MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
For the three and nine-month periods ended March 31, 2017 and 2016

The following interim management's discussion and analysis – quarterly highlights ("MD&A") relates to the condensed interim unaudited financial statements of Mason Graphite Inc. ("we", "our", "us", "Mason Graphite", ''Mason'', "LLG" or the "Company") for the three and nine-month periods ended March 31, 2017 and 2016 ("Financial statements"). This MD&A reports on our activities through May 25, 2017 unless otherwise indicated. The Company's unaudited condensed interim 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 persons 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 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 the current tax credit receivable from the Quebec government is collected in a timely manner; 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 (4.7 Mt grading 27.8% Cg) are the basis of the 25-year Mine Life of the Feasibility Study published on September 25th, 2015 (amended on February 29, 2016) and are not included in the "In-Pit" Measured and Indicated Mineral Resources of 58.1 Mt grading 16.3% Cg (which have an equivalent drilling definition). The Mineral Reserves and the "In-Pit" Mineral Resources are included in the total Measured and Indicated Mineral Resources of 65.7 Mt grading 17.2% Cg (19.1 Mt of Measured Resources grading 17.9% Cg and 46.6 Mt of Indicated Resources grading 16.9% Cg) that were reported in the Company's press release dated December 15th, 2014. 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

The Company is engaged in the exploration, evaluation and 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. There has been a determination that the Company's exploration and evaluation assets contain mineral reserves which are economically recoverable according to the feasibility results. The Company has a National Instrument 43-101 compliant disclosure of its mineral resource estimate and feasibility study on the Lac Guéret property.

A) LAC GUÉRET PROJECT

Mason Graphite has a 100% interest in the Lac Guéret graphite property consisting of 11,630.34 hectares, located in the Côte-Nord region in northeastern Québec.

B) ENGINEERING, PROCUREMENT, CONSTRUCTION AND MANAGEMENT AND MINE CONSTRUCTION

With the feasibility study completed in November 2015 and the recent financing completed in September 2016 (see section F – Corporate matters), the Company has undertaken the detailed engineering and procurements activities of the Lac Guéret project.

(Expressed in Canadian dollars)

1. DESCRIPTION OF BUSINESS AND OVERVIEW (CONTINUED)

B) ENGINEERING, PROCUREMENT, CONSTRUCTION AND MANAGEMENT AND MINE CONSTRUCTION (CONTINUED)

To this end, additions were made to the Company's Team during the quarter:

André Gagnon, as Project Director to manage and coordinate the engineering, construction and commissioning; and
Robert Allard, as Senior Director, Procurement and Logistics, to manage all contracting, equipment sourcing and material management at the sites.

The detailed engineering work for the process flow-sheet has been completed by Soutex. Engineering execution work by Hatch is ongoing on sections outside Soutex's scope.

On the long-lead equipment procurement, several bid submissions were received and are being evaluated and analysed with the support of Hatch and Soutex.

To complete the Procurement and undertake the construction of the Lac Guéret project, additional financing is required.

C) VALUE ADDED GRAPHITE PRODUCTS STUDY

The Company is also running distinct detailed work in order to enter the value-added graphite market. The Phase II (material design and performance testing for graphite grades for batteries) started in May 2016 and is being completed in partnership with the National Research Council of Canada, Corem and equipment manufacturers. The value added-market involves further purification, micronization and, in the case of anode material for Li-ion batteries, shaping and coating. Phase II should last about 2 years and the budget allowed to the project is about $1,070,000. With 3 different organizations (Innovation et Développement Manicouagan, National Research Council of Canada Industrial Research Assistance Program and Quebec government Ministry of Économie, Science et Innovation), the Company secured financial contributions and grant for $657,000.

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 30, 2015	229,246	41,000	188,246
For the year ended June 30, 2016	30,552	9,000	21,552
For the nine-month period ended March 31, 2017	793,449	230,000	563,449
	1,053,247	**280,000**	**773,247**

1. DESCRIPTION OF BUSINESS AND OVERVIEW (CONTINUED)

D) ENVIRONMENTAL STUDIES

On November 3, 2015 the Company announced the completion and filing, with the Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques (MDDELCC), of an Environmental Impact Study for its Lac Guéret Project located in northeastern Québec. The study was jointly prepared by Mason Graphite and the Environmental services of the engineering firm Hatch and represents an important milestone in the permitting process of the project.

The document consists of numerous technical analyses and provides a full and thorough assessment of the predicted project effects on the biophysical and human environments. Furthermore, the First Nation of Pessamit participated in the process by sharing their traditional knowledge and commenting on the content of the study.

The Company is now in communication with MDDELCC to complete the permitting and expecting to receive the *"Avis de Recevabilité"* from the MDDELCC in the upcoming months.

E) FIRST NATION RELATIONS

Following the announcement on July 23, 2014 of the signature of a cooperation agreement for the pre-construction period of the Lac Guéret project between the Company and the Innu council of Pessamit, the parties have begun discussions to define business, employment and training opportunities within the current pre-construction period and beyond. The discussions regarding the establishment of an Impact Benefits Agreement (IBA) were initiated in April 2015 and should be completed in the upcoming weeks.

F) CORPORATE MATTERS

Corporate matters – Share Capital transactions and financings

On September 27, 2016, the Company announced that it has closed a bought deal private placement. The Company issued a total of 26,162,500 common shares of the Company at a price of $1.10 per share for aggregate gross proceeds of $28,778,750. Insiders of the Company purchased an aggregate of 17,590,909 common shares in this private placement which represents 67% of the total private placement.

For the nine-month period, 451,667 options were exercised for total proceeds of $262,867. The weighted average share price at the date of the exercise was $1.18 per share.

On October 26, 2016, the Board adopted a new stock option plan to replace its rolling stock option plan by a fixed number stock option plan. The TSX Venture Exchange has approved the New Stock Option Plan. Under the new stock option plan, the Company is authorized to grant stock options for a maximum of 11,000,000 common shares, which is less than 10% of its issued and outstanding common shares.

On December 16, 2016, the Company issued an aggregate of 90,217 common shares at a deemed price per share of $1.38 in payment of $124,500 in interest due and payable under its 12% Debentures. Under the terms of the Debentures, the Company has the option to pay 50% of the semi-annual interest due on the Debentures in common shares. The balance of the interest owing under the Debentures, being $124,500, has been paid in cash.

(Expressed in Canadian dollars)

1. DESCRIPTION OF BUSINESS AND OVERVIEW (CONTINUED)

F) CORPORATE MATTERS (CONTINUED)

Corporate matters – Share Capital transactions and financings

On March 13, 2017, the Company granted 3,240,000 options to directors, officers, consultant and employees of the Company. The weighted average fair value of options granted, as estimated at the time of the grant, was $0.81. This was calculated using the Black-Scholes option pricing model with the following assumptions: option exercise price of $1.27, estimated life of five years, risk-free interest rate of 1.31%, volatility of 79% (based on the Company's historical volatility), forfeiture rate of nil, and no forecasted dividend yields. The vesting period for 3,240,000 options is one third upon grant, one third after one year upon grant, and the last third after two years upon grant.

Corporate matters – Participation in Group NanoXplore Inc.

On October 28, 2016, the Company purchased 55,463 Class A common shares of Group NanoXplore Inc. for gross proceeds of $1,000,000 on a total financing of $2,255,000. After giving effect to the financing, the Company holds a 32% interest in NanoXplore.

2. RESULTS OF OPERATIONS

For the three-month period ended March 31, 2017 compared with the three-month period ended March 31, 2016

The Company's loss totaled $2,344,346 for the three-month period ended March 31, 2017. This compares with a loss of $387,641 for the three-month period ended March 31, 2016 for an increase of $1,956,705. You will find the following significant variations:

Salaries and consulting fees	$325,626	Incentive compensation of $325,000 was paid to the management during the current quarter. ($nil in 2016).
Share-based compensation	$648,404	3,240,000 options were granted during the current quarter which explains the increase while during last year quarter, no options were granted.
Natural graphite production for customers and tests	$110,525	With the pilot of a subcontractor, the Company produced natural graphite in order to ship samples to future customers and internal testing. ($nil in 2016).
Value-added graphite products	$524,175	The Company incurred these expenses for value-added graphite products work ($nil in 2016).
Net FX loss	$376,471	During last year quarter, the Company recorded a gain on net FX regarding the debt labeled in $US while during the current quarter, no FX variation recorded, because the $US debt equal the amount held in $US cash.
Others	($28,496)	
Total	**$1,956,705**	

(Expressed in Canadian dollars)

2. RESULTS OF OPERATIONS (CONTINUED))

For the nine-month period ended March 31, 2017 compared with the nine-month period ended March 31, 2016

The Company's loss totaled $5,793,455 for the nine-month period ended March 31, 2017. This compares with a loss of $2,647,149 for the nine-month period ended March 31, 2016 for an increase of $3,146,306. You will find the following significant variations:

Salaries and consulting fees	$325,681	Incentive compensation of $325,000 was paid to the management during the current period. ($nil in 2016).
Share-based compensation	$555,516	3,240,000 options were granted during the current period which explains the increase while during last year period, no significant options were granted.
Natural graphite production for customers and tests	$372,427	With the pilot of a subcontractor, the Company began the production of natural graphite in order to ship samples to future customers and internal testing. ($nil in 2016).
Value-added graphite products	$1,053,247	The Company incurred these expenses for value-added graphite products work ($nil in 2016) of which $303,246 is a reclass from the exploration and evaluation assets expenditures.
Government assistance	($280,000)	Related to added-value graphite products work ($nil in 2016) of which $50,000 is a reclass from the exploration and evaluation assets expenditures.
Share of loss of an associate	$291,330	NanoXplore spending has increased during the current period compared to last year's corresponding period in order to develop their business. Sales are still minimal as the company is in the development stage.
Gain on debt settlement	($1,176,353)	The Company has agreed to an early payment regarding the debt with Quinto. The early payment agreement has resulted in a gain on debt settlement ($nil in 2016).
Finance costs	$2,024,122	Mainly explained by the embedded derivative due to valuation assumptions change (stock price of LLG increased significantly during the current period). During this current period, the Company recorded a loss of $2,017,987 on embedded derivative while during last year's corresponding period, it was a loss of $13,276.
Others	($19,664)	
Total	**$3,146,306**	

(Expressed in Canadian dollars)

3. SUMMARY OF QUARTERLY RESULTS

	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16
	Q3	Q2	Q1	Q4
	(Note 1)	(Note 2)	(Note 3)	(Note 4)
Loss (profit) for the period	$2,344,346	($143,723)	$3,592,832	$1,296,317
Loss (profit) per share (basic and fully diluted)	$0.02	($0.001)	$0.04	$0.01

	31-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15
	Q3	Q2	Q1	Q4
	(Note 5)			(Note 6)
Loss for the period	$387,641	$1,106,673	$1,152,835	$734,947
Loss per share (basic and fully diluted)	$0.01	$0.01	$0.01	$0.01

Note 1: The higher loss is mainly explained by the incentive compensation paid to the management ($325,000), value-added graphite products work ($524,000) and the grant of stock options ($648,000).

Note 2: The unusual profit is mainly explained by the gain on debt settlement of $1,176,353 for an early and reduced payment to Quinto and by a gain of $588,017 on the embedded derivative recorded during the quarter due to valuation assumptions change (stock price of LLG decreased during the quarter).

Note 3: The higher loss is mainly explained by the loss of $2,659,439 on the embedded derivative recorded during the quarter due to valuation assumptions change (stock price of LLG increased significantly during the quarter).

Note 4: The higher loss is mainly due to the embedded derivative due to valuation assumptions change (stock price of LLG increased significantly). During this quarter, the Company recorded a loss of $378,761.

Note 5: The lower than usual loss is mainly due to a significant FX gain due to an increase of the Canadian dollar value during the current quarter and a general decline in most expenses.

Note 6: The lower than usual loss is mainly due to unusual items: gain on dilution of NanoXplore of $317,000 and a gain on embedded derivative of $295,000 partially offset by a deferred tax expenses of $507,000.

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.

(Expressed in Canadian dollars)

4. CASH FLOW

	Three-month period ended March 31		Nine-month period ended March 31	
Sources and uses of cash	**2017**	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Cash used in operations prior to changes in working capital	(1,416,687)	(506,173)	(2,836,052)	(1,506,758)
Changes in non-cash working capital	408,255	194,274	223,872	564,903
Cash used in operations activites	(1,008,432)	(311,899)	(2,612,180)	(941,855)
Cash provided by financing activities	(1,949,550)	19,000	21,983,248	(1,632,750)
Cash used in investing activities	(1,086,401)	(236,892)	(2,680,679)	(1,000,011)
Effect of foreign exchange rate changes on cash	(37,500)	-	9,000	31,518
Change in cash	**(4,081,883)**	**(529,791)**	**16,699,389**	**(3,543,098)**

Operating Activities

For the three-month period ended March 31, 2017, cash used in operating activities increased by $910,514 before changes in non-cash working capital compared to the corresponding period of last year (from $506,173 in 2016 to $1,416,687 in 2017). The increase is mainly explained by the added-value graphite products works ($524,175) (nil in 2016), the production of natural graphite for future customers and internal tests ($110,525) (nil in 2016) and the payment of incentive compensation to management ($325,000) (nil in 2016).

For the three-month period ended March 31, 2017 and 2016, non-cash working capital decreased by $408,255 and $194,274 respectively. For both periods, no unusual variations were noted.

For the nine-month period ended March 31, 2017, cash used in operating activities increased by $1,329,294 before changes in non-cash working capital compared to the corresponding period of last year (from $1,506,758 in 2016 to $2,836,052 in 2017). The increase is mainly explained by the added-value graphite products works ($773,247 net of the government assistance), the production of natural graphite for customers and internal tests ($372,427), and the payment of incentive compensation to management ($325,000) ($nil in 2016).

For the nine-month period ended March 31, 2017 and 2016, non-cash working capital decreased by $223,872 and $564,903 respectively. For both periods, no unusual variations were noted.

Financing Activities

For the three-month period ended March 31, 2017, cash used in financing activities was $1,949,550 compared to cash provided of $19,000 for the corresponding period of last year. During the current quarter, the Company paid to Quinto $US 1,500,000 ($1,976,550) and options were exercised for a total of $27,000. During last year quarter, options were exercised for $19,000.

For the nine-month period ended March 31, 2017, cash provided from financing activities was $21,983,248 compared to cash used of $1,632,750 for the corresponding period of last year. During the current period, the Company completed a private placement for gross proceeds of $28,778,750, paid transactions costs of $1,789,319, paid to Quinto $US 4,000,000 ($5,269,050) and options were exercised for a total amount of $262,867. During last year period, the Company paid to Quinto $US 1,250,000 ($1,651,750) and options were exercised for $19,000.

(Expressed in Canadian dollars)

4. CASH FLOW (CONTINUED)

Investing Activities

For the three-month period ended March 31, 2017, cash used in investing activities was $1,086,401 compared to $236,892 for the corresponding period of last year. During the current quarter, $637,442 was spent on the Lac Guéret project mainly for feasibility and environmental studies and $448,959 was spent for engineering and procurement activities. Also, the Company invested $1,000,000 in NanoXplore. During last year's corresponding quarter, $236,892 was spent on the Lac Guéret project mainly for feasibility and environmental studies.

For the nine-month period ended March 31, 2017, cash used in investing activities was $2,680,679 compared to $1,000,011 for the corresponding period of last year. During the current period, $1,159,573 was spent on the Lac Guéret project mainly for feasibility and environmental studies and $578,044 was spent for engineering and procurement activities. Also, the Company invested $1,000,000 in NanoXplore. During last year's corresponding period, $2,635,616 was spent on the Lac Guéret project mainly for feasibility and environmental studies and a short-term investments of $US 1,255,000 ($1,626,605) was cashed for the payment to Quinto (October 5, 2015).

5. FINANCIAL POSITION

	March. 31, 2017	June 30, 2016
	$	$
Cash (Note 1)	18,046,392	1,347,003
Other current assets	603,259	363,391
Total current assets	**18,649,651**	**1,710,394**
Investment in associate (Note 2)	1,090,870	633,100
Property, plant and equipment (Note 3)	1,786,146	-
Exploration and evaluation assets (Note 4)	33,343,571	31,891,491
Total assets	**54,870,238**	**34,234,985**
Total liabilities	**10,968,606**	**12,916,090**
Equity	**43,901,632**	**21,318,895**

Note 1: Cash: the Company completed a private placement for gross proceeds of $27,778,750 on September 27, 2016.

Note 2: The Company invested $1,000,000 in Group NanoXplore.

Note 3: Property, plant and equipment: the Company started in Q2-2017 the engineering and procurement activities

Note 4: Exploration and evaluation assets: the Company continued to invest into the Lac Guéret project

6. LIQUIDITY AND CAPITAL RESOURCES

The Lac Guéret property is in the exploration, evaluation and development stage and as result the Company has no current source of operating revenue and is dependent on external financing to fund its continued exploration and development program. The Company main 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 and funds obtained from warrants and options exercised.

As at March 31, 2017, the Company had a working capital of $16,528,575, had an accumulated deficit of $27,829,975 and incurred a loss of $5,793,455 for the period then ended. Working capital included cash of $18,046,392. The equity totaled $43,901,632.

As at March 31, 2017, Management believes that the Company has sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months as they fall due. The Company's ability to continue its exploration and evaluation 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.

7. 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 17 *"Financial Instruments and Risk Management"* in the audited financial statements for the years ended June 30, 2016 and 2015 and Note 11 of the unaudited condensed interim financial statements for the three and nine-month periods ended March 31, 2017 and 2016. The Company is not aware of any significant changes to financial instruments and risk management presented on those dates.

8. OFF-BALANCE SHEET ARRANGEMENTS

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

9. PROPOSED TRANSACTIONS

There is no proposed transaction of a material nature being considered by the Company.

10. RELATED PARTY TRANSACTIONS

For a detailed description of all related party transactions, please refer to the Note 10 "Related party transactions" in the unaudited condensed interim financial statements for the three and nine-month periods ended March 31, 2017 and 2016.

In addition to Note 10 of the unaudited condensed interim financial statements for the three and nine-month periods ended March 31, 2017 and 2016, please find the following information:

- Scott Moore:
    - has a significant influence on 2227929 Ontario Inc.

- Benoit Gascon
    - is related to Gestion GBG
    - is the Chairman of the Board of Group NanoXplore Inc.

11. 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, 2016 and 2015. The Company was not required to make significant judgments, estimates and assumptions in areas other than those mentioned in the audited financial statements for the years ended June 30, 2016 and 2015.

12. NEW SIGNIFICANT ACCOUNTING POLICIES

For a detailed description of the significant accounting policies, please refer to the Note 2 *"Summary of significant accounting policies"* in the audited financial statements for the years ended June 30, 2016 and 2015.

A significant accounting policy was adopted during the current nine-month period: Property, plant and equipment (see Note 2 in the condensed interim financial statements for the three and nine-month periods ended March 31, 2017 and 2016.

13. OUTSTANDING SHARE DATA

As at May 25, 2017, the Company has:

a) 113,817,544 common shares issued and outstanding;

b) 10,608,333 options outstanding with expiry dates ranging between April 23, 2018 and March 13, 2022 with exercise price from $0.38 to $1.27 (weighted average price: $0.79). If all the options were exercised, 10,608,333 shares would be issued for proceeds of $8,415,233;

d) $4,150,000 convertible debentures are convertible into common shares at a conversion price of $0.845 maturing June 11, 2019. If the convertible debentures were converted, 4,911,243 common shares would be issued;

14. 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.

For a detailed description of the risk factors associated with the Company and its activities, please refer to the "Risks and Uncertainties" in the MD&A for the year ended June 30, 2016 and 2015. The Company is not aware of significant adverse change to the risk and uncertainties presented by that date.

15. 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; and
- 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.

16. 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 unaudited condensed interim financial statements for the three and nine-month periods ended March 31, 2017 and 2016 and the disclosure contained in this MD&A.