MASON GRAPHITE INC.

Management's Discussion and Analysis
For the years ended June 30, 2017 and 2016

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, 2017 and 2016 ("Financial statements"). This MD&A reports on our activities through October 20, 2017 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, 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 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 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 CONSTRUCTION

With the feasibility study completed in November 2015 and the financing completed in September 2016, 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 year:

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.

All the required engineering work for the process flow-sheet has been completed by Soutex. Detailed engineering work for the early works, mine, camp and forest road improvement are ongoing.

The long-lead equipment suppliers have been selected and they are completing their basic engineering work.

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. 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 year ended June 30, 2017	1,107,683	290,936	816,747
	1,367,481	**340,936**	**1,026,545**

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.

In September 2017, the Company has been informed by the Ministry of Développement durable, Environnement et Lutte contre les changements climatiques (MDDELCC) that the Company will not be subject to a public hearing by the Bureau des audiences publiques en environnement (BAPE) for the Lac Guéret graphite project.

Consequently, the Ministry will now complete its environmental analysis of the project and will report to the Minister who will forward his recommendation to the Members of Cabinet for a decision from the Government of Quebec to authorize the project and under what conditions.

E) 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		
	2017	**2016**	**2015**
	$	**$**	**$**
Revenues	-	-	-
Loss and comprehensive loss	8,706,827	3,943,466	3,653,316
Loss per share (basic and fully diluted)	0.08	0.05	0.04
Total assets	53,427,750	34,234,985	38,113,710
Non-current financial liabilities	7,805,793	4,139,818	8,206,367

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 2017 and 2016:

- Loss and comprehensive loss: see below section 3 Results of operations;
- Total assets: the total assets increased by $19,192,765. The increase is explained by the private placement of $28,778,750 completed in September 2016. The Company has no income and the Company spent cash on the Lac Guéret project, on general corporate expenses and on Quinto debt reimbursement;
- Non-current financial liabilities: the increase of $3,665,974 is explained by the following:
    - the convertible debentures increased by $3,665,974. A loss has been recorded on the embedded derivative due to assumptions change ($3,364,227) and the convertible debentures accretion ($301,748);

(Expressed in Canadian dollars)

2. SELECTED ANNUAL FINANCIAL INFORMATION (continued)

Variation explanations of the selected annual financial information are as follows for the years 2016 and 2015:
Loss and comprehensive loss: The Company's loss totaled $3,943,466 for the year ended June 30, 2016 compared with a loss of $3,653,316 for the corresponding 2015 year for an increase of $290,150. You will find the following significant variations:

Share-based compensation	($660,571)	Options granted in 2013 and 2014 are now almost all vested. 100,000 options have been granted during the 2016 year while during 2015 year 1,760,000 options have been granted.
Other income	$92,544	This is coming from the flow through shares premium liability amortization. Canadian exploration expense have been incurred and renounced during 2015 year while $nil during the 2016 year.
Net FX loss	($394,660)	Given that the debt is labeled in $US and for both years, the FX rate increased ($CA vs $US), there was a FX loss for both years. The 2016 year loss was lower than 2015 year, because the FX rate increased by $0.05 ($US1.00:1.25 to $US1.00:$1.30) while 2015 year the FX increased by $0.18. ($US1.00:1.07 to $US1.00:$1.25.The FX loss on the $US denominated debt was partially offset by the cash held in $US. During 2015 year, the Company had $US 2,168,000 in cash (weighted average) while $US 313,750 during 2016 year. Without the US$ cash, the variation would have been higher.
Share of loss of an associate	$161,200	NanoXplore spending has increased during 2016 year compared to 2015 year in order to develop their business. Sales are still minimal as the company is in the development stage.
Gain on dilution of associate	$741,200	A gain on dilution of NanoXplore was recorded during 2015 year when NanoXplore completed a financing in December 2014 of which the Company did not participate.
Finance costs	$866,558	Mainly explained by the increase of the embedded derivative due to assumptions change (stock market (LLG) price increase significantly). During the 2016 year, the Company recorded a loss of $392,037 on embedded derivative while during 2015 year, it was a gain of $450,253.
Finance income	$87,759	Interest income was lower than 2015 year due to a lower level of cash of 2016 year compared to 2015 year.
Deferred income tax expenses	($430,000)	During 2016 year, the Company recorded a deferred income tax expenses of $310,000 while $740,000 during 2015 year with respect to Quebec mining duties. Less Canadian exploration expenses incurred during 2016 year vs. 2015 year.
Others	($173,880)	Most of general expenses were lower in 2016 compared to 2015
Total	**$290,150**	

(Expressed in Canadian dollars)

2. SELECTED ANNUAL FINANCIAL INFORMATION (continued)

- Total assets: the total assets decreased by $3,878,725. The decrease is mainly coming from the decrease of the cash. The Company has no income and the Company spent $3,102,256 on the Lac Guéret project (Exploration and evaluation assets), the total assets decreased because cash was spent on general corporate expenses and on Quinto debt reimbursement ($US1,250,000 ($1,651,750));
- Non-current liabilities: the decrease of $4,066,549 is mainly explained by the following:
  - The Quinto debt is now presented in the current liabilities ($4,734,154);
  - Partially offset by the convertible debenture increase ($667,605). a loss has been recorded on the embedded derivative due to assumptions change ($392 037) and the convertible debenture accretion ($275,568)

3. RESULTS OF OPERATIONS

Year ended June 30, 2017 compared with year ended June 30, 2016

The Company's loss and comprehensive loss totaled $8,706,827 for the year ended June 30, 2017. This compares with a loss of $3,943,466 for the year ended June 30, 2016 for an increase of $4,763,361. You will find the following significant variations:

Salaries and consulting fees	$314,558	Incentive compensation of $325,000 was paid to the management during the current year ($nil in 2016).
Share-based compensation	$746,095	3,240,000 options were granted during the current year which explains the increase while during last year period, no significant options were granted.
Natural graphite production for customers and tests	$609,455	With the pilot of a subcontractor, the Company began the production of natural graphite in order to ship samples to future customers and internal testing ($nil in 2016).
Value-added graphite products	$1,367,481	The Company incurred these expenses for value-added graphite products work ($nil in 2016) of which $259,798 is a reclass from the exploration and evaluation assets expenditures.
Government assistance	($340,936)	Related to added-value graphite products work ($nil in 2016) of which $50,000 is a reclass from the exploration and evaluation assets expenditures.
Share of loss of an associate	$293,940	NanoXplore spending has increased during the current year compared to last year in order to develop their business. The graphene 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	$2,998,370	Mainly explained by the embedded derivative due to valuation assumptions change (stock price of LLG increased significantly during the current year). During this current year, the Company recorded a loss of $3,364,227 on embedded derivative while during last year, it was a loss of $392,037.
Others	($49,249)	
Total	**$4,763,360**	

(Expressed in Canadian dollars)

4. SUMMARY OF QUARTERLY RESULTS

	30-Jun-17	31-Mar-17	31-Dec-16	30-Sep-16
	Q4	**Q3**	**Q2**	**Q1**
	(Note 1)	(Note 2)	(Note 3)	(Note 4)
Loss (profit) for the period	$2,913,372	$2,344,346	($143,723)	$3,592,832
Loss (profit) per share (basic and fully diluted)	$0.03	$0.02	($0.001)	$0.04

	30-Jun-16	31-Mar-16	31-Dec-15	30-Sep-15
	Q4	**Q3**	**Q2**	**Q1**
	(Note 5)	(Note 6)		
Loss for the period	$1,296,317	$387,641	$1,106,673	$1,152,835
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 loss of $1,346,240 on the embedded derivative recorded during the quarter due to valuation assumptions change (stock price of LLG increased significantly during the quarter), value-added graphite products work ($314,234) and natural graphite production for customers and tests ($237,028).

Note 2: The higher loss is mainly explained by the incentive compensation paid to the management ($325,000), value-added graphite products work ($524,175) and the grant of stock options ($648,000).

Note 3: 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 4: 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 5: 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 6: 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.

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. SUMMARY OF QUARTERLY RESULTS (continued)

Three months period ended June 30, 2017 compared with three months period ended June 30, 2016

The Company's loss totaled $2,913,372 for the three months ended June 30, 2017. This compares with a loss of $1,296,317 for the three months ended June 30, 2016 for an increase of $1,617,054. You will find the following significant variations:

Share-based compensation	$190,579	3,240,000 options were granted during the current year which explains the increase while during last year period, no significant options were granted.
Natural graphite production for customers and tests	$237,028	With the pilot of a subcontractor, the Company began the production of natural graphite in order to ship samples to future customers and internal testing ($nil in 2016).
Value-added graphite products	$314,234	The Company incurred these expenses for value-added graphite products work ($nil in 2016).
Government assistance	($60,936)	Related to added-value graphite products work ($nil in 2016).
Finance costs	$974,248	Mainly explained by the embedded derivative due to valuation assumptions change (stock price of LLG increased significantly during the current quarter). During this current quarter, the Company recorded a loss of $1,346,240 on embedded derivative while during last year quarter, it was a loss of $378,761.
Others	($38,098)	
Total	**$1,617,054**	

5. CASH FLOW

	Three-month periods ended June 30		Years ended June 30	
Sources and uses of cash	**2017**	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Cash used in operations prior to changes in working capital	(907,280)	(325,684)	(3,743,332)	(1,832,442)
Changes in non-cash working capital	(76,801)	(179,716)	147,071	385,187
Cash used in operations activites	(984,081)	(505,400)	(3,596,261)	(1,447,255)
Cash provided by financing activities	120,000	238,618	22,103,248	(1,394,132)
Cash used in investing activities	(1,719,841)	(466,640)	(4,400,520)	(1,466,651)
Effect of foreign exchange rate changes on cash	(9,000)	(31,518)	-	-
Change in cash	**(2,592,922)**	**(764,940)**	**14,106,467**	**(4,308,038)**

5. CASH FLOW (continued)

Operating Activities

For the three months period ended June 30, 2017, cash used in operating activities increased by $581,596 before changes in non-cash working capital compared to the same period of last year (from $325,684 in 2016 to $907,280 in 2017). The increase is mainly explained by the added-value graphite products works, net of government assistance ($253,298) (nil in 2016) and the production of natural graphite for future customers and internal tests ($237,028) (nil in 2016).

For the three months period ended June 30, 2017 and 2016, non-cash working capital increased by $76,801 and by $179,716 respectively. For both periods, no unusual variations were noted.

For the year ended June 30, 2017, cash used in operating activities increased by $1,910,890 before changes in non-cash working capital compared to the same period of last year (from $1,832,442 in 2016 to $3,743,332 in 2017). The increase is mainly explained by the added-value graphite products works ($816,747 net of government assistance – nil in 2016), the production of natural graphite for customers and internal tests ($609,455 – nil in 2016) and the payment of incentive compensation to management ($325,000 - nil in 2016).

For the years ended June 30, 2017 and 2016, non-cash working capital decreased by $147,071 and $385,187 respectively. For both periods, no unusual variations were noted.

Financing Activities

For the three months period ended June 30, 2017, cash provided from financing activities was $120,000 compared to $238,618 for the same period of last year. During this current quarter, $120,000 of options have been exercised. During last year's quarter, $120,000 of options and $118,618 of warrants have been exercised.

For the year ended June 30, 2017, cash provided from financing activities was $22,103,248 compared to cash used of $1,394,132 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 $382,867. During last year period, the Company paid to Quinto $US 1,250,000 ($1,651,750) and $139,000 of options and $118,618 of warrants have been exercised.

Investing Activities

For the three months period ended June 30, 2017, cash used for investing activities was $1,719,841 compared to $466,640 for the same period of last year. During the current quarter, $283,802 was spent mainly for feasibility and environmental studies and $1,436,039 was spent for engineering and procurement activities for the Lac Guéret project. During last year's corresponding quarter, $466,640 was spent on the Lac Guéret project mainly for feasibility and environmental studies.

For the year ended June 30, 2017, cash used in investing activities was $4,400,520 compared to $1,466,651 for the corresponding period of last year. During the current year, $1,443,375 was spent mainly for feasibility and environmental studies and $2,014,083 was spent for engineering and procurement activities for the Lac Guéret project. Also, the Company invested $1,000,000 in NanoXplore. During last year, $3,102,256 was spent on the Lac Guéret project mainly for feasibility studies and environmental studies and a short-term investments of $US 1,255,000 ($1,626,605) was cashed for a payment to Quinto (October 5, 2015).

(Expressed in Canadian dollars)

6. FINANCIAL POSITION

	June 30, 2017	June 30, 2016
	$	$
Cash and cash equivalents (Note 1)	15,453,470	1,347,003
Other current assets	475,334	363,391
Total current assets	**15,928,804**	**1,710,394**
Investment in associate	879,160	633,100
Property, plant and equipment (Note 2)	36,619,786	-
Exploration and evaluation assets (Note 3)	-	31,891,491
Total assets	**53,427,750**	**34,234,985**
Total liabilities	**11,862,245**	**12,916,090**
Equity	**41,565,505**	**21,318,895**

Note 1: Cash and cash equivalents: the Company completed a private placement for gross proceeds of $28,778,750 on September 27, 2016.

Note 2: Property, plant and equipment: the Company started in Q2-2017 the engineering and procurement activities for the Lac Guéret project and exploration and evaluation assets has been transferred to property, plant and equipment

Note 3: Exploration and evaluation assets: exploration and evaluation assets has been transferred to property, plant and equipment

7. LIQUIDITY AND CAPITAL RESOURCES

The Lac Guéret 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 June 30, 2017, the Company had a working capital of $14,381,352, had an accumulated deficit of $30,743,347 and incurred a loss of $8,706,827 for the year then ended. Working capital included cash and cash equivalents of $15,453,470.

As at June 30, 2017, Management believes that the Company has sufficient funds to meets its obligations, operating expenses and some development expenditures for the ensuing twelve months as they fall due. 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 18 *"Financial Instruments and Risk Management"* in the Financial statements. 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

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

11. RELATED PARTY TRANSACTIONS

For a detailed description of all related party transactions, please refer to the Note 17 *"Related party transactions"* in the Financial statements.

In addition to the Note 17 of the Financial statements, 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.

- Tayfun Eldem (former director)
  - is managing director, Iron Ore of Hatch Ltd.

12. 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 Financial statements. Judgments and estimates are consistent with last year.

13. NEW SIGNIFICANT ACCOUNTING POLICIES

No new significant accounting policies adopted during this year.

14. OUTSTANDING SHARE DATA

As at October 20, 2017, the Company has:

a) 115,487,645 common shares issued and outstanding;

b) 9,250 833 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: $0.82). If all the options were exercised, 9,250 833 shares would be issued for proceeds of $7,598,333;

c) $3,950,000 convertible debentures are convertible into common shares at a conversion price of $0.845 maturing June 11, 2019. If the convertible debentures were converted, 4,674,556 common shares would be issued;

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 inclement 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.

15. RISKS AND UNCERTAINTIES (continued)

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.

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 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 results of operations.

15. RISKS AND UNCERTAINTIES (continued)

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.

Title to Properties

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 the Company current schedule.

15. RISKS AND UNCERTAINTIES (continued)

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 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 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.

Qualified Personnel

Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company develops the Lac Guéret 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.

15. RISKS AND UNCERTAINTIES (continued)

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 may have a conflict of interest in negotiating and concluding terms respecting such participation.

Litigation

Mason 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 may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause Mason 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.

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; 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 inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis.

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 Financial statements and the disclosure contained in this MD&A.