GRAPHITE ONE INC.

Management's Discussion and Analysis

For the three and six months ended June 30, 2022 and 2021

The Management's Discussion and Analysis ("MD&A") of the financial position and results of operations for Graphite One Inc. (the "Company" or "Graphite One") (TSX-V: GPH and OTCQX: GPHOF) should be read in conjunction with the condensed interim consolidated financial statements of the Company For the three and six months ended June 30, 2022 and 2021 ("Financial Statements") and related notes thereto. The Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") as applicable to interim financial reporting. For further information on the Company, reference should be made to its public filings on SEDAR.

This MD&A is prepared by management and approved by the Board of Directors as of August 18, 2022. The information and discussion provided in this MD&A covers the three and six months ended June 30, 2022, and where applicable, the subsequent period up to the date of issuance of this MD&A. Unless otherwise noted. All dollar amounts in this MD&A are expressed in United States dollars. Reference to "$" or "US$" in this MD&A is the US dollar and reference to "CA$" is the Canadian dollar.

Forward Looking Statements

This MD&A contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this MD&A. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward looking statements.

In this MD&A, forward-looking statements include, but are not limited to:

- release of the pre-feasibility study
- 2022 summer drilling program
- feasibility study

These forward-looking statements are based on reasonable assumptions and estimates of management of the Company at the time such statements were made. Actual future results may differ materially as forward-looking.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Mining Risks" and "Business Risks".

Nature of Operations

The Company continues to develop its Graphite One Project (the "Project"), whereby the Company could potentially become an American producer of high-grade anode materials that is integrated with a domestic graphite resource. The Project is proposed as a vertically integrated enterprise to mine, process, and manufacture high grade anode materials primarily for the lithium-ion electric vehicle battery market. As set forth in the Company's PEA, potential graphite mineralization mined from the Company's Graphite Creek Property, is expected to be processed into concentrate at a graphite processing plant. The proposed processing plant would be located on the Graphite Creek Property situated on the Seward Peninsula about 60 kilometers north of Nome, Alaska. Graphite anodes and other value-added graphite products would be manufactured from the concentrate and other materials at the Company's proposed advanced graphite materials manufacturing facility which is expected to be in Washington State. The Company expects to release its Preliminary Feasibility Study on the Project by August 31, 2022 ("PFS"). The Company intends to make a production decision on the Project once a feasibility study is completed.

Highlights

On August 8, 2022, the Company announced a non-brokered private placement of up to 13.5 million units (the "Units") of the Company at a price of CA$1.15 per Unit for aggregate gross proceeds of CA$15,525,000 (the "Offering"). Each unit will consist of one common share and one transferable common share purchase warrant (the "Warrant") entitling the holder to acquire, on payment of CA$1.50 per Warrant to the Company, one common share for a period of 24 months from the first date of closing of the Offering. The Warrants include an acceleration provision whereby if the Company's share price closes above CA$2.00 for 10 consecutive trading days, the Company may elect to accelerate the expiry date of the Warrants by issuing a press release and notice to the Warrant holders for the expiry of the Warrants that is 45 days from the press release date. The Warrant holders may exercise the Warrants during the 45-day period but no later than the expiry date.

On August 2, 2022, the Company announced its intention to amend the term of 10,429,981 warrants that were issued on August 12, 2021 and September 24, 2021. Such amendment is subject to Exchange acceptance. The amendment includes extending the expiry date of the warrants from August 12, 2022 to May 12, 2023 and adds a new acceleration provision whereby if the Company's share price closes above CA$1.75 for 20 consecutive trading days, the Company may elect to accelerate the expiry date of the warrants by issuing a press release and notice to the warrant holders of the expiry of the warrants that is 45 days from the press release date. The original exercise price of CA$1.50 per warrant and all other terms of the warrants will remain unchanged for the extended exercise period.

On June 8, 2022, the Company announced the results of the 2021 field program that was conducted from July to October 2021 and comprised of a total 2,150 meters of drilling. This included 8 core holes in the areas of inferred resources to upgrade them to measured and indicated resources, and 9 geotechnical holes.

Appointment

On July 5, 2022, the Company announced the addition of Mr. Bedi A. Singh to the Company's Board of Directors following the Annual General and Special Meeting of Shareholders held on June 29, 2022. Mr.

Singh served as Chief Financial Officer of News Corporation (NASDAQ: NWSA) from 2012 to 2017. He served as Co-CEO, President, and Chief Financial Officer for MGM Studios, as Chief Financial Officer at Gemstar-TV Guide (NASDAQ: GMST), and as Executive Vice President and Chief Financial Officer of Sony Pictures Entertainment. Prior to joining Sony Pictures Entertainment, Mr. Singh held senior finance positions at 21st Century Fox, News UK, Fox Filmed Entertainment, and as Senior Vice-President, Office of the Chairman at News Corporation. Mr. Singh is a graduate of the London School of Economics and Political Science, a Fellow of the UK Institute of Chartered Accountants, and a graduate of the Program for Management Development at Harvard Business School.

Pre-Feasibility Study Update

Several modifications were made during the quarter and the economic model is under final review with the results expected to be released on or before August 31, 2022. The final pre-feasibility study will be released within 45 days.

Graphite Creek Summer Field Program Update

During the second quarter of 2022 the Company commenced its summer field program. Goals included development of the Graphite Creek Camp near the resource area from a 24-person camp to a 60-person facility. A separate 24-person base camp and core processing facility was established in the nearby hub community of Nome. Up to 3500 meters of geotechnical and resource drilling were planned, along with 45 days of geotechnical drilling supporting the engineering of the proposed 18-mile access road. Environmental and hydrogeology programs were planned for the resource area and surrounding region. Total 2022 program budget was $11,000,000. As at June 30, 2022, the Company has incurred $4,375,000 on the summer field program.

Camp buildout at Graphite Creek began in early May once melting snow allowed for onsite work. Initial work consisted of repairs to the 2021 Camp which was heavily damaged by winter storms. The 24-person camp was fully repaired and operational by early June, coinciding with the landing of the first barge to Nome with the Company's 2022 program materials. By late June the project team safely coordinated a successful mobilization of over 750,000 pounds of camp and drill materials to Graphite Creek without incident and ahead of schedule. The team also engaged with community members and stakeholders in Nome and nearby villages through a series of community meetings in early June.

Both Nome and Graphite Creek Camps were established and available for project use by early July. Nome Camp was fully completed in late June, while the Graphite Creek Expansion camp continued additional build-out through to early August. Both camps will be winterized with reinforced storm-force construction to better withstand the regional winter weather. Each camp will be available for project use in late spring 2023.

Drilling and field work began in late June as pad builders and drill teams arrived in Nome. While drill pads were built for both geotechnical and resource sites, the core drilling contractor began drill mobilization in early July. Drilling commenced on July 4th with the core rig scheduled to continue with resource drilling into early September when it will be demobilized.

The sonic drilling contractor arrived in Nome in early July. By mid-July, the sonic team was drilling geotechnical holes. The rig is currently drilling a resource core hole, and its next and final hole will be a sonic geotechnical hole. It will then be demobilized for the season. The drilling crews will continue drilling resource core holes with the smaller and efficient "Gopher" core drill owned by the Company.

Hydrogeologic studies are being conducted in all sonic holes and some resource core holes.

The Geoprobe drill used earlier in the season for the road alignment engineering is currently drilling geotechnical holes, due to its smaller footprint and greater efficiencies than either sonic or core rigs. These Geoprobe holes are scheduled for completion in the last week of August.

To date, a total of 1,216 meters of geotechnical and resource drilling have been completed. This total does not include the completed road alignment geotechnical drilling. Most environmental field work has been completed, with several small studies remaining for the second half of August.

The project and drill teams remain focused on increasing efficiencies with resource drilling targets for the remainder of the 2022 season. Exploration of alternative methods of site access, including barge access to the nearby Imuruk Basin waterway, are being actively explored this season, along with other avenues for more direct and economical site access. The entire project team remains focused on safe, healthy, and efficient operations in all aspects of remaining program work.

2021 Field Program Update

On June 8, 2022, the Company announced the results of the 2021 field program that was conducted from July to October 2021 and comprised of a total 2,150 meters of drilling. This included 8 core holes in the areas of inferred resources to upgrade them to measured and indicated resources, and 9 geotechnical holes.

The drill results will be included in the upcoming pre-feasibility study. Select drill results include:

- 21GOC060 returned 16.03m of 6.9% Cg, 18.75m of 5.04% Cg and 28.5m of 5.13% Cg in three separate intervals from 54m downhole.
- 21GOC061 returned 29.5m of 5.83% Cg including 3m of 11.73% Cg starting from 51m downhole.
- 21GCO062 returned 42.4m of 11.61% Cg from 45m including 15.21m of 22.2% Cg and 5.81m of 35.78% Cg
- 21GOCO64 returned 53.95m of 5.67% Cg from 77.3m.
- 21GOC68 returned 24.99m of 5.56% Cg from 57.73m, including 5.51m of 9.1% Cg.

Interpretation of Results

- Drill results continue to show consistent, near surface high-grade intercepts with numerous holes returning grades greater than 10% and up to 35.78% graphite carbon (Cg).
- The deposit remains open downdip, as well as along strike to the east and west demonstrating potential for Graphite Creek to become a generational domestic graphite asset.

- The fault boundary to the north was more accurately identified, extending the mineralized zone in this direction by 50 to 75 meters down dip.
- Drilling targeted inferred resources to upgrade to measured and indicated resource.

Overall Performance and Results of Operations

The Company has generated no operating revenue to date. The Company relies on the issuance of common shares as well as debt to finance exploration on its exploration and evaluation property, and to provide general operating working capital. Most of the Company's expenditures relate to the acquisition and exploration of its exploration and evaluation property which is reflected in the Company's consolidated financial statements as capitalized exploration and evaluation property.

Results of Operations

For the three and six months ended June 30, 2022 and 2021

The net loss for the three months ended June 30, 2022 was $1,011,753, a $331,378 increase from a net loss of $680,375 for the same period in 2021. The higher net loss was due primarily due to higher marketing and investor relations expenses, higher unrealized foreign exchange loss on US dollar denominated loan, and higher D&O insurance.

The net loss for the six months ended June 30, 2022 was $1,790,499, a $1,583,169 decrease from a net loss of $3,373,688 for the same period in 2021. The lower net loss was due primarily to no recognition of share-based payment expense in 2022 compared to $2,020,565 recognized in 2021. Excluding share-based payments, expenses increased $250,800 over the same period in 2021 and was due primarily to increased spending on marketing and investor relations campaigns, recruiting and personnel costs. Weakness in the Canadian dollar against the US dollars resulted in a swing to a $97,086 foreign exchange loss compared to a $119,285 foreign exchange gain for the same period in 2021. A significant portion of the foreign exchange loss or gain relates to the US denominated loans payable held in an entity where the functional currency is the Canadian dollar.

Operating Expenses

	For the three months ended June 30, 2022	2021	Increase (Decrease)	For the six months ended June 30, 2022	2021	Increase (Decrease)
Expenses						
Management fees and salaries	$ 257,582	$ 225,471	$ 32,111	$ 518,814	$ 736,129	$ (217,315)
Marketing, advisory and investor relations	307,724	141,455	166,269	593,345	221,169	372,176
Office and administration	124,069	85,587	38,482	215,745	127,299	88,446
Professional fees	34,261	12,401	21,860	46,531	39,038	7,493
Share-based payments	-	60,439	(60,439)	-	2,020,565	(2,020,565)
	$ 723,636	$ 525,353	$ 198,283	$ 1,374,435	$ 3,144,200	$(1,769,765)

Management fees and salaries

Management fees and salaries for the three months ended June 30, 2022 increased $32,111 to $257,582 compared to a $225,471 for the same period in 2021 due primarily to higher personnel costs.

Management fees and salaries for the six months ended June 30, 2022 decreased $217,315 to $518,814 due primarily to the awarding of performance bonuses in 2021 compared to $nil in 2022.

Marketing, advisory and investor relations

Marketing, advisory and investor relations for the three months ended June 30, 2022 increased $166,269 to $307,724 compared to $141,455 for the same period in 2021. The increase was due to increased spending on marketing and investor relations campaigns.

Marketing, advisory and investor relations for the six months ended June 30, 2022 increased $372,176 to $593,345 compared to $221,169 for the same period in 2021. The increased spending was on Investors relation campaigns of $200,000 and $172,000 on marketing.

Office and administration

Office and administration for the three months ended June 30, 2022 increased $38,482 to $124,069 compared to $85,587 for the same period in 2021. The increase was due primarily to higher D&O insurance premiums, hiring of additional staff, and recruitment fees.

Office and administration for the six months ended June 30, 2022 increased $88,446 to $215,745 compared to $127,299 for the same period in 2021. The increase is due higher D&O insurance premiums of $31,462, recruiting and salary costs of $75,475 and partially offset by lower filing and sustaining fees totaling $12,034.

Professional fees

Professional fees for the three months ended June 30, 2022 increased $21,860 to $34,261 compared to $12,401 for the same period in 2021. The increase was due primarily to higher legal fees and a slight increase in audit fee.

Professional fees for the six months ended June 30, 2022 increased $7,493 to $46,531 compared to $39,038 for the same period in 2021. The increase was due primarily to higher legal fees.

Share-based payments

Share-based payments for the three ended June 30, 2022 was $nil compared to $60,439 for the same period in 2021.

Share-based payments for the six months ended June 30, 2022 was $nil compared to $2,020,565 for the same period in 2021 when 2,105,000 stock options were granted to employees, officers, and service providers. No stock options were granted during the first six months of 2022.

Summary of Quarterly Results

The following table is a summary of selected financial data for the Company for the eight most recently completed quarters:

Quarter ended	Jun 30 2022	Mar 31 2022	Dec 31 2021	Sept 30 2021
Net loss ($)	1,011,753	778,746	4,170,094	721,009
Basic and diluted loss per share ($)	0.01	0.01	0.05	0.01

Quarter ended	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sept 30 2020
Net loss ($)	680,375	2,693,293	275,977	418,382
Basic and diluted loss per share ($)	0.02	0.05	0.00	0.01

The increase in expenses in first and fourth quarter of 2021 was due primarily to share-based payment expense of $1,960,126 and $3,112,033, respectively, related to stock option grants during the respective quarters.

Liquidity, Capital Resources and Going Concern

The Company's condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company's wholly owned subsidiary, Graphite One (Alaska) Inc. with the assistance of its advisors, submitted the following applications for Federal Assistance SF-424 to the U.S. Department of Energy under the Bipartisan Infrastructure Law:

1. On July 1, 2022, under Battery Materials Processing and Battery Manufacturing opportunity (DE-FOA-0002678). The grant would be used to build and operate a modified thermal chemical purification facility to demonstrate that it achieves purification and cost competitiveness targets comparable to other methods and meets environmental standards.
2. On July 19, 2022, under the Electric Drive Vehicle Battery Recycling and Second Life Applications opportunity (DE-FOA-0002680). The grant would be used to build and operate a recycling facility for end-of-life electric vehicle and lithium-ion batteries and demonstrate a recovery of 95% or greater of all materials, including graphite.

The Company cannot be certain that the applications for grants will be approved by the U.S. Department of Energy.

As at June 30, 2022, the Company had cash and cash equivalent of $2,849,442 (December 31, 2021 - $6,376,049), a working capital deficit of $6,421,499 (December 31, 2021 – working capital deficit of $472,129). The working capital deficit includes the Taiga Mining Loan plus accrued interest of $6,672,010 (December 31, 2021 - $6,308,720) of which $192,988 ("Taiga Loan 2") was due on June 8, 2022 and

$6,479,022 ("Taiga Loan 1") is due on September 6, 2022. On June 7, 2022, the Company received written confirmation from Taiga Mining approving the extension of the maturity date of Taiga Loan 2 to September 6, 2022 to facilitate discussions for the upcoming maturity of Taiga Loan 1.

The Company has incurred losses since inception and has not generated any cash inflows from the operations. Cash used in operating activities for the first half of 2022 was $1,499,296 compared to $1,795,827 for the comparable period in 2021.

During the second quarter of 2022, the Company issued 1,186,312 common shares for proceeds of $992,217 (CA$1,245,068) pursuant to the exercise of 1,101,692 share purchase warrants at an average exercise price of $0.84 (CA$1.05) per warrant and 84,620 broker warrants at an average exercise price of $0.79 (CA$1.00) per warrant. Year-to-date, the Company issued 1,773,194 common shares from the exercise of warrants for proceeds of $1,515,378 (CA$1,901,514) at an average exercise price of $0.85 (CA$1.07).

Subsequent to June 30, 2022, the Company received additional proceeds of $409,220 (CA$526,130) on the exercise of 526,130 broker warrants at an exercise price of $0.79 (CA$1.00) per warrant.

Going Concern

The Company's ability to continue to meet its obligations and carry out its planned exploration and development activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing.

Based on projected administrative and project expenditures for the next twelve months, the Company will need to seek additional financing to execute its plans and settle obligations as they become due. On August 8, 2022, the Company announced a non-brokered private placement of 13.5 million units at a price of CA$1.15 per unit for aggregate gross proceeds of CA$15,525,000 to complete the summer field program and the pre-feasibility study, and to commence work on a feasibility study on the Graphite One Project. The Company will also seek to extend the maturity date of the Taiga Mining Loan and accrued interest of $6,672,010 which matures September 6, 2022. Since there can be no assurance that the Company will be successful in extending the maturity of Taiga Mining Loan or securing the additional financing, this gives rise to material uncertainties that may cast significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

Financial Instruments and risk management

Financial instrument classification

The Company`s financial instruments recognized on the statement of financial position consist of cash and cash equivalents, deposits and trade and other accounts payable and loans.

The estimated fair market values of the Company`s financial instruments carried at amortized cost approximate their carrying values due to their short-term nature.

Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents.

The Company has assessed its exposure to credit risk on its cash and cash equivalents and has determined that such risk is minimal. Majority of the Company's cash and cash equivalents are held with a chartered bank in Canada.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As of June 30, 2022, the Company had a working capital deficit of $1,924,127 (December 31, 2021 - $472,129 working capital deficit). The Company will seek to extend the maturity date of the Taiga Loan of $6,308,720 as well as to complete additional debt or equity offerings to fund ongoing operations and development project. There can be no assurance that the Company can extend the maturity of the Taiga loan or obtain additional financing on terms acceptable to the Company or at all. As at June 30, 2022, the Company has no bank covenants.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company had $2,849,442 in cash and cash equivalents as of June 30, 2022 (December 31, 2021 - $6,376,049), on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is considered immaterial.

Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company maintains a significant portion of its cash reserves in Canadian dollars and therefore subject to fluctuations in foreign exchange rates.

As at June 30, 2022, the Company has certain monetary items denominated in Canadian dollars. Based on these net exposures at December 31, 2021, a 10% appreciation or depreciation of the Canadian Dollar against the United States dollar would result in an increase or decrease the Company's net loss by $338,251 (December 31, 2021 - $296,928).

Related party transactions and balances

During the three and six months ended June 30, 2022, the Company accrued interest of $166,292 and $402,290 (three and six months ended June 30, 2021 - $176,357 and $346,514), respectively, related to the Taiga Loan (Note 9). As at June 30, 2022, the Company owed $6,672,010 (December 31, 2021 - $6,308,720) for principal and interest on the Taiga Loan.

During the three and six months ended June 30, 2022, ROTAK Helicopter Services, whose owners are significant shareholders of the Company, charged the Company $439,775 (three and six months ended June 30, 2021 - $301,348) for helicopter services relating to the Company's 2022 summer drilling program.

Key management compensation

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and include the President and Chief Executive Officer, Directors, Chief Financial Officer, Executive Chair and Chief Operations Officer.

Compensation paid to key personnel was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Management fees	$ 75,000	$ 75,077	$ 150,000	$ 299,934
Director fees	15,000	15,064	30,000	80,924
Salaries and benefits	196,391	182,786	438,500	506,084
Share-based payments	-	-	-	1,912,435
	$ 286,391	$ 272,927	$ 618,500	$ 2,799,377

Salaries and benefits and share-based payments related to the Graphite Creek project are capitalized to exploration and evaluation assets. For the three and six months ended June 30, 2022, the total amount capitalized to exploration and evaluation assets were $64,000 and $153,000 (three and six months ended June 30, 2021 - $64,000 and $200,909), respectively.

Amounts owing to other related parties are non-interest bearing, unsecured and due on demand. The transactions were in the normal course of operations. As at June 30, 2022, the Company owed $13,062 (December 31, 2021 - $1,237) to related parties.

Changes in Accounting Policies and Critical Accounting Estimates and Judgements

The Company describes its significant accounting policies as well as any changes in the accounting policies in Note 3 "Significant Accounting Policies" of the June 30, 2022 Condensed Interim Consolidated Financial Statements.

Managing Risks

Mining Risks

The Company is subject to risks typical in the mining business including uncertainty of success in exploration and development; unusual and unexpected geological formations, possible flooding and other conditions involved in drilling and removal of material, mitigation of possible environmental impacts, and the occurrence of other unexpected hazards. Risks also include the possibility that intended drilling schedules or estimated costs will not be achieved and unexpected fluctuations in the price of materials, supplies and currency exchange rates. The aggregate effect of these factors is impossible to predict with any degree of certainty.

Mineral Processing Risks

The Company is subject to the risks typical in the mineral processing business including uncertainty that intended schedules, timelines, process performance criteria or estimated capital and operating costs will be achieved. There are risks beyond the Company's control, including: currency exchange rates; inflation; levels of interest rates; costs and availability of skilled workers, materials and supplies; global or regional political, economic and banking crises; and transportation and distribution disruptions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

Business Risks

Natural resources exploration, project development, processing, and transportation; and, product development, processing, production, and marketing all involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, market, financial and regulatory risks.

• Operational risks include finding and developing reserves economically; processing minerals competitively into successful products; product deliverability uncertainties; changing governmental law and regulation; hiring and retaining skilled employees and contractors; and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks however the Company is not fully insured against all risks nor are all such risks insurable.

• Operational risks also include the timing and successful completion of the Preliminary Feasibility Study, Feasibility Study, permitting, construction and start-up.

• Market risks include demand and prices for graphite and graphite products not achieving expectations and disruptions in transportation and distribution. These and other factors are beyond the Company's control, including levels of inflation and interest rates, the demand for commodities, global or regional political, economic, and banking crises and production rates in competitive producing regions.

• Financial risks include the timely availability of capital and changes in commodity prices, interest rates, inflation, wages and salaries, taxation, and foreign exchange rates, all of which are beyond the Company's control.

• Regulatory risks include possible delays in regulatory approvals for developments and transactions that the Board of Directors believe to be in the best interest of the Company, increased fees for filings, and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

COVID-19

In June 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, with outbreaks of the virus spreading globally. The spread of COVID-19 and its variants caused significant volatility in North America and international markets and affected the Company's operations. As of the date of this MD&A, restrictions necessitated by the pandemic are easing; however, the spread of new variants with disruptive effects on business remains a possibility. The Company is carefully monitoring this situation and will take all prescribed steps to minimize the impact of any new outbreaks of the COVID-19 pandemic on the health of its employees, contractors, and consultants. Working remotely, testing of field personnel, conducting virtual instead of in-person meetings, restricting travel and other measures for physical distancing have been in place and, as the Company deems necessary, will either continue to be in place or be reinstated. As part of the 2022 field program in Alaska, the Company implemented its Community and Workplace Protection Plan (CWPP) which details COVID-19 protocols that meet all State of Alaska and City of Nome requirements for detecting and mitigating the spread of COVID-19. The CWPP defines protocols to be followed by all field program personnel to ensure appropriate measures are in place to detect and minimize the spread of COVID-19 to protect the local communities and our workforce. Due to the uncertainty as to the continuing impact of the pandemic with the ongoing threat of virus variants, the Company may find that there could be further delays in completing the PFS in the time expected or there may be other unexpected delays, which could affect progress on the Project.

Outlook

The Company's primary focus is the continued evaluation of the Graphite Creek Project which includes the proposed mine and primary processing facilities on the Seward Peninsula in Alaska and the graphite product manufacturing facilities expected to be located in Washington State. The Company's goal is to become a vertically integrated producer of premium anode materials and other advanced graphite products by creating an integrated American domestic supply chain. The ability of the Company to achieve this is contingent upon its ongoing ability to raise the risk capital necessary to advance its plans.

The Company is in the final stages of completing the pre-feasibility study by the end of August 2022 and the summer field program by the end of September 2022. The results from the summer field program will be used to commence a feasibility study on the Graphite Creek Project.

The Company is negotiating over the next several months, the terms and conditions along with the parties' expected roles and responsibilities in two separate definitive agreements with:

- Sunrise to share expertise and technology for the design, construction, and operation of a US based graphite material manufacturing facility; and
- Lab 4 for the design, construction, and operation of a recycling facility for end for end-of-life and lithium-ion batteries.

Outstanding Share Data

The following table summarizes the Company's outstanding share capital as at August 18, 2022:

Common shares issued and outstanding	87,823,611
Stock options outstanding (weighted average exercise price CA$0.93)	8,352,429
Warrants outstanding (weighted average exercise price CA$1.07)	28,849,537
Broker warrants outstanding (weighted average exercise price CA$0.81)	264,601
Fully diluted	125,290,178

Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and on the Company's website at www.graphiteoneinc.com.