GRAPHITE ONE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

As of April 21, 2023

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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") (TSXV: GPH and OTCQX: GPHOF) should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2022 and 2021 and the related notes thereto. These financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. For further information on the Company, reference should be made to its public filings on SEDAR at www.sedar.com.

This MD&A is prepared by management and approved by the Board of Directors as of April 21, 2023. The information and discussion provided in this MD&A is for the year ended December 31, 2022, and where applicable, the subsequent period up to the date of issuance of this MD&A up to and including April 21, 2023. All dollar amounts in this MD&A are expressed in United States dollars. Reference to "$" in this MD&A is the US dollar and reference to "CA$" is the Canadian dollar.

Cautionary Statement on 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. Accordingly, there can be no assurance that forward-looking information will prove to be accurate and forward-looking information is not a guarantee of future performance. Readers are advised not to place undue reliance on forward-looking information.

It is important to note that:

- unless otherwise indicated, forward-looking information in this MD&A describes the Company's expectations as of the date of this MD&A;
- readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other facts affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.

Investors are urged to read the Company's filings with the Canadian securities regulatory agencies which unless specifically incorporated herein are not part of this MD&A; these filings can be viewed online at www.sedar.com.

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".

Technical Disclosure

All scientific and technical information in this MD&A has been reviewed and approved by Richard Goodwin, P. Eng. Mr. Goodwin is a qualified person for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101").

Nature of Operations

The Company is focused on developing its Graphite One Project (the "Project"), aimed at making the Company the dominant American producer of battery anode materials integrated with a graphite resource. The Project is envisioned as a vertically integrated enterprise to mine, process, and manufacture anode materials for the electric vehicle lithium-ion battery market. Management's current plan is for graphite to be mined from the Company's Graphite Creek Property (the "Proposed Mine"), situated on the Seward Peninsula about 55 kilometers (37 miles) north of Nome, Alaska, to be processed into concentrate at a mineral processing plant located adjacent to the mine. The resulting graphite concentrate would be shipped to the second link in the Company's proposed supply chain solution: a manufacturing plant where anode materials and other value-added graphite products would be manufactured. With the Company's commitment to locate the manufacturing plant in the U.S., the Company would provide a 100% U.S.-based advanced graphite materials supply chain. On October 14, 2022, the Company filed a Preliminary Feasibility Study ("PFS") for the Project on SEDAR and began work on a feasibility study. The feasibility study is expected to be completed in the fourth quarter of 2024 on an accelerated schedule, which is subject to funding availability, at which time a production decision will be made.

Highlights

- Between January 1, 2023 and April 21, 2023, received gross proceeds of $10,327,511 (CA$13,864,329) from the exercise of 15,914,400 warrants at an average exercise price of $0.65 (CA$0.87) subsequent to-December 31, 2022.
- On March 13, 2023, the Company announced an updated resource estimate shows a 15.5% increase in Measured and Indicated tonnage with a corresponding increase of 13.1% contained tonnes of graphite against the 2022 resource estimate.
- Battery anode active materials have been produced by Sunrise (Guizhou) New Energy Material Co. Ltd. ("Sunrise) as samples for EV manufacturers using the Company's graphite from the Proposed Mine.
- On December 2, 2022, signed a Material Transfer Agreement with Pacific Northwest National Laboratory ("PNNL") to evaluate battery anode active materials for Graphite One including those produced by Sunrise. The first samples have been delivered to PNNL to independently verify the characteristics of the battery anode active materials for potential EV customers.
- On November 21, 2022, completed the final tranche of a non-brokered private placement, issuing a total of 9,322,986 units at a price of CA$1.15 per unit for gross proceeds of $8,225,222 (CA$10,721,434).
- On October 14, 2022, filed a NI 43-101 compliant independent report titled "*Preliminary Feasibility Study, Technical Report – Graphite One Project, Alaska, USA*" on SEDAR.
- On September 19, 2022, completed a share for debt settlement transaction by issuing 9,296,328 common shares in the Company at a price of CA$1.12 to settle an outstanding loan amount of $6,775,230, including $1,819,230 of accrued interest owing on two unsecured loan facilities dated June 6, 2020 and September 6, 2019, as amended and extended, between Taiga Mining Company, Inc. ("Taiga") and the Company.
- Completed the 2022 field program with 2,090 meters of drilling.
- On March 27, 2023, signed an extension of and amendment to amended and restated memorandum of understanding ("MOU") with Sunrise (Guizhou) New Energy Material Co. Ltd. to develop an agreement to

share expertise and technology for the design, construction and operations of the Company's proposed U.S.-based graphite material manufacturing facility.

- On July 28, 2022, signed an extension of and amendment to memorandum of understanding with Lab 4 Inc., a battery materials recycler, to work collaboratively together to design, develop and build a recycling facility for end-of-life electric vehicles and lithium-ion batteries.

Between January 1, 2023 and April 21, 2023, the Company received gross proceeds of $10,327,511 (CA$13,864,329) from the exercise of outstanding warrants and broker warrants that were issued at an average exercise price of $0.65 (CA$0.87). The proceeds were primarily from the common share purchase warrants which were issued with an exercise price of CA$0.98 and CA$0.61 that were to expire on February 23, 2023, which all have been exercised as well as warrants that are due to expire in May 2023.

The Company completed the sale of 9,322,986 units at a price of CA$1.15 per unit (the "Offering") raising gross proceeds of $8,225,221 (CA$10,721,434) at a price of CA$1.15 per unit. Each unit consists of one common share and one common share purchase warrant entitling the holder to acquire one additional share at an exercise price of CA$1.50 per share for a period of 24 months from the closing date, subject to an acceleration provision. On August 29, 2022, the Company closed the first tranche of 8,762,071 units for gross proceeds of $7,745,700 (CA$10,076,382) and the final tranche was closed on November 21, 2022 for 560,915 units for gross proceeds of $479,521 (CA$645,052). The Company paid finder's fees and other expenses totaling $375,258 related to the Offering and issued 356,022 transferrable, broker warrants, each warrant entitling the holder to acquire one additional share of the Company at a price of CA$1.50 with the same terms, as described above. The fair value of the broker warrants was $163,176.

On September 19, 2022, the Company completed a share for debt transaction (the "Debt Settlement Transaction") and extinguished an outstanding debt in an aggregate of $6,775,230, including $1,819,230 of accrued interest, owed on two unsecured loan facilities dated June 6, 2020 and September 6, 2019, as amended and extended, between Taiga and the Company. Under the terms of the Debt Settlement Transaction, the Company issued 9,296,328 common shares at a revised price of CA$1.12 per share to Taiga in full settlement of the outstanding debt, subject to a statutory four months and one day hold period. The Company had recognized a $1,079,139 loss on the Debt Settlement Transaction.

On August 11, 2022, the Company received TSXV approval to amend the terms of 10,429,981 warrants that were issued on August 12, 2021 and September 24, 2021, respectively. The amendment included extending the expiry date of the warrants from August 12, 2022 to May 12, 2023 and added a new acceleration. The original exercise price of CA$1.50 per warrant and all other terms of the warrants remain unchanged for the extended exercise period.

Management and Director Appointments

On April 3, 2023, the Company announced the appointment of Kevin Torpy as Vice-President, Operation of Graphite One (Alaska) Inc. and the promotion of Andrew Tan to Vice-President, Advanced Graphite Materials.

On July 5, 2022, the Company announced the appointment 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.

On June 1, 2022, the Company announced the appointment of Mike Shaffner as Vice-President, Mining of the Company's wholly owned Alaskan subsidiary, Graphite One (Alaska) Inc.

On May 10, 2022, the Company announced the appointment of Mr. Scott Packman to the Company's Board of Directors.

On March 1, 2022, the Company announced the appointment of Mr. Gordon Jang, CPA, CMA to the position of Chief Financial Officer.

Graphite Creek Project

Preliminary Feasibility Study ("PFS")

On October 14, 2022, the Company filed a NI 43-101 compliant independent report titled "*Preliminary Feasibility Study, Technical Report – Graphite One Project, Alaska, USA*" on SEDAR. The PFS was prepared by JDS Energy & Mining Inc. with assistance from various independent technical consultants.

PFS Highlights

- Parallel strategy to simultaneously develop a commercial scale battery anode materials manufacturing facility in Washington State and the Proposed Mine in Alaska. Manufacturing would begin with purchased materials until Alaska production is available.
- Pre-tax internal rate of return of 26.0%, using an 8% discount rate, with a net present value of $1.93 billion and a payback period of 4.6 years.
- Post-tax internal rate of return of 22.3%, using an 8% discount rate, with net present value of $1.4 billion and a payback period of 5.1 years.
- Measured plus Indicated resources increased 197% and inferred resources increased 177%, respectively, over 2019 results.

The PFS plans the parallel design, permitting and construction of a Secondary Treatment Plant ("STP") and the Proposed Mine. Permitting and construction of the STP is estimated to take 3 years to complete. The STP would operate during the first four years by processing purchased graphite. Mine production is expected to commence in the third year of STP operations and begin supplying graphite to the STP in its fourth year of operation. By the fifth year, it is anticipated that the Proposed Mine would supply 100% of the STP's planned natural graphite requirement at full capacity. If the Proposed Mine begins production sooner, purchased graphite would be reduced accordingly.

Summary of PFS Economic Results

Economic Parameters		Project	STP	Mine
Pre-tax	NPV (8%)	$1,927 M		
	IRR	26.0%		
	Payback	4.6 Years		
Post-tax [1]	NPV (8%)	$1,361 M		
	IRR	22.0%		
	Payback	5.1 Years		
Project Life		26 Years	26 Years	23 Years
Average Annual Production	Graphite Concentrate			51,813 tpy
	Anode Materials		49,615 tpy	
	Purified Graphite		7,354 tpy	
	Unpurified Graphite		18,057 tpy	
	Total		**75,026 tpy**	**51,813 tpy**
Capital Costs	Initial Capital Costs	$1,070 M	$571 M	$499 M
	Contingency	$170 M	$90 M	$80 M
	Sub-Total	**$1,240 M**	**$661 M**	**$579 M**
	Sustaining Capital Costs	$205 M		$205 M
	Contingency	$39 M		$39 M
	Sub-Total	**$244 M**		**$244 M**
	Total Capital Costs	**$1,484 M**	**$661 M**	**$823 M**
Operating Costs	Average annual	$237 M	$165 M	$72 M
	Average per tonne production	$3,590 pt	$2,196 pt	$1,394 pt
Average Product Price		$7,301 pt		

1. Before any effect of 10% Federal tax credit enacted by U.S. Inflation Reduction Act of 2022, effective December 31, 2022

Based on the PFS's updated graphite resource estimate, the Proposed Mine's life for the purposes of the PFS is 23 years. The PFS assumes the STP's operational life is 26 years based on its startup with purchased graphite and continued operation with graphite from the Mine.

On average over its life, the STP would produce about 75,000 tonnes per year of products. About 49,600 tpy would be anode materials, 7,400 tpy purified graphite products, and 18,000 tpy of unpurified graphite products. The anode materials are comprised of four products:

- CPN: Coated, spherical natural graphite;
- BAN: Blended natural and artificial graphites;
- SPN: Secondary particle natural graphite; and,
- SPC: Secondary particle composite.

Based on the PFS assumptions, the average price of all products over the STP's life is $7,301 per tonne. Product forecasts and prices have been developed based on numerous graphite market reports commissioned by or purchased by the Company, combined with the Company's internal information. The long-term market forecast used is based on Wood Mackenzie Limited's Graphite Market 2021 Outlook to 2050, updated by its Global Graphite Market Strategic Planning Outlook – Q2 2022. Purchased graphite prices have been supported by non-binding indications of supply from current producers.

Secondary Treatment Plant

The STP is designed to produce lithium-ion battery anode materials on a commercial scale for the U.S. domestic market using natural graphite from Alaska as soon as it is available. At full capacity, it requires about 34.5 hectares (85 acres) of land, consists of 17 buildings, and expects to produce approximately 77,000 tonnes of manufactured graphite products per year. The products are grouped into battery anode materials, specialty purified graphite products, and traditional unpurified graphite products. The products are manufactured from natural graphite concentrate, artificial graphite precursors, coke and pitch. Key components of the manufacturing process are the purification of natural graphite and graphitization of artificial graphite precursors in high temperature, electrically heated furnaces. The STP's preferred location is in Washington State to access relatively low power rates using hydro generated electricity and a skilled workforce to construct and operate the plant.

Permitting and construction of the STP, once its design is finalized, is expected to take three years. The STP would be constructed in two phases, each with almost identical equipment and production capacity. An exception is that Phase 2 has three furnace lines, while Phase 1 has two. Phase 1 is assumed to operate at 90% capacity for the first year to allow for start up adjustments. Thereafter it would operate at full capacity of 37,500 tonnes per year. Phase 2 would come on stream in Year 2 and the STP would operate at its full capacity of approximately 77,000 tonnes per year thereafter, comprised of:

- 51,167 tpy of anode materials for the electric vehicle and energy storage battery markets;
- 7,585 tpy of purified, sized material for the speciality graphite market; and
- 18,622 tpy for the unpurified, traditional graphite market.

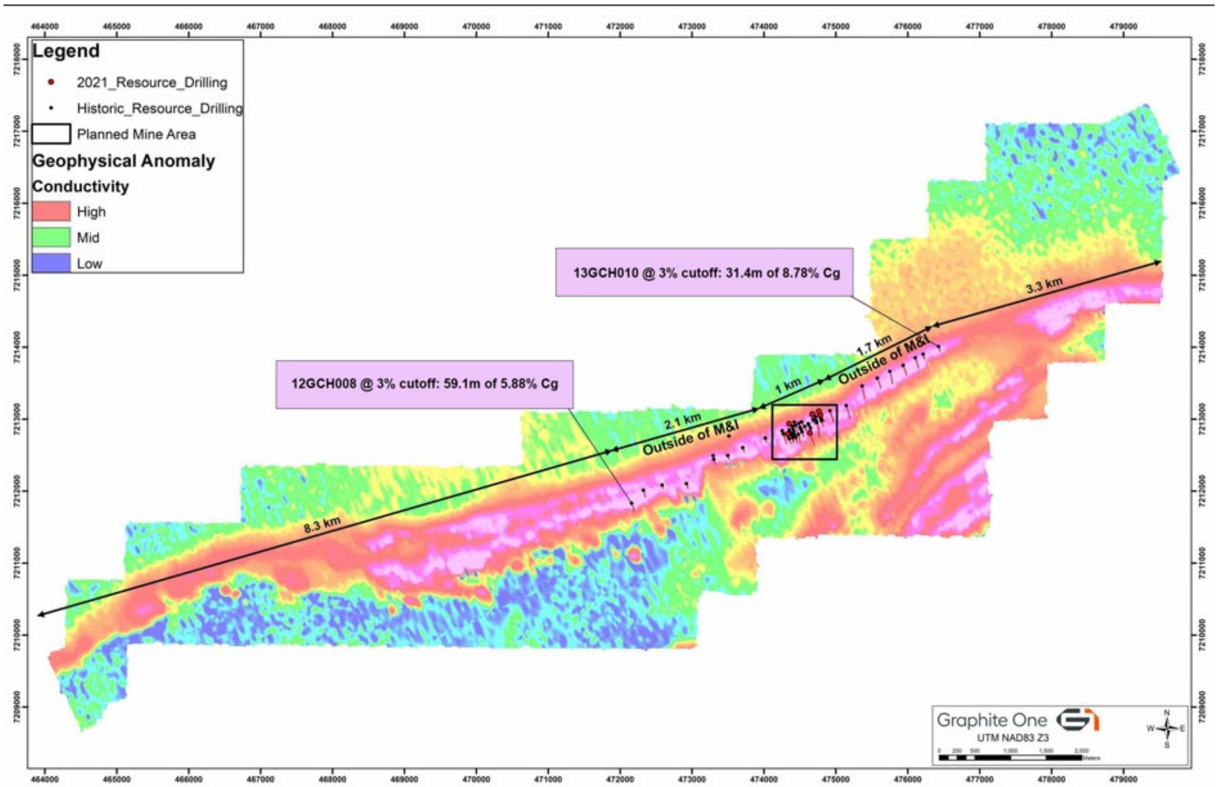
Graphite Creek Mine

The Proposed Mine is expected to produce an average of 51,813 tonnes per year of graphite concentrate for the projected 23-year mine life. The deposit would be mined with conventional open pit mining methods including drilling, blasting, loading, and hauling. The strip ratio in the PFS plan is 2.2:1 with an ore cut-off grade of 2.0% graphitic carbon and an average head grade of 5.6% graphitic carbon. The pit would be mined in six phases over a period of 24 years. One year of pre-stripping would occur prior to the start-up of the process facility. Ore will be hauled to a process facility which will be built adjacent to the pit. Run of mine waste would be comingled with dewatered process tails and placed in waste dumps.

The process facility would process an average of 2,860 tpd for 365 days per year. The flowsheet design is based on metallurgical test work conducted at SGS Canada Inc.'s facilities at Lakefield, Ontario. The flowsheet consists of a jaw crusher that feeds a semi autogenous grinding circuit. After grinding, the ore is subjected to a series of seven flotation/regrind steps. The flotation/regrind steps are designed to recover the graphite at its largest possible flake size while still maintaining a concentrate with a graphitic carbon grade of greater than 95%. The graphite concentrate would be filtered and dried on site. The dried concentrate would be bagged and shipped by barge from Nome, Alaska to the STP in Washington during the annual shipping season. The tails from the flotation circuit would be dewatered, comingled with the waste rock, and placed in a lined waste storage facility. Any drainage from the lined waste storage facility would be treated through a water treatment plant prior to discharge.

Mineral Resources and Reserves

The Graphite Creek property (the "Property") is located on the Seward Peninsula, Alaska about 60 km North of Nome. The Property comprises 9,600 hectares (23,680 acres) of State of Alaska mining claims. The claim block consists of 176 claims, of which 163 are wholly owned by Graphite One (Alaska) Inc. and 13 are leased to Graphite One (Alaska). The graphitic mineral zone is exposed on the surface and strikes East/Northeast along the North face of the Kigluaik Mountains. The geophysical expression of the deposit spans more than 16 km (Figure 1).



Comparisons to the previous resource estimate from the 2019 NI 43-101 report are summarized in the table below.

Resource Estimate Comparison – 2022 PFS Update to 2019 Report

MINERAL RESOURCE CLASSIFICATION	RESOURCE REPORT	TONNAGE (Million Tonnes)	GRAPHITE GRADE (% Cg)	CONTAINED GRAPHITE (Tonnes)
Inferred	2022 PFS Results	254.67	5.11%	13,004,017
	Change from March 2019	177%	-36%	77%
Indicated	2022 PFS Results	27.87	5.15%	1,435,135
	Change from March 2019	201%	-33%	101%
Measured	2022 PFS Results	4.67	5.83%	272,205
	Change from March 2019	176%	-27%	101%
Measured + Indicated	2022 PFS Results	32.54	5.25%	1,707,340
	Change from March 2019	197%	-32%	101%

Note: Cut-off Grades PFS 2%, March 2019 at 5%

The increased tonnage and contained graphite in each category of resource estimate, albeit at lower grades, were due to the application of a lower cut-off grade of 2% compared to the 5% cut-off grade reported in the March 2019 updated mineral resource estimate.

Qualified Persons and NI 43-101 Technical Report

Qualified Person	Company	Responsibility
Richard Goodwin, P.Eng.	JDS Energy & Mining Inc.	Primary QP
Tysen Hantelmann, P.Eng.	JDS Energy & Mining Inc.	OP Mining
Mike Levy, P.E.	JDS Energy & Mining Inc.	OP Geotech
Carly Church, P.Eng.	JDS Energy & Mining Inc.	Economic Model
Robert Retherford, P.Geo.	Alaska Earth Sciences, Inc.	Geology and Resource Estimate
H. M. Bolu, P.Eng.	Bomenco Minerals Engineering	Primary Processing (AK)
Michael Herrell, P.Geo. (BC, NT)	SRK Consulting (Canada) Inc.	Geochemistry
Tom Sharp, P.Eng.	SRK Consulting (Canada) Inc.	Water Treatment
Les Galbraith, P.Eng.	Knight Piésold Ltd.	Water and Water Management

Feasibility Study Update

Based on the positive results of the PFS, work has begun on the Feasibility Study (the "FS") beginning with evaluating the benefits of increasing the mine and plant capacity. Increasing the process plant capacity will require additional drilling to increase the measured and indicated reserves and maintain mine-life. Subject to funding availability, the projected completion of the FS on an accelerated schedule is expected to be in the fourth quarter of 2024. Commencement of the bids process for the engineering work has begun.

2022 Summer Field Program Update

The Company completed the summer drilling program and shut down camp operations on September 9, 2022. As at December 31, 2022, the Company had incurred $16,044,483 on this summer's drilling program.

Land management	215,595
Assays and metallurgy	243,918
Geological consulting	1,330,471
Drilling and fieldwork	10,414,864
Engineering	10,405
Community consultation	164,720
Environmental studies	1,131,862
Capitalized depreciation	283,812
Project management and administration	1,000,191
Pre-feasibility study	1,248,645
Balance, December 31, 2022	**$ 16,044,483**

Highlights include:

- Geotechnical drilling on the proposed access route
- Baseline environmental studies including:
    - Raptor surveys
    - Freshwater fishery surveys
    - Imuruk Basin water quality and Basin fishery surveys
    - Stream flow surveys
    - Pit water quality testing
    - Waste/Ore Humidity Cell testing
    - Installation of weather stations
- 2,090 meters of core drilling on the resource were completed

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 the winter storm in Nome, Alaska. The 24-person camp was fully repaired and operational by early June, coinciding with the landing of the first barge to Nome with 2022 program materials and equipment. By late June the project team safely coordinated a successful mobilization of over 750,000 pounds of camp and drill materials to the Project 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.

Both Nome and Graphite Creek Camps were established and available for project use. The Nome Camp was ready for occupancy 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.

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 were conducted in all sonic holes and on some resource core holes.

The Company completed 1,940 meters of core drilling for resource definition as well as 210 meters of geotechnical drilling for mill site and tailing area determination. The drill results will be used to update the most recent Measured, Indicated and Inferred results published in the Graphite One Project PreFeasibility Study.

Select drill results include:

- 22GC071 returned ***18.5m of 4.7% Cg, 22.2m of 6.8% and 20m of 6.7% Cg*** starting from 19m downhole.

- 22GC072 returned ***31.7m of 5.6% Cg, and 37.6m of 5.2% Cg*** starting from 62m downhole.

- 22GC073 returned ***3.8m of 7.6% Cg, 27.6m of 5.1%, 26.4m of 6.2%Cg and 17.3m of 4.3% Cg*** starting from 13m downhole**.**

- 22GC075 returned ***10.5m of 7.7% Cg, 32.9m of 6.4% Cg and 2.1m of 12.0% Cg*** starting from 3m downhole.

- 22GC076 returned ***53.1m of 7.5% including 12.3m of 11.5% Cg including 2.8m of 25.6% Cg*** starting from 72m downhole.

- 22GC079 located 2 km west of previous closest drilling returned ***31.8m of 3.4% Cg, including 6.3m of 6.7% Cg, 21.5m of 2.6% Cg, 10.7m of 2.6%Cg,*** *and* ***13m of 5.4%Cg*** starting 5m below the surface.

Interpretation of Results:

- Core drilling in the deposit area continued to encounter visible graphite mineralization over wide intervals, consistent with previous drilling.
- Hole 22GC079, drilled 2 km west of previous resource drilling and 4 km west of the PFS pit boundary, showed significant intervals above the PFS mill cut-off grade. Selected intervals totaled 58.2 m of 4.18% graphite.
- The deposit remains open to the West, East, and down dip.
- 2022 drilling targeted extending inferred resource to the west and upgrading inferred resources to measured and indicated around the PFS pit area.
- All holes drilled in the proposed North pit wall encountered significant zones of graphite which will likely expand the pit to the North.

Updated Resource Estimate

The Company updated the resource estimate from that used in the PFS with the results from the 2022 drilling program. The updated resource estimate shows an increase of 15.5% in Measured and Indicated tonnage with a corresponding increase of 13.1% in contained tonnes of graphite. The Measured and Indicated Resources now stand at 37.6 million tonnes at 5.14%, with an Inferred Resource of 243.7 million tonnes at 5.07% graphite. The updated resource estimate has not yet been converted to reserves. The continued expansion of the resource through additional drilling will support the Company's plan to quadruple the annual production from the PFS study.

Comparison of Graphite Creek's 2023 Resources to 2022 Resources[1]

		2023 Resources			2022 Resources				
Category	Cg% Cutoff	Millions Tonnes	Cg%	Million Tonnes Cg	Millions Tonnes	Cg%	Millions Tonnes Cg	YOY Change Tonnes Cg	YOY Change Tonnes
Measured	2%	5.63	5.75%	0.32	4.67	5.83%	0.27	19.00%	20.60%
Indicated	2%	31.96	5.03%	1.61	27.87	5.15%	1.44	12.00%	14.70%
Inferred	2%	243.70	5.07%	12.34	254.67	5.11%	13.00	-5.10%	-4.30%
Measured and Indicated	2%	37.59	5.14%	1.93	32.54	5.25%	1.71	13.10%	15.50%

The updated resource did not include Hole 22GC079, drilled 2.1 km west of the current block model, which encountered 58 meters of 4.18% graphite, due to distance constraints used in the block model. The planned 2023 drilling program will target doubling the measured and indicated resources and increasing the inferred resource by infill drilling along trend to Hole 22GC079.

[1] Mineral Resources are inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves have not demonstrated economic viability. There is no certainty that any part of a Mineral Resource will ever be converted into Reserves. Inferred Mineral Resources represent material that is considered too speculative to be included in economic evaluations. Additional trenching and/or drilling will be required to convert Inferred Mineral Resources to Indicated or Measured Mineral Resources. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher resource category.

Preparation for the 2023 Field Program

To reduce costs and improve efficiency, the 2023 drilling program will be converted from a helicopter-based program to a track drill-based program. A bulldozer and excavator have been purchased and staged for transporting to the site which will be used to make drill roads and drill pads to reduce the need for helicopters and pad building crews. The budget for the 2023 field program is up to $37 million.

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 reflected in the Company's consolidated financial statements as exploration and evaluation property.

Selected Annual Information

The following table summarizes selected financial information as at the years ended December 31, 2022, 2021 and 2020:

	December 31, 2022	December 31, 2021	December 31, 2020
Current assets ($)	905,761	6,528,077	134,718
Exploration and evaluation property ($)	50,133,500	34,089,017	20,646,057
Total assets ($)	52,185,240	41,149,698	20,906,385
Current liabilities ($)	4,675,142	7,000,206	1,489,285
Net loss ($)	5,698,534	8,264,771	2,127,753
Basic and diluted loss per share ($)	0.06	0.12	0.05
Weight average number of common shares outstanding	93,058,179	70,368,118	42,891,752
Exploration and evaluation expenditures ($)	16,044,483	13,442,960	4,764,890
Long-term debt ($)	-	-	5,653,815

Results of Operations

The net loss for the three months ended December 31, 2022 was $1,765,431, a decrease of $2,404,663 compared to a net loss of $4,170,094 for the comparable period in 2021. The decrease in the net loss was due primarily to a lower share-based payment expense (-$3,085,633) which was partially offset by higher personnel (+$366,908), marketing and investor relations costs (+$586,883), and compensation advisory fees (+$130,697).

The net loss for the year ended December 31, 2022 was $5,698,534, a decrease of $2,566,237 compared to a net loss of $8,264,771 for 2021. Operating expenses decreased $3,593,692 to $4,022,021 on lower share-based payments and was partially offset by a $762,337 increase in marketing and investor relations costs, $234,503 on recruiting and advisory fees, a $283,973 increase in personnel costs, and the recognition of a $1,079,139 non-cash loss on the extinguishment of the Taiga debt.

Operating Expenses

	Three months ended December 31, 2022	Three months ended December 31, 2021	Increase (Decrease)	Year ended December 31, 2022	Year ended December 31, 2021	Increase (Decrease)
Expenses						
Management fees and salaries	$ 992,430	$ 675,398	$ 317,032	$ 1,894,657	$ 1,610,684	$ 283,973
Marketing, advisory and investor relations	607,242	20,359	586,883	1,082,233	319,896	762,337
Consulting and advisory fees	90,024	108,807	(18,783)	348,159	310,321	37,838
Office and administration	227,611	33,766	193,845	560,839	200,418	360,421
Professional fees	41,829	53,585	(11,756)	109,733	92,823	16,910
Share-based payments	26,400	3,112,033	(3,085,633)	26,400	5,081,571	(5,055,171)
	$ 1,985,536	$ 4,003,948	$(2,018,412)	$ 4,022,021	$ 7,615,713	$ (3,593,692)

Management fees and salaries

Management fees and salaries for the three months ended December 31, 2022 increased $317,032 to $992,430 compared to $675,398 for the same period in 2021. The increase was due primarily to costs associated with the appointment of two new directors to the Board, a new compensation program and new hires.

Management fees and salaries for the year ended December 31, 2022 increased $283,973 to $1,894,657 from $1,610,684 in 2021. The increase was due to the same reasons as above.

Marketing, advisory and investor relations

Marketing, advisory and investor relations for the three months ended December 31, 2022 increased $586,883 to $607,242 compared to $20,359 for the same period in 2021. The increase was due to the commencement of a digital marketing campaign as part of the Company's ongoing strategy to raise the profile of the Company and its Graphite Creek Project.

Marketing, advisory and investor relations for the year ended December 31, 2022 increased $762,337 to $1,082,233 compared to $319,896 in 2021. The increase was due primarily to 5 months of digital marketing campaigns to raise the profile of the Company and its Graphite One Project.

Office and administration

Office and administration for the three months ended December 31, 2022 increased $193,845 to $227,611 compared to $33,766 for the same period in 2021. The increase was due primarily to $159,108 of advisory fees incurred in connection with the implementation of a new compensation program, higher directors' and officers' insurance premiums and costs associated with the implementation of a new ERP system.

Office and administration for the year ended December 31, 2022 increased $360,421 to $560,839 compared to $200,418 in 2021. The increase is due to higher directors' and officers' insurance premiums of $114,989 and $234,503 on executive recruiting fees and advisory fees relating to the implementation of a new compensation program.

Share-based payments

Share-based payments for the three months ended December 31, 2022 decreased $3,085,633 to $26,400 compared to $3,112,033 for the same period in 2021. The decrease was due to the Company adopting a new compensation program from immediate vesting to a minimum one-year vesting period to a maximum of three years. As a result, the Company recognized $26,400 of fair value from the December 27, 2022 equity grants compared to recognizing 100% of the fair value of the 2021 stock option grant on grant date.

Share-based payments for the year ended December 31, 2022 decreased $5,055,171 to $26,400 compared to $5,081,571 in 2021. As explained above, the change in the Company's compensation program from immediate vesting to vesting over one to three years and issuing one grant of equity awards compared to two grants of equity awards in 2021 all contributed to the decrease in share-based payments.

Summary of Quarterly Results

The following table is a summary of quarterly results for the Company for the eight most recently completed quarters:

Quarter ended	Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022
Net loss ($)	1,765,431	2,142,604	1,011,753	778,746
Basic and diluted loss per share ($)	0.02	0.02	0.01	0.01

Quarter ended	Dec 31 2021	Sep 30 2021	Jun 30 2021	Mar 31 2021
Net loss ($)	4,170,094	721,009	680,375	2,693,293
Basic and diluted loss per share ($)	0.05	0.01	0.01	0.05

The net loss decreased $2,404,663 to $1,765,431 for the fourth quarter of 2022 compared to a net loss of $4,170,094 for the same quarter in 2021 was due primarily to the adoption of a new compensation program where the equity awards granted on December 27, 2022 have a vesting period of either one-year or three-year compared to the equity awards granted in 2021 have immediate vesting. This change resulted in a $3,085,633 decrease in share-based payments which was partially offset by higher management fees and salaries and higher marketing and investor relations expense.

The net loss increased $1,421,595 to $2,142,604 for the third quarter of 2022 compared to a net loss of $721,009 for the same quarter in 2021 was due primarily to the Company recognizing a $1,079,139 loss on the settlement of debt arising from the difference between the fair value of 9,296,328 shares over the carrying value of the Taiga loans at the date of settlement and higher marketing costs.

Net loss decreased $1,914,547 to $778,746 for the first quarter of 2022 compared to a net loss of $2,693,293 for the same quarter in 2021 was due primarily to share-based payments of $1,960,126 to recognize the fair value of the stock options granted.

Liquidity, Capital Resources and Going Concern

The Company's consolidated 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 at least twelve months from December 31, 2022.

As at December 31, 2022, the Company had cash and cash equivalents of $501,704 (December 31, 2021 - $6,376,049), and a working capital deficit of $3,769,381 (December 31, 2021 – working capital deficit of $472,129), which includes $3,343,689 of unpaid project expenditures.

The Company has incurred losses since inception and has not generated any cash inflows from the operations. Cash used in operating activities for the year ended December 31, 2022 was $3,354,647 compared to $3,250,138 in 2021.

On November 21, 2022, the Company completed the final tranche of a non-brokered private placement for gross proceeds for $479,522 (CA$645,052). Pursuant to this private placement, the Company issued 560,915 units at a price of CA$1.15 per unit. The terms of each unit are described below. The Company paid finder fees of $33,567 ($45,154) and issued 39,264 non-transferrable broker warrants.

On September 19, 2022, the Company issued 9,296,328 common shares at a price of CA$0.95 to settle the maturity of Taiga loans in the amount of $4,956,000 and $1,819,230 of accrued interest. The settlement results in a loss of $1,079,139 from the extinguishment of the debt.

On August 29, 2022, the Company completed the first tranche of a non-brokered private placement for gross proceeds of $7,745,700 (CA$10,076,381). Pursuant to this private placement, the Company issued 8,762,071 units at a price of CA$1.15 per unit. Each unit consists of one common share and one transferable, share purchase warrant entitling the warrant holder to acquire one common share at a price of CA$1.50 per share for a two-year period from the date of issuance. The warrants include an accelerated exercise clause whereby, in the event the common shares trade at a price of CA$2.00 or more on the TSXV or the Toronto Stock Exchange (if so listed at such time) for 10 consecutive trading days, the Company may, at its option, issue a press release and a notice to the warrant holders for the expiry of the warrants on the date that is 45 days from the press release date and the warrant holder may exercise the warrants during this 45 day period but no later than the expiry date. Based on the residual valuation method, no value was attributed to the warrants.

The Company paid finder's fees in the amount of $269,448 (CA$348,071) and issued 316,758 transferrable, broker warrants, each warrant entitling the holder to acquire one additional share of the Company at a price of CA$1.50 and under the same the terms, as described above.

The Company issued 945,000 common shares for proceeds of $244,343 (CA$329,000) pursuant to the exercise of stock options at an average exercise price of $0.26 (CA$0.35) per option.

The Company issued 3,777,528 common shares for proceeds of $2,663,199 (CA$3,460,208) pursuant to the exercise of share purchase warrants at an average exercise price of $0.71 (CA$0.92) per warrant.

The Company issued 610,750 common shares for proceeds of $475,841 (CA$610,750) pursuant to the exercise of broker warrants at an average exercise price of $0.78 (CA$1.00) per warrant.

On December 27, 2022, the Company granted 1,463,157 stock options to its employees, officers, and advisors with an exercise price of CA$1.08, vest one-third on the first, second and third anniversary from grant date and expires in 5 years. The Company also granted 3,771,266 restricted shares units to its officers and directors of which 1,131,323 units vest one-year from grant date and 2,639,943 units vest one-third on the first, second and third anniversary from grant date.

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.

As at December 31, 2022, the Company had a cash balance of $501,704 (December 31, 2021: $6,376,049), a working capital deficit of $3,769,381 (December 31, 2021: $472,129 working capital deficit), and an accumulated deficit of $39,479,688 (December 31, 2021: $33,781,154). The Company has incurred losses since inception and does not generate any cash inflows from operations. For the year ended December 31, 2022, cash used in operating activities totaled $3,354,647 (December 31, 2021: $3,250,138).

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 financings. During the year ended December 31, 2022, the Company completed a non-brokered private placement offering, which together with the exercise of stock options and warrants raised gross proceeds of $11,608,604. Subsequent to December 31, 2022, the Company also received gross proceeds of $10,327,511

(CA$13,864,329) from the exercise of 15,914,400 warrants and broker warrants at an average exercise price of $0.65 (CA$0.87) per share. Based on projected administrative and project expenditures for 2023, the Company will require additional financings to continue to operate. There can be no assurance that the Company will be successful in securing adequate funding through additional financings, which gives rise to material uncertainty 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.

Related Party Transactions and Balances

Relationships	**Nature of the relationship**
Huston and Huston Holdings Corp.	Huston and Huston Holdings Corp. is a private company controlled by Anthony Huston, an officer and director of the Company which provides director and management services to the Company.
Rockford Resources LLC	Rockford is a private company controlled by Patrick Smith, a director of the Company which provides Patrick Smith's services as a director to the Company.
SSP Partners LLC	SSP Partners LLC is a private company controlled by Scott Packman, a director of the Company which provides Scott Packman's services as a director to the Company.
Taiga Mining Company, Inc.	Taiga is a private mining company that owns more than 20% of the common shares of Graphite One, the owners are Jerry Birch and Kevin Greenfield.
ROTAK LLC	ROTAK is one of the providers to the Company of helicopter support services in Alaska. One of Taiga's principals is also a manager in the entity that controls ROTAK.

Related party transactions

	Management and Director Fees		Project Services	
For the years ended December 31,	**2022**	**2021**	**2022**	**2021**
Huston & Huston Holding Corp.	$ 617,755	$ 624,718	$ -	$ -
Rockford Resources LLC	30,000	75,636	-	-
0897877 B.C. Ltd.	-	74,965	-	-
SSP Partners LLC	16,401	-	-	-
ROTAK LLC	-	-	447,496	919,076
	$ 664,156	**$ 775,319**	**$ 447,496**	**$ 919,076**

On August 22, 2022, the Company entered into a Debt Settlement Agreement with Taiga to settle the outstanding loan of $6,775,230 by issuing to Taiga 9,296,328 common shares of the Company at a price of CA$1.12 per share. The Company recognized a loss on the debt settlement of $1,079,139. The Company had accrued $466,510 (year ended December 31, 2021: $686,322) of interest on the Taiga loan during 2022 and had accumulated total interest of $1,819,230 prior to the debt settlement.

On August 29, 2022, Taiga subscribed for 2,258,957 units of the Company's non-brokered private placement at a price of CA$1.15 per unit for gross proceeds of CA$2,597,801. Each unit consists of one common share and one 2-year common share purchase warrant exercisable at CA$1.50 per warrant.

On December 29, 2022, Taiga exercised 450,000 common share purchase warrants at an exercise price of CA$1.20 for gross proceeds of CA$540,000.

On April 17, 2023, Taiga exercised 3,798,602 common share purchase warrants at an average exercise price of $1.05 (CA$1.40) for gross proceeds of $3,973,055 (CA$5,308,797).

Amounts owing to other related parties are non-interest bearing, unsecured and due on demand. The transactions were in the normal course of operations. At December 31, 2022, the Company owed $25,000 (December 31, 2021 - $1,237) to related parties.

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, Executive Chair, Chief Financial Officer, Vice-President, Mining and directors. Compensation paid to key personnel, which include the fees referenced in the above related party transactions table is as follows:

	Twelve months ended December 31,	
	2022	2021
Management fees	**$ 617,755**	$ 624,720
Director fees	**91,401**	150,601
Salaries and benefits	**1,488,198**	1,091,030
Share-based payments	**232,691**	4,916,876
	$ 2,430,045	$ 6,783,227

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, receivables, 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 a 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 a 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 at December 31, 2022, the Company had a working capital deficit of $3,769,381 (December 31, 2021 - $472,129 working capital deficit). Subsequent to December 31, 2022, the Company received proceeds of $10,327,511 (CA$13,864,329) from the exercise of 15,914,400 warrants. The Company will seek to complete additional equity offerings and to pursue government grants to fund the ongoing operations and Graphite Creek project. There can be no assurance that the Company can obtain additional financing on terms acceptable to the Company or at all. As at December 31, 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 $501,704 in cash and cash equivalents at December 31, 2022, on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is considered by management to be 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.

During 2021, the Company entered into dual currency swap contracts to provide a better interest rate yield in exchange for foreign currency risk. If the CAD/USD spot rate is less than or equal to the pre-determined conversion rate on settlement date, the principal amount will be settled in the conversion currency at the pre-determined conversion rate which will result in a foreign exchange loss. At December 31, 2021, the Company recognized a loss of $21,501 on the fair value of embedded derivative in open contracts.

The Company did not enter into any dual currency swap contracts during the year ended December 31, 2022.

At December 31, 2022, the Company has certain monetary items denominated in Canadian dollars. Based on these net exposures at December 31, 2022, 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 $18,002 (December 31, 2021: $296,928)

Significant Judgments in Applying Accounting Policies

The preparation of these financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the period's end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates is pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

In preparing these consolidated financial statements for the year ended December 31, 2022, the Company applied the critical estimates, assumptions and judgements as disclosed below:

Critical accounting judgments

Exploration and evaluation property

The Company is required to make significant judgments in assessing whether there are any indicators of impairment relating to exploration and evaluation property. If any such indicator exists, then an impairment test is performed by management. Indicators of impairment may include (i) the period for which the entity has the right to explore in the specific area has expired during the year or will expire; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable; and (iv) development or sale of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management would need to assess whether the exploration and evaluation property should be impaired. There are no indicators of impairment as at December 31, 2022.

Leases

Significant judgements made by management in the accounting for leases primarily included whether the lease conveys the right to use a specific asset, whether the Company obtains substantially all of the economic benefits from the use of the asset, whether the Company has the right to direct the use of the asset, evaluating the appropriate discount rate to use to discount the lease liability for each lease or groups of assets, and to determine the lease term where a contract includes renewal options. Significant judgements over these factors would affect the present value of the lease liabilities, as well as the associated amount of the right-of-use ("ROU") asset.

Changes in Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted.

Presentation of Financial Statements (Amendment to IAS 1)

The amendments to IAS 1, clarifies the presentation of liabilities. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and are affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendment issued in October 2022 also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The implementation of this amendment is not expected to have a material impact on the Company.

Outlook

The Company's primary focus is to complete the feasibility study on the Graphite One Project which includes the Proposed Mine and primary processing facilities on the Seward Peninsula in Alaska and the STP 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 has initiated discussions with several entities to secure a site for the STP. This process is expected to take several quarters to finalize the terms of the agreement.

Negotiations are ongoing to finalize the terms of a definitive agreement with:

- Sunrise (Guizhou) New Energy Material Co. Ltd., on a technology licensing agreement to share expertise and technology for the design, construction of the STP; and
- Lab 4 Inc. on a technology licensing agreement involving the design, construction, and operation of a battery materials recycling facility.

Planning is underway for the 2023 drilling program to be converted from a helicopter-based to a track drill-based program. Equipment has been purchased and staged for transporting to site and will be used to make drill roads and drill pads, which will reduce the need for helicopters and pad building crew.

Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business, which is the exploration of its mining properties. The following are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. 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 statements relating to the Company.

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.

Uninsurable Risks

Mining processing operations generally involve a high degree of risk. Exploration, development and production operations on mineral properties involve numerous risks, including but not limited to unexpected or unusual geological operating conditions, seismic activity, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, and political and social instability, any of which could result in damage to, or destruction of life or property, environmental damage and possible legal liability. Although the Company believes that appropriate precautions to mitigate these risks are being taken, operations are subject to hazards such as equipment failure or failure of structures, which may result in environmental pollution and consequent liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate the Company's future profitability and result in increasing costs and a decline in the value of the Common Shares. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or be excluded from coverage. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, thereby adversely affecting the Company's business and financial condition.

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 Feasibility Study, permitting, construction and start-up.
- Market risks include the 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.
- Supply chain risk includes the sourcing of graphite concentrate in the open market as feed stock for the secondary treatment plant ("STP") while the Company completes the construction of the Graphite Creek Mine to produce graphite concentrate for the STP.
- Supply chain risk also includes a risk the STP does not produce the quantity and/or quality of the graphite products in the time frame anticipated.

Negative Operating Cash Flow and Dependence on Third Party Financing

The Company has no source of operating cash flow and there can be no assurance that the Company will ever achieve profitability. Accordingly, the Company is dependent on third party financings to continue exploration activities on the Company's properties, maintain capacity and satisfy contractual obligations. Accordingly, the amount and timing of expenditures depends on the Company's cash reserves and access to third party financings. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's Graphite Creek Project or require the Company to sell one or more of its properties (or an interest therein).

Uncertainty of Additional Financing

As stated above, the Company is dependent on third party financings, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining the required financing in the future or that such financing will be available on terms acceptable to the Company. The Company's access to third party financing depends on a number of factors including the price of graphite, the results of ongoing exploration, the results of the Feasibility Study and any other economic or other analysis, a claim against the Company, a significant event disrupting the Company's business or graphite industry generally, or other factors may make it difficult or impossible to obtain financing through debt, equity, or other means on favorable terms, or at all. As previously stated, failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's Graphite Creek Project or require the Company to sell one or more of its properties (or an interest therein).

Reliance upon Key Management and Other Personnel

The Company relies on specialized skills of management in the areas of mineral exploration, geology and business negotiations and management. The loss of any of these individuals could have an adverse effect on the Company. The Company does not currently maintain key-man life insurance on any of its key employees. In addition, as the Company's business activity continues to grow, it will require additional key financial, administrative, and qualified technical personnel. Although the Company believes that it will be successful in attracting, retaining, and training qualified personnel, there can be no assurance of such success. If it is not successful in attracting, retaining, and training qualified personnel, the efficiency of the Company's business could be affected, which could have an adverse impact on its future cash flows, earnings, results of operation and financial condition.

Imprecision of Preliminary Feasibility Study and Mineral Resource Estimates

The preliminary feasibility study and the mineral resource figures are estimates, and such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that its mineral resource estimate is well established and reflects management's best estimates, by their nature, mineral resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Should the Company encounter mineralization or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted.

These are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. 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 statements relating to the Company.

Outstanding Share Data

The following table summarizes the Company's outstanding share capital as at April 21, 2023:

Common shares issued and outstanding	125,391,279
Restricted share units	6,490,367
Stock options outstanding (weighted average exercise price CA$1.03)	9,478,329
Warrants outstanding (weighted average exercise price CA$1.45)	20,340,634
Broker warrants outstanding (weighted average exercise price CA$1.48)	376,378
Fully diluted	162,076,987

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.