achieve development of the Lac Guéret Project, successfully obtaining project financing, the future financial or operating performance of the Company and its projects, the future price of and supply and demand for graphite, the estimation of mineral reserves and resources, the realization of mineral reserves and resources estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new and existing deposits, costs and timing of future exploration, requirements for additional capital, management's belief that the Company will have sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months, government regulation of mining operations, environmental risks, reclamation expenses, the success of mining operations, permitting, economic return estimates and potential upside. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate" or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Readers should not place undue reliance on forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Even with the completion of the Preliminary Economic Assessment and a positive feasibility study, there are no assurances that the Lac Guéret Project will be placed into production. Factors that could affect the outcome include, among others: the actual results of development activities; project delays; inability to raise the funds necessary to achieve the milestones or complete development; general business, economic, competitive, political and social uncertainties; future prices of metals; availability of alternative graphite sources or substitutions; actual graphite recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future cost of capital to the Company; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled "*Risk and uncertainties*". Such forward-looking statements are also based on a number of material factors and assumptions, including: the availability of financing at rates and on terms and conditions otherwise acceptable to the Company; future graphite prices; permitting and development consistent with the Company's expectations; foreign exchange rates; prices and availability of equipment;

that contracted parties provide goods and/or services on the agreed timeframes; that on-going contractual negotiations will be successful and progress and/or be completed in a timely manner; and that no unusual geological or technical problems occur. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

The Mineral Reserves and the "In-Pit" Mineral Resources <u>are included</u> in the total Measured and Indicated Mineral Resources of 65.5 Mt grading 17.2% Cg (19.0 Mt of Measured Resources grading 17.9% Cg and 46.5 Mt of Indicated Resources grading 16.9% Cg) that were reported in the Company's press release dated December 5th, 2018. The Mineral Reserves are the basis of the 25-year Mine Life of the Feasibility Study published on September 25th, 2015 (amended on February 29th, 2016 and updated on December 12th, 2018) and <u>are not included</u> in the "In-Pit" Measured and Indicated Mineral Resources of 58.0 Mt grading 16.3% Cg (which have an equivalent drilling definition). The reference point for the Mineral Reserves estimate is the mill feed. Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability and were not included in the mine life or the economics of the Feasibility Study. Environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues may materially affect the estimate of Mineral Resources. In addition, there can be no assurance that Mineral Resources in a lower category may be converted to a higher category, or that Mineral Resources may be converted to Mineral Reserves.

1. DESCRIPTION OF BUSINESS AND OVERVIEW

Mason Graphite is engaged in the development of its 100% owned Lac Guéret graphite property located in Québec, Canada. Substantially all of the Company's efforts are devoted to financing and developing this property. The Company has a National Instrument 43-101 compliant technical report for its mineral reserve and resource estimate and for a feasibility study on the Lac Guéret property. As at June 30, 2017, management determined that the technical feasibility and commercial viability of the Lac Guéret project had been established and accordingly, the development phase for the Lac Guéret project has commenced.

A) LAC GUÉRET PROJECT

Mason Graphite has a 100% interest in the Lac Guéret graphite property located in the Côte-Nord region in northeastern Québec.

B) ENGINEERING, PROCUREMENT, CONSTRUCTION AND MANAGEMENT AND MINE & PROCESSING PLANT CONSTRUCTION

Mason Graphite has decided to utilize the "Owner's Built" construction model after thorough review of all options available. Following receipt of the Decree (608-2018) from the Québec government (the "Decree"), pursuant to which the Project is authorized, and following advancements made toward detailed engineering and procurement, Mason Graphite has focused on building its construction team.

Mason Graphite executives' greater than 60 years of aggregate graphite experience, combined with the newly acquired construction team, have positioned the Company to maintain control and ownership of the Project within the Company and best represent the identity of Mason Graphite since inception.

Engineering and Construction:

Montreal, QC based BBA Inc., as lead engineering firm, complemented by Soutex Inc. of Québec, QC (Process Engineering), Groupe TDA Construction Inc. of Baie-Comeau, QC (Forest Road and Mining Camp Engineering) and WSP of Quebec, QC (mine engineering) have mostly completed the engineering related to the following disciplines: mining, concentration process, civil works, concrete, structure and mechanical. Engineering for the following disciplines is also being advanced: piping, electrical and instrumentation / automation.

On December 12th, 2018, Mason Graphite issued a press release reporting that it had completed and filed the technical report NI 43-101.The preparation of the study have been supervised by Jean L'Heureux, Eng., M. Eng., Executive Vice President, Process Development.

Wood clearing at the Lac Guéret Mine Site was completed in mid-December 2018.

The six grinding Mills, which are major equipment at the Process Plant, were delivered in Baie-Comeau in February 2019. The two Press Filters have also been delivered in Baie-Comeau in May 2019. Three thickeners are currently under fabrication in Baie-Comeau.

The project in a few key figures:

- Engineering (all disciplines): 75% progress (63,000 hours completed);
- Procurement: Of a total of 63 lots, 8 are 100% issued, 32 are ready to be issued and 23 are in preparation;
- Contracts (supply and installation): Out of 47 contracts, 14 are ready to be issued and 33 are in preparation.

In April 2019, Mason Graphite proceeded with the acquisition of the land in Baie-Comeau to install the futur concentrator either makes the Company a corporate citizen of Baie-Comeau.

C) COATED SPHERICAL NATURAL GRAPHITE WORK

The work related to the coated spherical natural graphite grades ("CSNG") development, which covers the purification, the micronization, the classification, the spheronization and the coating processes, has been completed, with success, during the fall of 2018. The end results are CSNG grades that fully meet the performance required by Li-ion battery makers. CSNG grades were developed for, and specifically meet, the requirements for batteries aimed at electric vehicles and energy storage; grades were also developed for other applications such as power tools and cellular phones.

The CSNG grades were developed using Mason Graphite's own fine natural graphite concentrate (< 106 µm, produced through pilot production of the Lac Guéret ore) as feed material and meet the following industry's requirements:

- Tap density higher than 1 g/cm^3;
- Purity above 99.95% carbon;
- Reversible capacity of 355 to 360 mAh/g (milliamperes-hour per gram, for which the theorical maximum capacity is 372);
- Adequate particle size distribution from 10 to 30 µm;
- Appropriate form factor (shape, size and volume of the particles); and
- Specific surface area less than 3 m^2/g.

(Expressed in Canadian dollars)

Microphotographs of Mason Graphite's CSNG grades can be seen at:
http://www.masongraphite.com/projects/photo-gallery/default.aspx

Pilot plant, scaling and process reproducibility

Mason Graphite commissioned its brand-new pilot plant for micronization, spheronization and classification. This pilot plant, located in the Quebec City region, is used to produce spherical graphite samples in large quantities for potential customers with whom the Company is in discussion. This plant is significantly reducing sample delivery times and tailor product specifications to users highly diverse specifications.

In addition, new batches of coated spherical graphite, meeting the very stringent requirements of Li-ion batteries for electric vehicles, have recently been produced. These new results demonstrate once again the efficiency and reproducibility of purification, micronization, spheronization, classification and coating processes developed to treat the Lac Guéret graphite.
Mason Graphite is currently conducting a technical and economic study on the future 2nd transformation plant. This study, which will be spread over several months, aims to industrialize processes, maximize the reuse of reagents and define effluent treatment needs.

Since the beginning of the project, the Company incurred the following expenditures:

	Value-added graphite products		
	Expenditures	**Government assistance**	**Net**
For the year ended June 30th, 2015	229,246	41,000	188,246
For the year ended June 30th, 2016	30,552	9,000	21,552
For the year ended June 30th, 2017	1,107,683	290,936	816,747
For the year ended June 30th, 2018	1,068,132	334,366	733,766
For the year ended June 30th, 2019	1,816,527	280,813	1,535,714
	4,252,140	**956,115**	**3,296,025**

D) FIRST NATION RELATIONS

On June 16, 2017, the Company and the Innu Council of Pessamit signed the Mushalakan Agreement, an Impact Benefit Agreement ("IBA") resulting from the 2014 Cooperation Agreement between the parties.

The Mushalakan Agreement, negotiated directly between the Pessamit Council and the executives of Mason Graphite, reflects the willingness of the Parties to work closely together to ensure that the Lac Guéret graphite mining Project is a success and benefits the Pessamit Community and the population of Manicouagan.

Under the Mushalakan Agreement, both parties commit to develop a specific training and employment strategy for the Pessamiuilnut. This strategy will be developed in such a way as to ensure employment opportunities at all levels for the Pessamiuilnut and to encourage their retention and advancement within the Project. In addition to the strategy, this agreement will allow the Innus of Pessamit to participate in the Project concretely, through contracting opportunities and will ensure fair and equitable financial and socio-economic benefits. The latter will promote and protect the rights, the way of life and the culture of the Pessamiuilnut in addition to supporting the economic development of present and future generations.

(Expressed in Canadian dollars)

2. SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial data are derived from the Financial Statements of the Company for the following periods:

	For the years ended, June 30,		
	2019	**2018**	**2017**
	$	**$**	**$**
Revenues	-	-	-
Loss (income) and comprehensive loss (income)	(839 913)	1 115 553	8 706 827
Loss (income) per share (basic and fully diluted)	(0,01)	0,01	0,08
Total assets	96 221 308	98 959 823	53 427 750
Non-current financial liabilities	-	-	7 805 793

The Company has not, since the date of its incorporation, declared or paid dividends on its common shares. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The Company's functional and presentation currency is the Canadian dollars. The Company's Financial Statements have been prepared in accordance with IFRS as issued by the IASB. The Company has consistently applied the accounting policies used in the preparation of its IFRS financial statements, including the comparative figures.

Significant variation explanations of the selected annual financial information are as follows for the years closed on June 30th, 2019 and 2018:

- Net loss (income) and comprehensive loss: see section 3 Operational results;
- Non-current financial liabilities: the convertible debentures were reimbursed on their maturity date on June 11, 2019.

Significant variation explanations of the selected annual financial information are as follows for the years closed on June 30, 2018 and 2017:

- Loss (income) and comprehensive loss (income): see below section 3 Results of operations;
- Total assets: the total assets have increased by $45,532,073. The increase is explained by the private placement of $45,000,000 completed in January 2018. The Company has no income and the Company spent cash on the Lac Guéret project, on the value-added graphite project and on general corporate expenses. The Company also invested an additional amount of $2,000,065 in NanoXplore Inc.
- Non-current financial liabilities: the convertible debentures are now classified in the short term while the maturity is June 11, 2019.

3. OPERATIONAL RESULTS

Year ended June 30, 2019 compared with year ended June 30, 2018

The Company's income is $839,913 for the year ended June 30, 2019. This compares with a loss of $1,115,553 for the year ended June 30, 2018 for a variance of $1,955,466. You will find the following significant variations:

(Expressed in Canadian dollars)

	Year ended June 30th, 2019 $	**Year ended June 30th, 2018 $**	**Variance $**	
Value-added graphite products	1,816,527	1,068,132	748,395	As planned, the Company has established a pilot plant in St-Nicolas, Quebec
Natural graphite production for customers and tests	197,811	1,584,227	(1,386,416)	In 2018, the Company incurred expenses for the 3rd phase of natural graphite production to ship samples to future customers and for internal testing. No pilot runs were made in 2019.
Share base compensation	110,850	765,920	(655,070)	In 2019, there were less vested options. No options was issued in 2019.
Share of loss of an associate	1,926,500	1,487,000	439,500	In the financial year 2019, NanoXplore has incurred a loss greater than the one from 2018.
Gain on dilution of investment in associate	(5,370,000)	(2,769,010)	(2,600,990)	In the financial year 2019, NanoXplore Inc. has completed various transactions which have affected its market Capitalization. Following those transactions, ownership of the Company in NanoXplore Inc. went from 24% to 19% and have recorded a gain on dilution based on deemed dispositions in its participation.
Net loss (net gain) on financial assets at fair value through profit or loss	910,000	(1,304,000)	2,214,000	NanoXplore stock value went from 1.90$ in 2018 to 1.30$ in 2019 which explains the loss in 2019. This decrease of stock value creates an expense on net assets related to the warrants in nanoXplore.
Net finance costs	(2,424,688)	(1,659,095)	(765,593)	Mainly explained by the embedded derivative components of the debentures due to valuation assumptions update (LLG stock price decreased significantly from 1.35$ to 0.34$ during the 2019 financial year, while during financial year 2018 LLG stock decreased from 1,71$ to 1.35$). During the financial year 2019, the Company recorded a gain of 2,424,688$ on the embedded derivative while during the year 2018, a gain of 1,659,095$ was recorded.
Others	1,993,087	1,942,379,	50,708	.
Total	**(839,913)**	**1,115,553**	**(1,955,466)**	

(Expressed in Canadian dollars)

Year ended June 30th, 2018 compared with year ended June 30, 2017

The Company's loss is $1,115,553 for the year ended June 30, 2018. This compares with a loss of $8,706,827 for the year ended June 30, 2017 for a variance of $7,591,274. You will find the following significant variations:

	Year ended June 30, 2018 $	**Year ended June 30, 2017 $**	**Variance $**	
Value-added graphite products	1,068,132	1,367,481	(299,349)	As planned, the Company incurred less expenses for value-added graphite products work during the current year.
Natural graphite production for customers and tests	1,584,227	609,455	974,772	As planned, the Company incurred expenses for the third phase of the natural graphite production to ship samples to future customers and for internal testing.
Share of loss of an associate	1,487,000	753,940	733,060	On August 29th, 2017, NanoXplore completed a reverse takeover (RTO) transaction and became a public company. The increase is mainly explained by the RTO expenses and the graphene sales are still at the development stage.
Gain on dilution of investment in associate	(2,769,010)	-	(2,769,010)	In fiscal year 2018, NanoXplore Inc. completed a reverse takeover transaction and became publicly traded, completed a financing in March 2018 and various transactions have affected its share capital. As a result of these transactions, the Company's interest in NanoXplore Inc. decreased from 32% to 24% and recorded a gain on dilution on the deemed dispositions of its interest.
Net loss (net gain) on financial assets at fair value through profit or loss	(1,304,000)	-	(1,304,000)	Gain on NanoXplore's warrants owned by the Company.
Gain on debt settlement	-	(1,176,353)	1,176,353	During the year 2017, the Company has agreed to an early payment regarding the debt with Quinto. The early payment agreement has resulted in a gain on debt settlement.
Net finance costs	(1,659,095)	4,163,975	(5,823,070)	Mainly explained by the embedded derivative components of the debentures due to valuation assumptions update (stock price of

(Expressed in Canadian dollars)

	Year ended June 30, 2018 $	Year ended June 30, 2017 $	Variance $	
				LLG decreased significantly from $1.71 to $1.35 during the current year while during 2017, LLG increased from $0.77 to $1.71). During the year 2018, the Company recorded a gain of $1,659,095 on embedded derivative while during the year 2017, it was a loss of $3,364,227. Also, given that since July 1, 2017, Lac Guéret's project expenditures are now capitalized to property, plant and equipment, borrowing costs are now capitalized to property, plant and equipment (2017: nil).
Finance income	(430,197)	(121,480)	(308,717)	Following the financing of $45M in January 2018, the average cash balance was higher in 2018 compared to 2017.
Others	3,138,496	3,109,809	28,687	
Total	**1,115,553**	**8,706,827**	**(7,591,274)**	

4. SUMMARY OF QUARTERLY RESULTS

	June 30, 19 Q4	Mar 31, 19 Q3	Dec 31, 18 Q2	Sept 30, 18 Q1
	(note 1)	(note 2)		(note 3)
Loss (income) for the period	$1 910 361	($2 059 581)	$568 233	($1 258 926)
Loss (income) per share (basic and fully diluted)	$0,01	($0,01)	$0,01	($0,01)

	June 30, 18 Q4	Mar 31, 18 Q3	Dec 31, 17 Q2	Sept 30, 17 Q1
	(note 4)	(note 5)	(note 6)	(note 7)
Loss (income) for the period	$59 245	($2 160 318)	$1 513 557	$1 703 069
Loss (income) per share (basic and fully diluted)	$0,00	($0,01)	$0,01	$0,01

Note 1: The loss is explained by significant expenses in the value-added graphite products work. Also, the participation in NanoXplore's loss is $800,000.

Note 2: The unusual income is mainly due to the gain on dilution of $3,620,000 in NanoXplore as a result of transactions on its share capital.

Note 3: The unusual income is mainly due to the gain of $1,202,723 on the embedded derivative recorded during the quarter due to changes in the valuation assumptions (the share price decreased during the quarter) and a gain on dilution of $1,650,000 in NanoXplore Inc. as a result of transactions in its capital stock.

(Expressed in Canadian dollars)

Note 4: The lower loss is mainly due to the gain of $2,469,170 on the embedded derivative recorded during the quarter due to changes in the valuation assumptions (the share price decreased significantly during the quarter) partially offset by high but anticipated expenditures for production of natural graphite for customers and testing ($1,136,058).

Note 5: The unusual income is mainly explained by the gain of $2,783,417 on the embedded derivative recorded during the quarter due to valuation assumptions update (stock price of LLG decreased significantly during the quarter) and a gain on dilution ($1,265,000) on the deemed disposal of the Company's interest in NanoXplore Inc. partially offset by a general increase in expenses.

Note 6: The higher loss is mainly explained by the loss of $1,527,519 on the embedded derivative recorded during the quarter due to valuation assumptions change (stock price of LLG increased significantly during the quarter) partially offset by a gain on financial assets of $987,000.

Note 7: The higher loss is mainly explained by the loss of $2,065,973 on the embedded derivative recorded during the quarter due to valuation assumptions change (LLG's stock price increased significantly during the quarter) and value-added graphite products work ($345,306), partially offset by a gain on dilution of an associate company ($1,408,000).

Each quarter has been prepared in accordance with IFRS as issued by the IASB. The Company has consistently applied the accounting policies used in the preparation of its interim IFRS financial statements. The Company's functional and presentation currency is the Canadian dollars.

5. CASH FLOW

	Years ended June 30	
Sources and uses of cash	**2019**	**2018**
	$	**$**
Cash used for operations prior to changes in working capital	(3 989 363)	(4 594 738)
Changes in non-cash working capital	(363 337)	52 993
Cash used in operating activities	(4 352 700)	(4 541 745)
Cash provided by financing activities	(3 843 400)	44 170 034
Cash used in investing activities	(21 658 723)	(14 608 540)
Change in cash	**(29 854 823)**	**25 019 749**

Operating Activities

For the year ended June 30, 2019, cash used in operating activities prior to working capital decreased by $605,375 compared to the corresponding period of last year (from $4,594,738 in 2018 to $3,989,363 in 2019). No significant variation.

For the years ended June 30, 2019 and 2018, non-cash working capital increased by $363,337 and by $52,993 respectively. For both years, no unusual variation was noted.

(Expressed in Canadian dollars)

Financing Activities

For the year ended June 30, 2019, cash used for financing activities was $3,843,400 compared to cash entry of $44,170,034 for last year. During 2019, the Company has completely repaid the convertible debentures. In 2018, the Company completed a private investment for gross proceeds of $45,000,000, paid transactions costs of $2,454,883 related to the private placement, and options were exercised for $1,624,917.

Investing Activities

For the year ended June 30, 2019, cash used for investing activities was $21,658,723 compared to $14,608,540 for the previous year. In 2019 the amount of $21,658,723 was invested on the development of the Lac Gueret project mainly for detailed engineering and for purchase of equipment.

In 2018, $12,679,782 was invested on the development of the Lac Guéret project mainly for detailed engineering and for purchase of equipment and the Company invested $2,000,065 in the share capital of NanoXplore Inc.

6. FINANCIAL POSITION

	June 30, 2019	June 30, 2018
	$	$
Cash (note 1)	10 618 396	40 473 219
Other current assets	808 256	1 238 220
Total current assets	**11 426 652**	**41 711 439**
Financial assets through income or loss	561 000	1 471 000
Investment in associate (note 2)	7 437 735	3 994 235
Property, plant and equipment (note 3)	76 795 921	51 783 149
Total assets	**96 221 308**	**98 959 823**
Total liabilities	**8 370 095**	**12 433 522**
Equity	**87 851 213**	**86 526 301**

Note 1: The decrease is mainly explained by the investment in the project of Lac Gueret and we didn't receive any additional funds.

Note 2: The increase is mainly explained by a gain on dilution of $5,370,000 in NanoXplore offset by share of loss in as associated company.

Note 3: The increase is explained by the amount invested in the development of the Lac Gueret project.

7. LIQUIDITY AND CAPITAL RESOURCES

The Lac Guéret property is in the development stage since June 30th, 2017 which means the Company has no current source of operating revenues and is dependent on external financing to fund its continued development program. The Company principal sources of funding have been the issuance of equity securities for cash, debt, funds from the Government of Quebec with respect to tax credit related to resource and mining tax credit based on eligible exploration expenditures, subsidies and funds obtained from warrants and options exercised.

As of June 30, 2019, the Company had a working capital of $5,565,557, had an accumulated deficit of $31,018,987 and an income of $839,913 for the year then ended. Working capital included cash of $10,618,396.

As of June 30, 2019, Management believes that the Company has sufficient funds to meets its obligations, operating expenses and some development expenditures for the ensuing twelve months taking into account the sale of NanoXplore shares as of September 9, 2019 for a total amount of $28,172,015.

The Company's ability to continue its development activities, the engineering, the procurement and the construction of the Lac Guéret project is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, a combination of strategic partnerships, joint venture arrangements, project debt finance, royalty financing and other capital market alternatives. Management will pursue such additional financial sources when required, and while management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

For a detailed description of the financial instruments and risk management associated with the Company and its activities, please refer to the Note 15 *"Financial Instruments and Risk Management"* in the audited financial statements for the years ended June 30, 2019 and 2018. This year identified financial instruments and risks are consistent with last year.

9. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company did not have any off-balance sheet arrangements.

10. PROPOSED TRANSACTIONS

The Company has no formal proposal to conclude a material transaction at the time of issuance of the MD&A report.

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

For a detailed description of all related party transactions, please refer to the Note 14 "Related party transactions" in the Financial statements

In addition to Note 14 of the Financial statements, please find the following information:

- Benoît Gascon
  - is related to Gestion GBG Inc.
  - is Vice-Chairman of the Board of NanoXplore Inc.

12. FOURTH QUARTER

Three-month period ended June 30, 2019 compared with three-month period ended June 30, 2018
The Company's loss is $1,910,361 for the three-month period ended June 30, 2019. This compares with a loss of $59,245 for the three-month period ended June 30, 2018 for a variance of $1,851,116. The following table shows the significant variances:

	Three-month period ended June 30, 2019 $	**Three-month period ended June 30, 2018 $**	**Variance $**	
Salaries and consulting fees	205,204	668,601	(463,377)	The decrease is explained by the salary incentives ($350,000) paid to company managers in 2018 and NIL in 2019.
Natural graphite production for customers and tests	22,400	1,136,058	(1,113,658)	As planned, the Company has completed the third phase of the natural graphite production to ship samples to future customers and for internal testing.
Value-added graphite products	678,749	263,254	415,495	As planned, the Company incurred more expenses for value-added graphite products work during this quarter.
Share of loss of associate	798,000	285,500	512,500	NanoXplore expenses have increased during the quarter 2019 comparatively to the same quarter in 2018 in order to develop activities and continue growth.
Net finance costs	(40,000)	(2,469,170)	2,429,170	In the 4th quarter of 2019, at their maturity date, the Company fully reimbursed the convertible debentures. In the quarter ending June 30th, 2018, the Company had recorded a gain of $2,469,170, explained by valuation assumptions update of the convertible debentures (LLG stock price

(Expressed in Canadian dollars)

	Three-month period ended June 30, 2019 $	**Three-month period ended June 30, 2018 $**	**Variance $**	
				decreased from $1.89 to 1.35 during that quarter 2018).
Others	246,008	175,002	71,006	
Total	**1,910,361**	**59,245**	**1,851,116**	

13. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

For a detailed description of the critical accounting judgments and estimates associated with the Company and its activities, please refer to the Note 3 *"Critical accounting judgments and estimates"* in the audited financial statements for the years ended June 30, 2019 and 2018. Judgments and estimates are consistent with last year to the exception of additional information on the non financial assets impairment test.

14. OUTSTANDING SHARE DATA

As of October 24, 2019, the Company has:

a) 136,227,585 common shares issued and outstanding;

b) 7,170,000 options outstanding with expiry dates ranging between October 24, 2019 and April 4, 2023 with exercise price from $0.61 to $2.54 (weighted average price: $0.90). If all the options were exercised, 7,170,000 shares would be issued for proceeds of $6,453,000.

15. RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration, evaluation, development and operation of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company.

Nature of Mining, Mineral Exploration and Development Projects

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in the mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to unfavorable or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, resource and reserve estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

No Revenues

To date the Company has recorded no revenues from operations and the Company has not commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming development. There can be no assurance that the Company will generate any revenues or achieve profitability.

Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with the development of its property. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

Impairment of non financial assets

Asset groups are reviewed for an indication of impairment at each statement of financial position date or when a triggering event is identified. This determination requires significant judgment. Factors which could trigger an impairment are the following: very negative trends in the industry or economic conditions, including graphite prices, changes in exchange rates, increase of the discount rate, a delay in the start of the commercial production, changes in mineral reserves, changes in graphite grade or recovery, and/or declines in market capitalization of the Company.

Foreign Exchange

Mineral commodities are sold in US dollars and consequently, the Company is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the US dollar. To the extent Mason Graphite generates revenue upon reaching the production stage on its properties; it will be subject to foreign exchange risks as revenues will be received in US dollars while operating and capital costs will be incurred primarily in Canadian dollars. A decline in the US dollar would result in a decrease in the real value of Mason's revenues and adversely affect its financial performance. The Company is exposed to currency risk by incurring certain expenditures and debt in currencies other than Canadian dollar.

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. The accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as mineral prices and market conditions, could have a material adverse effect on the Company's financial position and operational results.

Licences and Permits, Laws and Regulations

The Company's exploration and development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities and cooperation from certain First Nations groups, and are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that Mason will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Mineral Commodity Prices

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

Environmental

The Company's activities are subject to extensive federal, provincial state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Property Titles

The acquisition and maintenance of titles to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

Dependence on Management and Key Personnel

The Company is dependent on the services of key executives, including a small number of highly skilled and experienced executives and personnel. The Company's development to date has largely depended, and in the future will continue to depend, on the efforts of key management and other key personnel to develop its projects. Loss of any of these people, particularly to competitors, in the short term, could have a material adverse impact upon to the Company.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the common shares of the Company.

Competition

Mason Graphite competes with other mining companies that have interesting resources. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Dependence on Outside Parties

Mason Graphite has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on Mason Graphite.

Qualified Personnel

Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company develops the Lac Gueret property toward commercial production, the need for skilled labour will increase. The number of persons skilled in development and operations of mining properties is limited and competition for this workforce is intense. The development of the Company's properties may be significantly delayed or otherwise adversely affected if the Company cannot recruit and retain qualified personnel as and when required.

Share Price Fluctuations

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of Mason Graphite may have a conflict of interest in negotiating and concluding terms respecting such participation.

Litigation

Mason Graphite has entered into legally binding agreements with various third parties on a consulting and partnership basis. The interpretation of the rights and obligations that arise from such agreements is open to interpretation and Mason Graphite may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause Mason Graphite to incur legal costs in the future. Given the speculative and unpredictable nature of litigation, the outcome of any such disputes could have a material adverse effect on Mason Graphite.

16. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this MD&A, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation;
- A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that the design and implementation of such processes by those responsible for a venture issuer are subject to cost limitation.

DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

17. APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Audit Committee meets quarterly with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders. The Board of Directors has approved the audited financial statements for the years ended June 30, 2019 and 2018 and the disclosure contained in this MD&A dated October 28, 2019.