GRAPHITE ONE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023

As of May 10, 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 condensed interim consolidated financial statements for the three months ended March 31, 2023 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 May 10, 2023. The information and discussion provided in this MD&A is for the three months ended March 31, 2023, and where applicable, the subsequent period up to the date of this MD&A. 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 April 1, 2023 and May 10, 2023, received gross proceeds of $4,384,632 (CA$5,912,697) from the exercise of 4,245,602 warrants at an average exercise price of $1.03 (CA$1.39).
- On April 26, 2023, announced the receipt of active anode material samples produced from Graphite One's Alaska graphite by Sunrise (Guizhou) New Energy Material Co. Ltd ("Sunrise"). The sample materials and the sample specification data have been provided to the U.S Department of Energy's Pacific Northwest National Laboratory ("PNNL") for additional testing and sample material has also been sent to a leading Electric Vehicle ("EV") manufacturer for evaluation.
- During the first quarter ended March 31, 2023, received gross proceeds of $6,327,514 (CA$8,519,532) from the exercise of 12,085,798 warrants and broker warrants at an average exercise price of $0.52 (CA$0.70) per share.
- 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 March 13, 2023, announced the updated resource estimate, which shows an increase of 15.5% in Measured and Indicated tonnage with a corresponding increase of 13.1% in contained tonnes of graphite.
- On February 7, 2023, announced that significant graphite grade continues 4 kilometers from the PFS pit boundary with step-out hole (22GC079) include 58.2 meters of 4.18% graphite.

On April 26, 2023, the Company announced the receipt of active anode material samples produced from Graphite One's Alaska graphite by Sunrise. The sample materials and the sample specification data have been provided to PNNL for additional testing and sample material has also been sent to a leading EV manufacturer for evaluation. Sunrise produced two different anode material samples from the Company's graphite concentrate - coated spherical natural graphite and secondary particle natural graphite. A third fast-charging graphite anode material sample was also produced for the North American EV battery companies for evaluation.

The natural graphite was purified using the advanced fluorine-free purification process as proposed by Graphite One in its Graphite One Project Preliminary Feasibility Study dated October 13, 2022 (the "PFS"). All three samples were produced in Sunrise's commercial scale anode material manufacturing plant. The specific capacity of the first natural graphite sample was 366.4 mAh/g and the second sample was 364.9 mAh/g – both exceeding 98% OR within 2% of graphite's theoretical maximum of 372 mAh/g. The ratio of graphite concentrate input to spherical graphite output was optimized in the spheroidization process, achieving utilization rates greater than the 75% targets assumed in the PFS.

Management 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.

Graphite Creek Project

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.

Results from 2022 Drilling Program

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 planned 2023 Drilling Program will continue to delineate the scope and size of the resource, as the Graphite Creek deposit remains open to the West, East, and down dip.

The budget for the 2023 field program is up to $37 million subject to funding availability.

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 Financial Information

	March 31, 2023	December 31, 2022
Current assets	$ 1,896,234	$ 905,761
Exploration and evaluation property	51,016,720	50,133,500
Total assets	53,961,577	52,185,240
Total liabilities	1,230,639	4,675,142
Total shareholders' equity	$ 52,730,938	$ 47,510,098

Results of Operations

The net loss for the three months ended March 31, 2023 was $2,035,983, an increase of $1,257,237 compared to a net loss of $778,746 for the same period in 2022. The increase in the net loss was due primarily to higher marketing campaign and share-based payments and partially offset by lower interest expense.

The Company's marketing campaigns to raise the profile of Graphite One and its Graphite Creek Project to investors totaled $600,000 for the first quarter compared to $100,000 for the same quarter in 2022. Share-based payments totaled $764,487 for the first quarter compared to $nil for the same period in 2022 as the Company recognized the amortization of the 2022 and 2023 equity-based awards granted to its employees, officers, directors and advisors. Equity awards granted prior to 2022 were 100% vested on date of grant which resulted in the Company recognizing the full fair value on grant date. Interest expense which consisted of loan interest and interest accretion on its building leases decreased $196,769 to $4,295 compared to $201,064 for the same period in 2022. The decrease was due to the settlement of the two outstanding loans to Taiga Mining Company Inc. in September 2022 through a shares for debt settlement transaction.

Operating Expenses

	Three months ended March 31, 2023	2022	Increase (Decrease)
Expenses			
Management fees and salaries	$ 325,643	$ 261,232	$ 64,411
Marketing and investor relations	716,114	195,896	520,218
Consulting and advisory fees	79,769	89,725	(9,956)
Office and administration	107,714	91,676	16,038
Professional fees	32,113	12,270	19,843
Share-based payments	764,487	-	764,487
	$ 2,025,840	$ 650,799	$ 1,375,041

Management fees and salaries

Management fees and salaries for the three months ended March 31, 2023 increased $64,411 to $325,643 compared to $261,232 for the same period in 2022. The increase was due primarily to costs associated with the implementation of a new compensation program.

Marketing and investor relations

Marketing and investor relations for the three months ended March 31, 2023 increased $520,218 to $716,114 compared to $195,896 for the same period in 2022. 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.

Office and administration

Office and administration for the three months ended March 31, 2023 increased $16,038 to $107,714 compared to $91,676 for the same period in 2022. The increase was due primarily to higher directors' and officers' insurance premiums and ERP quarterly maintenance and support costs.

Share-based payments

Share-based payments for the three months ended March 31, 2023 were $764,487 compared to $Nil for the same period in 2022. The increase was due to recognizing the fair value of 2022 and 2023 equity-based awards granted employees, officers, directors and advisors. The equity-based awards for calendar year 2022 were not granted until December 27, 2022 resulting in no share-based payments for the first three quarters of 2022.

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	Mar 31 2023	Dec 31 2022	Sep 30 2022	Jun 30 2022
Net loss ($)	2,035,983	1,765,431	2,142,604	1,011,753
Basic and diluted loss per share ($)	0.02	0.02	0.02	0.01

Quarter ended	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021
Net loss ($)	778,746	4,170,094	721,009	680,375
Basic and diluted loss per share ($)	0.01	0.05	0.01	0.01

The net loss for the first quarter increased $270,552 to $2,035,983 compared to a net loss of $1,765,431 for the fourth quarter of 2022 due primarily to a $738,087 increase in share-based payments as the Company recognized the vesting of both the annual equity-based awards for calendar year 2022 which were granted on December 27, 2022 and the grant of 2023 equity-based awards.

The net loss for the fourth quarter of 2022 decreased $2,404,663 to $1,765,431 compared to a net loss of $4,170,094 for the same quarter in 2021. The decrease 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 which have immediate vesting. The change in the vesting of equity awards 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 for the third quarter of 2022 increased $1,421,595 to $2,142,604 compared to a net loss of $721,009 for the same quarter in 2021. The increase 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.

Liquidity, Capital Resources and Going Concern

The Company's condensed interim 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 March 31, 2023.

As at March 31, 2023, the Company had cash and cash equivalents of $1,193,313 (December 31, 2022 - $501,704), and a working capital of $665,595 (December 31, 2022 – working capital deficit of $3,769,381). A swing to a positive working capital was due to the exercise 12,085,798 warrants for proceeds of $6,327,514.

The Company has incurred losses since inception and has not generated any cash inflows from the operations. Cash used in operating activities for the three months ended March 31, 2023 increased $934,217 to $1,602,628 from $668,411 for the same period in 2022. The increase in cash used in operating activities was due primarily to $520,218 of increased spending on marketing and investor relations, $239,052 on settling of 2022 outstanding invoices and $90,336 on corporate expenses.

During the three months ended March 31, 2023, the Company issued 12,085,798 common shares for proceeds of $6,327,513 (CA$8,519,532) pursuant to the exercise of share purchase warrants at an average exercise price of $0.52 (CA$0.70) per warrant.

From April 1, 2023 to the date of this MD&A, the Company issued an additional 4,245,602 common shares for proceeds of $4,384,632 (CA$5,5,912,697) pursuant to the exercise of share purchase warrants at an average exercise price of $1.03 (CA$1.39) per warrant.

On January 19, 2023, the Company granted 1,517,743 stock options to its employees and officers with an exercise price of CA$1.00, which vest one-third on the first, second and third anniversary from grant date and expires in 5 years. The Company also granted 2,719,101 restricted shares units of which 1,319,101 units were granted to its directors and one-quarter of the units will vest one-year from grant date and one quarter of the units will vest on each of the following dates – April 6, 2024, July 6, 2024 and October 6, 2024. The remaining 1,400,000 restricted share units were granted to it officers and one-third of the units will vest on the first, second and third anniversary from grant date.

Going Concern

As at March 31, 2023, the Company had a cash and cash equivalents of $1,193,313 (December 31, 2022: $501,704), a working capital of $665,595 (December 31, 2022: $3,769,381 working capital deficit), and an accumulated deficit of $41,503,873 (December 31, 2022: $39,479,688). The Company has incurred losses since inception and does not generate any cash inflows from operations. For the three months ended March 31, 2023, cash used in operating activities was $1,630,300 (March 31, 2022: $668,411) and $3,958,669 (March 31, 2022: 1,135,372) were spent on project related expenditures of which $3,022,285 were the settlement of accrued but unpaid 2022 project expenditures. Subsequent to March 31, 2023, the Company issued 4,245,602 common shares for gross proceeds of $4,384,632 (CA$5,912,697) from the exercise of warrants at an average exercise price of $1.03 (CA$1.39) per share.

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 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. These 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	
For the three months ended March 31,	**2023**	**2022**
Huston & Huston Holding Corp.	**$ 112,500**	$ 75,000
Rockford Resources LLC	**7,500**	7,500
0897877 B.C. Ltd.	**-**	7,500
SSP Partners LLC	**7,500**	-
	$ 127,500	$ 90,000

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 March 31, 2023, there were no amounts owed (December 31, 2022 - $25,000) to related parties.

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 proceeds of $3,973,055 (CA$5,308,797).

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:

For the three months ended March 31,	**2023**	2022
Management fees	**$ 112,500**	$ 75,000
Director fees	**30,000**	15,000
Salaries and benefits	**213,000**	242,109
Share-based payments	**736,023**	-
	$ 1,091,523	$ 332,109

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 March 31, 2023, the Company had working capital of $665,595 (December 31, 2022 - $3,769,381 working capital deficit). Subsequent to March 31, 2023, the Company received proceeds of $4,384,632 (CA$5,912,697) from the exercise of 4,245,602 warrants at an average exercise price of $1.03 (CA$1.39). The Company will need 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.

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 $1,193,313 in cash and cash equivalents at March 31, 2023 (December 31, 2022: $501,704), 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.

At March 31, 2023, the Company has certain monetary items denominated in Canadian dollars. Based on these net exposures, 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 $28,554 (December 31, 2022: $18,002).

Critical Accounting Estimates and Judgments in Applying Accounting Policies

Critical accounting estimates and judgment that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 5 of the Company's consolidated financial statements for the year ended December 31, 2022.

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. The planned 2023 Drilling Program will continue to delineate the scope and size of the resource, as the Graphite Creek deposit remains open to the West, East, and down dip.

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 May 10, 2023:

Common shares issued and outstanding	125,808,279
Restricted share units	6,488,367
Stock options outstanding (weighted average exercise price CA$1.03)	9,478,329
Warrants outstanding (weighted average exercise price CA$1.45)	19,923,634
Broker warrants outstanding (weighted average exercise price CA$1.48)	376,378
Fully diluted	162,074,987

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.