



MASON GRAPHITE INC.

**Interim management's discussion and analysis – Quarterly highlights
For the three and nine-month periods ended March 31st, 2020 and
2019**

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
For the three and nine-month periods ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

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 31st, 2020 and 2019 ("Financial statements"). This MD&A reports on our activities through May 21, 2020 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 persons consent

Jean L'Heureux, Eng., M. Eng., Executive Vice-President, Process Development for Mason Graphite, is a Qualified Person, as defined by NI 43-101, for Mason Graphite. He 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 recognized 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

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights For the three and nine-month periods ended March 31, 2020 and 2019 (Expressed in Canadian dollars)

completion of development or construction activities, the COVID-19 epidemic being declared as a pandemic by the World Health Organisation during the quarter ended March 31, 2020, 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 and the "In-Pit" Mineral Resources are included 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 are not included 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

Until the quarter ended March 31st, 2020, Mason Graphite was engaged in the development of its 100% owned Lac Guéret graphite property located in Québec, Canada. Substantially all of the Company's efforts were 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.

But, since April 2020, given the current oversupply of graphite on world markets and the unfavourable capital market conditions for natural resources projects, the Company has decided to postpone, until further notice, the development of the Lac Guéret mine and concentrator (first transformation project). Management has now given priority to the second transformation project (coated spherical graphite or VAP). This project will now be the main focus of the Company's resources.

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.

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
For the three and nine-month periods ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

B) CORPORATE

Mr. Benoit Gascon, President, Chief Executive Officer and Director of the Company, has left on March 31st, 2020. Since April 1st, 2020, Paul Carmel, Chairman of the Board of Directors of Mason Graphite, has assumed the functions of Acting President and CEO of Mason Graphite.

C) PRIORITY TO THE VALUE-ADDED PRODUCTS PROJECT

Given the greater market demand and superior economics for value-added products of Mason Graphite, (VAP or second transformation), this project has been placed in priority sequence and will be the main focus of the Company's resources. The high-level technical and economic study completed internally at the beginning of the year has demonstrated that a VAP plant, for the production of coated spherical graphite used for Li-ion batteries, presents sufficient potential to justify further analysis.

D) COATED SPHERICAL NATURAL GRAPHITE PROJECT

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/cm³;
- Purity above 99.95% carbon;
- Reversible capacity of 355 to 360 mAh/g (milliamperes-hour per gram, for which the theoretical 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 m²/g.

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 allows significant reduction of sample delivery times and tailoring of 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 INC.

Interim management's discussion and analysis – Quarterly highlights
For the three and nine-month periods ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

Mason Graphite has conducted internally a technical and economic study on the future 2nd transformation plant. This study aimed to industrialize processes, maximize the reuse of reagents, define effluent treatment needs and estimate the construction and operation costs. The results obtained have demonstrated sufficient potential to justify more in-depth studies.

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

	<u>Value-added graphite products</u>		
	<u>Expenditures</u>	<u>Government assistance</u>	<u>Net</u>
For the year ended June 30 th , 2015	229,246	41,000	188,246
For the year ended June 30 th , 2016	30,552	9,000	21,552
For the year ended June 30 th , 2017	1,107,683	290,936	816,747
For the year ended June 30 th , 2018	1,068,132	334,366	733,766
For the year ended June 30 th , 2019	1,816,527	280,813	1,535,714
For the nine-month period ended March 31 st , 2020	1,399,790	155,612	1,244,178
	<u>5,651,930</u>	<u>1,111,727</u>	<u>4,540,203</u>

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

Given the postponement of the mine and concentrator project, all activities related to the first transformation have been put on hold. The management of Mason Graphite will resume the project at the time deemed appropriate so that it is profitable and conducive to current and future investors. The future management reports will only summarize the information related to this project, until it resumes.

In short, here is what was done at the level of the primary transformation project until the third quarter of fiscal year 2020.

Mason Graphite has decided to utilize the "Owner's Built" construction model after thorough review of all options available. This approach relies on an integrated Owner team which manages the project, including construction. This execution strategy maintains the control of the project within the company while reinforcing the project team spirit. Since its creation, this total and direct implication approach for the project has always been a trademark of the Mason Graphite identity.

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. Overall engineering progress (all disciplines) has reached 76% completion (approximately 65,000 hours).

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.

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
For the three and nine-month periods ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

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.

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

F) FIRST NATION RELATIONS

On June 16th, 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.

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
 For the three and nine-month periods ended March 31, 2020 and 2019
 (Expressed in Canadian dollars)

2. RESULTS OF OPERATIONS

For the three-month period ended March 31st, 2020 compared with the three-month period ended March 31st, 2019

The Company's loss totaled \$39,875,871 for the three-month period ended March 31st, 2020. This compares with a gain of \$2,059,581 for the three-month period ended March 31st, 2019 for a variance of \$41,917,452. The variances are explained below:

	Three-month period ended March 31 st 2020 \$	Three-month period ended March 31 st 2019 \$	Variance \$	
Salaries and consulting fees	520,845	276,977	243,868	The variance is explained by an end-of-contract compensation which was paid out in March of 2020.
Value-added graphite products study costs	576,300	433,541	142,759	As expected, the Company incurred more expenses for value-added graphite products during this quarter, compared to the same quarter in 2019.
Impairment charge	38,863,710	-	38,863,710	As at March 31, 2020, following the impairment test of its assets, the Company recorded an impairment charge of 39M\$ since its book value exceeded its estimated recoverable value.
Share of loss of an associated business	-	403,000	(403,000)	The Company disposed of its investment in NanoXplore on September 9, 2019.
Loss on dilution of investment on associate	-	(3,620,000)	3,620,000	The Company disposed of its investment in NanoXplore on September 9, 2019.
Net loss (net gain) on financial assets	-	236,000	(236,000)	The Company exercised its NanoXplore warrants as of August 2 nd , 2019.
Government assistance	(139,459)	(3,013)	(136,446)	The Company received its R&D credit for the year ended June 2019. In addition, a grant for the sterile stockpiling R&D project has been accepted and will be paid.
Other expenses and revenues	36,475	213,914	(177,439)	Non-significant net decrease of all other uncovered expenses and revenues.
Total	39,857,871	(2,059,581)	41,917,452	

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
 For the three and nine-month periods ended March 31, 2020 and 2019
 (Expressed in Canadian dollars)

For the nine-month period ended March 31st, 2020 compared with the nine-month period ended March 31st, 2019

The Company's profit totaled \$22,147,532 for the nine-month period ended March 31st, 2020. This compares with a profit of \$2,750,274 for the nine months period ended March 31st, 2019 for a variance of \$24,897,806. The variances are explained below:

	Nine-month period ended March 31st 2020 \$	Nine-month period ended March 31st 2019 \$	Variance \$	
Salaries and consulting fees	1,162,205	811,877	350,328	The variance is explained by two end-of-contract compensation which were paid out in October of 2019 and in March 2020.
Value-added graphite products study	1,399,790	1,137,778	262,012	As expected, the Company incurred more expenses for value-added graphite products during this nine-month period compared to the same period in 2019.
Production and tests on natural graphite for customers expenses	-	175,411	(175,411)	As expected, the Company incurred no expenses for natural graphite production during this nine-month period, compared to the same period in 2019.
Research and development expenses	9,343	329,426	(320,083)	As planned, the Company has stopped spending on the tailings project, compared to the same period in 2019.
Impairment charge	38,863,710	-	38,863,710	As at March 31 st , 2020, following the impairment test of its assets, the Company recorded an impairment charge of 39M\$ since its book value exceeded its estimated recoverable value.
Share of loss of an associated business	374,015	1,128,500	(754,485)	The Company disposed of its investment in NanoXplore on September 9 th , 2019.
Net financial expenses	-	(2,384,688)	2,384,688	As of June 30 th , 2019, the Company has completely reimbursed its convertible debenture and therefore no longer has financial expense.
Profit from the dilution of an associated	583,600	(5,330,000)	5,913,600	On September 9, 2019, the Company disposed of its investment in NanoXplore.

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
 For the three and nine-month periods ended March 31, 2020 and 2019
 (Expressed in Canadian dollars)

	Nine-month period ended March 31st 2020 \$	Nine-month period ended March 31st 2019 \$	Variance \$	
business				During the nine-month period of 2018, NanoXplore had acquired Sigma Industries Inc. and partially paid for the acquisition by issuing shares. Mason's stake had increased from 23.8% to 22.5%, resulting in a profit from the presumed dilution of its stake.
Net loss (net gain) on financial assets	(261,000)	834,000	(1,095,000)	For the nine-month period of 2020, the Company exercised its warrants as of August 2 nd , 2019.
Net gain on disposal of an associated company	(20,057,682)	-	(20,057,682)	During the nine-month period ending March 31, 2020, the Company sold its interest in NanoXplore, generating a gain on disposal of an interest in an associated business of approximately \$20M.
Government assistance	(497,289)	(164,586)	(332,703)	The Company received its R&D credit for the year ended June 2019 and its mining credit for the year ended June 2018. In addition, a grant for the sterile stockpiling R&D project has been accepted and will be paid.
Other expenses and revenues	570,840	712,008	(141,168)	Non-significant net decrease of all other uncovered expenses and revenues.
Total	22,147,532	(2,750,274)	24,897,806	

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
For the three and nine-month periods ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

3. SUMMARY OF QUARTERLY RESULTS

	March 31, 20	Dec 31, 19	Sept 30, 19	June 30, 19
	Q3	Q2	Q1	Q4
	(note 1)	(note 2)	(note 3)	(note 4)
Loss (income) for the period	\$39 857 871	\$1 105 799	(\$18 816 139)	\$1 910 361
Loss (income) per share (basic and fully diluted)	\$0,01	\$0,01	(\$0,14)	\$0,01
	March 31, 19	Dec 31, 18	Sept 30, 18	June 30, 18
	Q3	Q2	Q1	Q4
	(note 5)		(note 6)	(note 7)
Loss (income) for the period	(\$2 059 581)	\$568 233	(\$1 258 926)	\$59 245
Loss (income) per share (basic and fully diluted)	\$0,01	\$0,01	(\$0,03)	\$0,03

Note 1: The exceptional loss is explained by an impairment charge due to an evaluation of non-financial assets. The postponement of the primary transformation project subjected MGI to an asset impairment test, which resulted in a capital loss charge of \$39M.

Note 2: The loss was due to significant planned expenditures on the 2nd transformation project.

Note 3: The exceptional gain is primarily attributable to the sale of 22,188,333 common shares of NanoXplore for a net total consideration of \$28,137,803. This transaction resulted in a net gain on disposal of assets of \$20,057,682. After this sale, Mason Graphite no longer holds any shares of NanoXplore.

Note 4: The loss is due to significant planned expenditures related to the start-up of a new pilot plant in the 2nd transformation project. In addition, the share of the loss of NanoXplore is \$800,000.

Note 5: The extraordinary gain is mainly attributable to the \$3,620,000 dilution gain in NanoXplore as a result of transactions in its capital stock.

Note 6: The unusual profit 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 \$1,650,000 in NanoXplore Inc. as a result of transactions in its capital stock.

Note 7: 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 planned expenditures for natural graphite production for customers and testing (\$1,136,058).

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.

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
For the three and nine-month periods ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

4. CASH FLOW

	Nine-month periods ended March	
<u>Sources and uses of cash</u>	<u>2020</u>	<u>2019</u>
	\$	\$
Cash used for operations prior to changes in working capital	(2 600 010)	(2 886 896)
Changes in non-cash working capital	407 968	(679 296)
Cash used in operating activities	(2 192 042)	(3 566 192)
Cash provided by financing activities	-	106 600
Cash used in investing activities	22 482 275	(18 487 642)
Change in cash	20 290 233	(21 947 234)

Operating Activities

For the nine months ended March 31, 2020, cash outflow from operating activities decreased by \$286,886 before changes in non-cash items compared to the same period last year (from \$2,886,896 in 2019 to \$2,600,010 in 2020). No significant variation.

For the nine-month periods ended March 31, 2020 and 2019, non-cash working capital increased by \$407,968 in 2020 and decreased by \$679,296 in 2019. The variation is mainly explained by the year 2019 when accounts payable decreased by \$1M.

Financing Activities

For the nine months ended March 31, 2020, there was no cash inflow from financing activities, compared to cash inflows of \$106,600 for the same period last year. Options were exercised in 2019 compared to none in 2020.

Investing Activities

Cash received from investing activities for the nine months ended March 31, 2020 were \$22,482,275 compared to outflows of \$18,487,642 for the same period last year. For the nine months period finishing on March 31st 2020, the Company paid \$778,000 to exercise its NanoXplore warrants and sold its investment in NanoXplore for \$28.2 million. During the nine-month periods ended March 2019, \$18,487,624 had been invested in the development of the Gueret Lake project.

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
For the three and nine-month periods ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

5. FINANCIAL POSITION

	March 31, 2020	June 30, 2019
	\$	\$
Cash (note 1)	30 908 629	10 618 396
Other current assets	411 163	808 256
Total current assets	31 319 792	11 426 652
Financial assets through profit or loss (note 2)	-	561 000
Investment in associate (note 3)	-	7 437 735
Property, plant and equipment (note 4)	6 574 636	76 795 921
Total assets	37 894 428	96 221 308
Total liabilities	3 358 244	8 370 095
Equity	34 536 184	87 851 213

Note 1: The increase is due to the inflow of funds attributable to the sale of the investment in NanoXplore.

Note 2: The decrease is explained by the fact that the Company exercised its warrants.

Note 3: The decrease is due to the sale of the investment in NanoXplore.

Note 4: The decrease in tangible fixed assets is explained by two reasons:

- Change in accounting policy (see FS Note 6)
- Capital loss charge due to impairment of non-financial assets.

6. LIQUIDITY AND CAPITAL RESOURCES

The Lac Gueret property is in the development stage since June 30, 2017 and as result the Company has no current source of operating revenue 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 and funds obtained from warrants and options exercised.

As at March 31st, 2020, the working capital of the Corporation was \$27,961,548, its accumulated deficit was \$84,390,174 and the net loss amounted to \$22,147,532 for the nine-month period then ended. Working capital includes a cash amount of \$30,908,629.

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 on September 9, 2019 for a total amount of \$28.2M. The Company's ability to pursue its development activities for its value-added product project and the Lac Guéret project depends on management's ability to obtain additional financing, which it can do in various ways, including through strategic partnerships, joint venture agreements, debt project financing, royalty financing or other options offered by the financial markets. Management continues to assess all of these possibilities. Although management has been successful in securing funding in the past, there can be no assurance that it will achieve such funding in the future, or that such funding sources or measures will be available to the Company or that they will be available on good terms and conditions acceptable to the Company.

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
For the three and nine-month periods ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

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 15 "*Financial Instruments and Risk Management*" in the audited financial statements for the years ended June 30th, 2019 and 2018. The Company is not aware of any significant changes to financial instruments nor any management risk 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. 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 30th, 2019 and 2018. 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 30th, 2019 and 2018.

11. NEW SIGNIFICANT ACCOUNTING POLICIES

Some new significant accounting policies were adopted during the nine-month periods ending March 31st, 2020: "Leases contracts" See section 2 of the Financial Statements and "Change in accounting policy" See Note 6 of the Financial Statements.

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 30th, 2019 and 2018.

12. OUTSTANDING SHARE DATA

As at May 21st, 2020, the Company has:

- a) 136,227,585 common shares issued and outstanding;
- b) 2,570,000 options outstanding with expiry dates ranging between June 10th, 2021 and April 4th, 2023 with exercise price from \$0.68 to \$2.54 (weighted average price: \$1.38). If all the options were exercised, 2,570,000 shares would be issued for proceeds of \$3,558,000;

13. 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

MASON GRAPHITE INC.

Interim management's discussion and analysis – Quarterly highlights
For the three and nine-month periods ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

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 30th, 2019 and 2018. The Company is not aware of significant adverse change to the risk and uncertainties presented by that date.

14. 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.

15. 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 any other 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 31st, 2020 and 2019 and the disclosure contained in this MD&A.