GRAPHITE ONE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2023

As of November 16, 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 unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 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 applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. For further information on the Company, reference should be made to its public filings on SEDAR+ at www.sedarplus.ca.

This MD&A is prepared by management and approved by the Board of Directors as of November 16, 2023. The information and discussion provided in this MD&A is for the three and nine months ended September 30, 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 assumes 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.sedarplus.ca.

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

Nature of Operations

The Company 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 fifty-five (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.

Highlights

- On October 23, 2023, the Company announced the completion of the 2023 summer drilling program with 57 holes drilled totaling 8,736 meters (28,661 ft), including 5 geotechnical holes, and received the assay results on the initial 13 holes.
- On September 14, 2023, the Company closed a non-brokered private placement with Bering Straits Native Corporation ("**BSNC**") for 2,802,690 units at a price of CA$0.97 per unit for gross proceeds of CA$2,718,609.
- On September 11, 2023, the Company was awarded a $4.7 million contract from the U.S. Department of Defense's Defense Logistics Agency to develop a graphite-based foam fire suppressant.
- On July 19, 2023, the Company entered into an unsecured loan agreement for up to $5.0 million (the "**Loan**") with Taiga Mining Company, Inc. ("**Taiga**") which matures on July 24, 2024 and carries an annual interest rate of twelve (12) percent per annum.
- On July 17, 2023, Graphite One (Alaska) Inc. ("**G1 Alaska**"), the Company's wholly owned subsidiary was awarded a Department of Defense ("**DoD**") Technology Investment Agreement Grant for up to $37.5 million under Title III of the Defense Production Act ("**DPA**"), funded through the Inflation Reduction Act.

On September 14, 2023, the Company closed a non-brokered private placement with BSNC by issuing 2,802,690 units at a price of CA$0.97 per unit for gross proceeds of CA$2,718,609. Each unit consists of one common share and one common share purchase warrant exercisable at CA$1.21 per share expiring twelve months from the closing of the private placement.

No finder's fee was paid on the private placement and all securities issued in connection with the private placement will be subject to a four month + one (1) day hold period ending on January 15, 2024.

The Company granted BSNC an option to invest a further $6.0 million in common shares of the Company at any time within twelve months from the closing of the private placement. The shares will be priced at the minimum price approved by the TSX Venture Exchange. Net proceeds from the investment will be used to support the feasibility study, community investment and general corporate purposes.

On September 11, 2023, the Company received a $4.7 million contract ("**DLA Contract**") from the U.S. Department of Defense's Defense Logistics Agency to develop a graphite and graphene-based foam fire suppressant as an alternative to incumbent PFAS fire-suppressant materials, as required by U.S. law. The Company will execute the DLA project with Vorbeck Materials, Corp. of Maryland, under the terms of the Graphite One-Vorbeck teaming agreement which was announced on June 19, 2023. The Company will recognize the revenue and associated costs under the DLA contract in the income statement.

On July 19, 2023, the Company entered into an unsecured loan for up to $5.0 million with Taiga, which matures on July 24, 2024. The interest on the Loan will accrue on the outstanding balance at a rate of twelve (12) percent per annum. As consideration for the Loan being accessible to the Company, G1 Alaska granted Taiga an option to purchase a net smelter returns royalty ("**NSR**") in increments of 0.25% for every $1.25 million advanced up to a maximum of one (1) percent on the 133 Alaska state claims owned or leased by the G1 Alaska. The option may be exercised at any time prior to the maturity date and, if exercised, the outstanding balance of the Loan and accrued interest will be deemed to be the consideration paid for the purchase of the NSR. The full amount of the Loan has been drawn. The proceeds will be used to fund the feasibility study on the Proposed Mine.

There are currently two NSRs on the Graphite Creek Property, a 5% and a 2.5% NSR on certain Alaska state claims, of which 2% of each NSR can be purchased for a total of $4.0 million, leaving a 3.0% and a 0.5% NSR on their respective claims. As noted above, the Company had granted Taiga an option to acquire up to a one (1) percent NSR on 133 Alaska state claims owned or leased by the Company.

On July 17, 2023, G1 Alaska was awarded a DoD Technology Investment Agreement ("**TIA Agreement**") grant of up to $37.5 million (the "**Grant**") under Title III of the DPA, funded through the Inflation Reduction Act. The funding objective of the DoD-G1 Alaska Technology Investment Agreement is to perform an accelerated Feasibility Study to modernize and expand domestic production capacity and a domestic supply chain for graphite battery anodes for electric vehicles and alternative energy batteries. The draw down of the Grant is contingent upon the Company's obligation to match an equivalent dollar-for-dollar amount of spending on the feasibility study. The total aggregate amount of up to approximately $75 million is subject to the terms of the TIA Agreement and ends on November 30, 2024. If funds remain available for drawdown pursuant to the Grant, the Company may request an extension to the term end date to complete the Feasibility Study, if required. During the third quarter, the Company submitted claims to the DoD totaling $8.9 million for reimbursements under the Grant of which $5.6 million was outstanding as of September 30, 2023. As at the date of this MD&A, the outstanding balance was received.

Graphite Creek Project

The following table summarizes the net Graphite Creek expenditures for the nine months ended September 30, 2023:

Site Preparation, drilling and camp operations	$ 15,193,037
Assays and metallurgy	89,770
Geological consulting	635,157
Engineering and technical assessments	111,143
Community consultation and meetings	144,605
Environmental studies	1,592,347
Capitalized depreciation	331,171
Capitalized share-based payments	345,596
Project management and administration	754,202
Grant reimbursements	(8,907,605)
Graphite Creek expenditures	**10,289,423**
Acquisition of NSR royalty	450,163
Secondary treatment plant project costs	178,048
Total Graphite Creek and other capitalized expenditures	**$ 10,917,634**

Completion of the 2023 Field Program

Heavy equipment was delivered to site by winter trail in March and was used to build drill trails for the project. By establishing these drill trails, the program was able to reduce its reliance on helicopters by maximizing the number of drill holes completed using skid mounted rigs instead of flown rigs. This change allowed the Company to more than quadruple the total feet drilled of 28,661 ft compared to the 2022 summer drilling program when only 6,971 ft were drilled.

The 2023 summer drilling program commenced in early June with the opening of the two camps in Nome and Graphite Creek, the hiring of seasonal workers, setting up radio and internet communication at the sites, construction of drill trails, and building the drill pads. The field program ended in mid-October with 57 holes drilled for a total of 28,661 ft (8,736 m), which included 5 geotechnical holes to evaluate construction sites or hydrology conditions. The remaining 52 resource holes all intersected visual graphite mineralization and continue to demonstrate exceptional consistency of a shallow, high-grade graphite deposit that remains open both to the east and west of the existing mineral resource estimate.

2023 select drill holes with significant graphite mineralization include (full table below):

- 23GC088 returns ***9.63 m of 13.19% Cg*** from 70.60 m;
- 23GC092 returns ***9.0 m of 14.89% Cg*** from 35.0 m;
- 23GC099 returns ***15.02 m of 10.75% Cg*** from 20.0 m;
- 23GC102 returns ***10.88 m of 11.14% Cg*** from surface AND ***8.03 m of 10.56% Cg*** from 66.14 m further down hole.

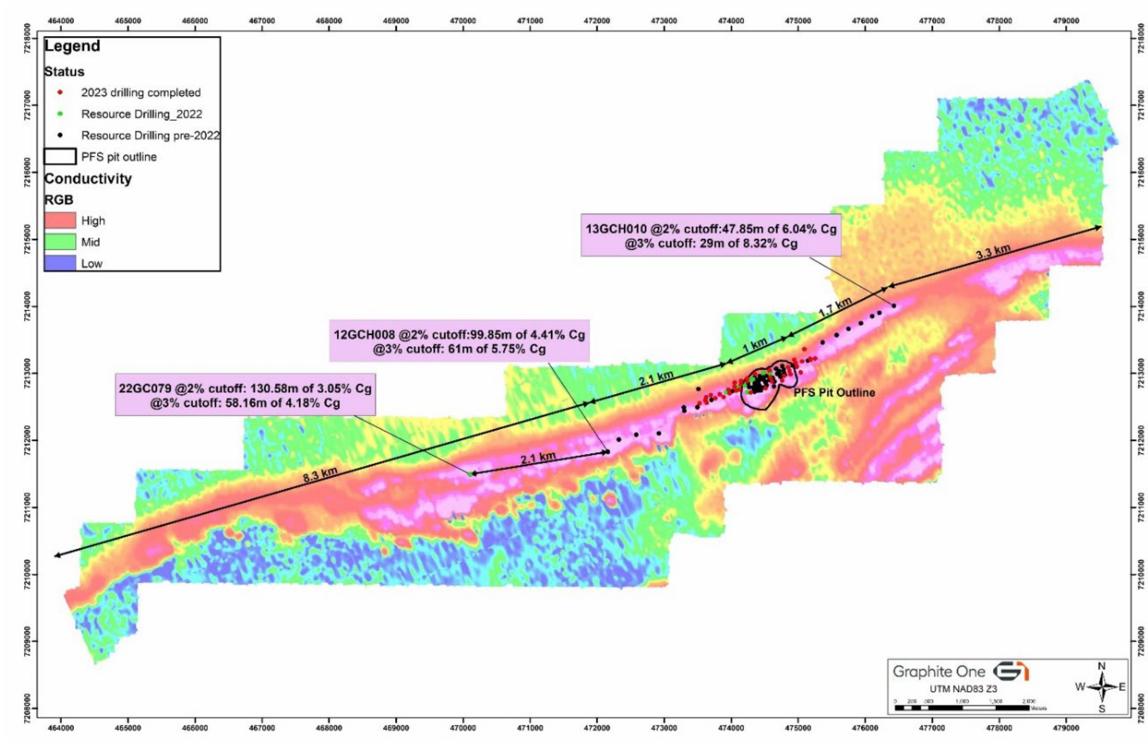

Figure 1: Graphite Creek Geophysical Anomaly with Resource Drilling to Date (CNW Group/Graphite One Inc.)

Summary of 2023 Summer Drilling Program Results:

SIGNIFICANT INTERCEPTS REPORT								
Parameters: Lower Cutoff = 6% Min Interval Length= 6 m Max Length of Internal Dilution = 1.5 m								
Hole ID	Project	Intercept	From (m)	To (m)	Length (m)	Length (ft)	C-Graphite (%)	Containing
23GC081	GRAPHITE	1	91.11	101.46	10.35	34.0	8.90	5.39 m @10.36 pct
23GC084	GRAPHITE	1	97.10	103.80	6.70	22.0	7.95	
23GC084	GRAPHITE	2	109.05	120.96	11.91	39.1	10.93	5.33 m @13.36 pct
23GC086	GRAPHITE	1	81.40	88.14	6.74	22.1	6.40	
23GC087	GRAPHITE	1	108.32	126.50	18.18	59.6	9.25	2.00 m @18.40 pct
23GC088	GRAPHITE	1	70.60	80.23	9.63	31.6	13.19	2.98 m @27.37 pct
23GC090	GRAPHITE	1	71.00	79.50	8.50	27.9	8.43	2.60 m @11.37 pct
23GC091	GRAPHITE	1	98.00	107.00	9.00	29.5	9.64	2.00 m @12.45 pct
23GC091	GRAPHITE	2	199.03	208.00	8.97	29.4	8.39	
23GC092	GRAPHITE	1	35.00	44.00	9.00	29.5	14.89	3.50 m @27.74 pct
23GC094	GRAPHITE	1	86.72	95.35	8.63	28.3	9.83	3.90 m @10.83 pct
23GC094	GRAPHITE	2	104.00	113.60	9.60	31.5	9.14	6.60 m @10.45 pct
23GC096	GRAPHITE	1	54.43	71.00	16.57	54.4	9.71	3.12 m @23.62 pct
23GC096	GRAPHITE	2	73.00	83.00	10.00	32.8	7.97	
23GC096	GRAPHITE	3	140.97	149.00	8.03	26.3	12.76	5.00 m @15.18 pct
23GC097	GRAPHITE	1	31.87	39.14	7.27	23.9	8.76	
23GC099	GRAPHITE	1	20.00	35.02	15.02	49.3	10.76	4.02m @13.072pct
23GC102	GRAPHITE	1	0.00	10.88	10.88	35.7	11.14	3.13 m @23.37 pct
23GC102	GRAPHITE	2	66.14	74.17	8.03	26.3	10.56	4.36 m @14.04 pct

Year	Drillhole Count	Meters Drilled	Feet Drilled
2012	18	4,248.84	13,939.8
2013	10	1,023.84	3,359.1
2014	22	2,313.98	7,591.8
2018	6	800.87	2,627.5
2019	3	357.80	1,173.9
2021	19	2,146.54	7,042.5
2022	16	2,124.88	6,971.4
2023	57	8,735.87	28,661.0
Total	**151**	**21,752.62**	**71,366.9**

In 2020, no drilling took place due to COVID restrictions.

Technical Disclosure/Qualified Person
Mr. Rob Retherford, P. Geo with Alaska Earth Sciences, Inc. provided oversight of the 2023 drilling and sampling program. Mr. Retherford is a Qualified Person as defined under NI 43-101 and has reviewed and approved the technical content of this summary.

QA/QC Program Applied
Graphite One maintains a rigorous QA/QC program with respect to the preparation, shipping, analysis and checking of all samples and data from the Property. Quality control for drill programs at the Company's projects covers the complete chain of custody of samples, including verification of drill hole locations (collar surveys and down-hole directional surveys), core handling procedures (logging, sampling, sample shipping) and analytical-related work, including duplicate sampling, "check analyses" at other laboratories and the insertion of standard and blank materials. The QA/QC program also includes data verification procedures.

Overall Performance and Results of Operations

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

Selected Financial Information

	September 30, 2023	December 31, 2022
Current assets ($)	$ 8,249,734	$ 905,761
Exploration and evaluation property ($)	61,051,134	50,133,500
Total assets ($)	70,465,013	52,185,240
Current liabilities ($)	10,269,259	4,675,142
Net loss for the nine months ended September 30, 2023 and full year December 31, 2022	6,131,809	5,698,534
Basic and diluted loss per share ($)	0.05	0.06
Weight average number of common shares outstanding	123,729,114	93,058,179
Exploration and evaluation expenditures ($)	$ 14,718,167	$ 12,824,903

Results of Operations

The net loss for the three months ended September 30, 2023 was $1,892,548, a decrease of $250,056 compared to a net loss of $2,142,604 for the same period in 2022. The decrease in the net loss was due primarily to the absence of a $1,281,628 loss on settlement of a debt reported in the comparable period in 2022, which were partially offset by higher share-based payments (+$859,872), marketing and investor relations costs (+$64,191), and legal and accounting fees (+$115,667) in the current period.

The net loss for the nine months ended September 30, 2023 was $6,131,809, an increase of $2,198,707 compared to a net loss of $3,933,103 for the same period in 2022. The increase in the net loss was due to higher share-based payments (+$2,473,747), marketing and investor relations (+$1,042,880) and legal and accounting fees (+$218,443) which were partially offset by the absence of $1,281,628 loss on settlement of debt and lower loan interest expense in the comparable period in 2022.

Operating Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2023	**2022**	**Net Increase**	**2023**	**2022**	**Net Increase**
Expenses						
Management fees and salaries	$ 303,784	$ 278,587	$ 25,197	$ 911,234	$ 797,401	$ 113,834
Marketing and investor relations	124,489	60,298	64,191	1,517,871	474,991	1,042,880
Consulting and advisory fees	106,430	69,484	36,946	302,144	248,135	54,009
Office and administration	118,495	117,483	1,012	409,144	333,228	75,916
Professional fees	137,040	21,373	115,667	286,347	67,904	218,443
Share-based payments	974,698	114,826	859,872	2,588,573	114,826	2,473,747
	$1,764,936	$ 662,050	$ 1,102,886	$6,015,313	$2,036,485	$ 3,978,829

Management fees and salaries

Management fees and salaries for the three months ended September 30, 2023 increased $25,197 to $303,784 compared to $278,587 for the same period in 2022. The increase was due primarily to an increase in personnel costs associated with the implementation of a new compensation program effective for 2023.

Management fees and salaries for the nine months ended September 30, 2023 increased $113,834 to $911,234 compared to $797,401 for the same period in 2022. The increase was due primarily to $85,245 increase in personnel costs and director fees were $28,589 higher than in 2022 when two independent directors were joined the Board in May and July of 2022 compared to 2023 when all four independent directors were compensated for the full nine months of 2023.

Marketing and investor relations

Marketing and investor relations for the three months ended September 30, 2023 increased $64,191 to $124,489 compared to $60,298 for the same period in 2022. The increase was due to higher digital marketing expenses.

Marketing and investor relations for the nine months ended September 30, 2023 increased $1,042,880 to $1,517,871 compared to $474,991 for the same period in 2022. The increase was due to seven months of digital marketing campaigns during 2023 compared to two month of digital marketing campaigns during 2022.

Office and administration

Office and administration for the three months ended September 30, 2023 increased $1,012 to $118,495 compared to $117,483 for the same period in 2022.

Office and administration for the nine months ended September 30, 2023 increased $75,916 to $409,144 compared to $333,228 for the same period in 2022. The increase was due primarily to higher directors and officers liability insurance and ERP maintenance and costs associated with increased travel.

Professional fees

Professional fees for the three months ended September 30, 2023 increased $115,667 to $137,040 compared to $21,373 for the same period in 2022. The increase was due primarily to higher legal fees on general corporate matters and to a lesser extent, increased accounting fees related to the review of quarterly financial statements, which commenced in the first quarter of 2023 and tax compliance.

Professional fees for the nine months ended September 30, 2023 increased $218,443 to $286,347 compared to $67,904 for the same period in 2022. The increase in professional fees was primarily due to higher legal fees and to a lesser extent, increased accounting fees, as explained above.

Share-based payments

Share-based payments for the three months ended September 30, 2023 increased $859,872 to $974,698 compared to $114,826 for the same period in 2022. The increase was due to amortizing the fair value of the 2022 and 2023 equity-based awards granted to employees, officers, directors and advisors. The Company adopted a new equity awards program in 2023 whereby the new equity awards vest over a one-year to three-year period compared to past awards that vested on the date of grant. As a result, the Company recognizes the fair value of the grant over the vesting period.

Share based payments for the nine months ended September 30, 2023 were $2,473,747 compared to $114,826 for the same period in 2022. The increase was due to the same reason as explained above.

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	Sep 30 2023	June 30 2023	Mar 31 2023	Dec 31 2022
Net loss ($)	1,892,548	2,203,279	2,035,982	1,765,431
Basic and diluted loss per share ($)	0.01	0.02	0.02	0.02

Quarter ended	Sep 30 2022	June 30 2022	Mar 31 2022	Dec 31 2021
Net loss ($)	2,142,604	1,011,753	778,746	4,170,094
Basic and diluted loss per share ($)	0.02	0.01	0.01	0.05

The net loss for the third quarter of 2023 decreased $310,731 to $1,892,548 compared to a $2,203,279 net loss for the second quarter of 2023. The decrease in the net loss was due primarily to lower digital marketing expenses.

The net loss for the second quarter of 2023 increased $167,296 to $2,203,279 compared to a $2,035,983 net loss for the first quarter of 2023. The increase in the net loss quarter-over-quarter was due primarily to higher digital marketing expenses, legal fees and share-based payments.

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.

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 September 30, 2023.

As at September 30, 2023, the Company had cash and cash equivalents of $2,458,284 (December 31, 2022 - $501,704), and a working capital deficit of $2,019,525 (December 31, 2022 – working capital deficit of $3,769,381). The increase in cash and cash equivalents and lower working capital deficit were due to receiving $15,290,556 of proceeds from a private placement and the exercise of share purchase and broker warrants and $5,000,000 proceeds from the Taiga Loan. The proceeds were partially offset by $14,815,153 spent on the Graphite Creek project and $3,384,964 of cash used in operating activities.

The Company has incurred losses since inception and has not generated any cash inflows from the operations. Cash used in operating activities for the nine months ended September 30, 2023 increased $1,053,967 to $3,384,964 from $2,330,997 for the same period in 2022. The increase in cash used in operating activities was due primarily to increased spending on marketing and investor relations and higher legal and accounting fees.

During the nine months ended September 30, 2023, the Company issued 21,917,598 common shares for proceeds of $15,290,555 (CA$20,580,197) in connection with a non-brokered private placement with BSNC and the exercise of share purchase and broker warrants at an average exercise price of $0.69 (CA$0.93) per warrant. In addition, the Company issued 456,500 common shares at a price of $0.98

(CA$1.30) for total consideration of $446,612 (CA$593,450) in connection with the buy back of a 1% NSR on the Sheardown claims.

On September 14, 2023, the Company entered into an agreement with Bering Straits Native Corporation for an initial investment of CA$2.7 million by way of a non-brokered private placement for 2,802,690 units at a price of CA$0.97 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at CA$1.21 per share expiring twelve months from the closing of the private placement. The Company also granted BSNC an option to invest a further $6.0 million in common shares of the Company at any time within twelve months from closing of the private placement. The shares will be priced at the minimum price approved by the TSX Venture Exchange. Net proceeds from the investment will be used to support the feasibility study, community investment and general corporate purposes.

On July 19, 2023, the Company entered into an unsecured loan agreement of up to $5.0 million (the "**Loan**") with Taiga, which matures on July 24, 2024. The interest on the Loan will accrue on the outstanding balance at a rate of twelve (12) percent per annum. As consideration for the Loan accessible to the Company, G1 Alaska granted Taiga an option to purchase a NSR in increments of 0.25% for every $1.25 million advanced up to a maximum of one (1) percent. The option may be exercised at any time prior to maturity and, if exercised, the outstanding balance of the Loan and accrued interest will be deemed to be the consideration paid for the purchase of the NSR. The full amount of the Loan has been drawn.

On July 17, 2023, G1 Alaska was awarded a DoD Technology Investment Agreement ("**TIA**") grant of $37.5 million under Title III of the DPA, funded through the Inflation Reduction Act. The funding objective of the DoD-Graphite One (Alaska) Inc. is to perform an accelerated Feasibility Study to modernize and expand domestic production capacity and a domestic supply chain for graphite battery anodes for electric vehicles and alternative energy batteries. The total amount covered under the TIA is up to $75.0 million of which DoD's share is up to $37.5 million and G1 Alaska's share is up to $37.5 million. The expenditures are subject to audit by the DoD.

During the third quarter, the Company submitted claims to the DoD totaling $8.9 million for reimbursements under the Grant of which $5.6 million was outstanding. The outstanding balance was received subsequent to September 30, 2023.

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 anniversaries 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 its officers and vest over a three (3) year period.

<u>Going Concern</u>

As at September 30, 2023, the Company had cash and cash equivalents of $2,458,284 (December 31, 2022: $501,704), a working capital deficit of $2,019,525 (December 31, 2022: $3,769,381 working capital deficit), and an accumulated deficit of $45,611,497 (December 31, 2022: $39,479,688). The Company has incurred losses since inception and does not generate any cash inflows from operations. For the nine months ended September 30, 2023, cash used in operating activities was $3,384,963 (2022: $2,330,997) and $14,815,153 (2022: $12,136,968) was spent on project related expenditures.

The Company's ability to continue to meet its obligations and carry out its planned exploration and development activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. Based on projected administrative and project expenditures for the next twelve months, the Company will 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 condensed 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.

Related party transactions

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Huston & Huston Holdings Corp.	**$ 112,500**	$ 75,000	**$ 337,500**	$ 150,000
Rockford Resources LLC	**7,500**	7,500	**22,500**	15,000
0897877 B.C. Ltd.	**-**	-	**-**	15,000
SSP Partners LLC	**7,500**	-	**22,500**	-
Taiga Mining Company, Inc.	**111,782**	-	**111,782**	-
	$ 239,282	$ 82,500	**$ 494,282**	$ 180,000

Amounts owing to related parties are non-interest bearing, unsecured and due on demand. At September 30, 2023, $111,782 were owed (December 31, 2022 - $25,000) to related parties.

During the nine months ended September 30, 2023, Taiga completed the following transactions with the Company:

i) Exercised 6,059,230 warrants at an average exercise price of $0.99 (CA$1.32) for gross proceeds of $5,977,635 (CA$8,021,550).

ii) On July 19, 2023, G1 Alaska, the Company's wholly owned subsidiary entered into an unsecured loan agreement for advances of up to $5 million. The Loan matures on July 24, 2024 and interest on the Loan will accrue on the outstanding balance at a rate of twelve (12) percent per annum.

For the three and nine-months ended September 30, 2023, the Company accrued $111,782 of interest on the Loan.

In consideration for the Loan being accessible to the Company, G1 Alaska granted Taiga an option to acquire a NSR in 0.25% increments for every $1,250,000 advance up to the maximum of one (1) percent on 133 Alaska state claims owned or leased by the Company. The option may be exercised at any time prior to maturity and, if exercised, the outstanding balance of the Loan and accrued interest will be deemed to be the consideration paid for the purchase of the NSR.

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, three (3) Vice-Presidents and the directors. Compensation paid to key personnel, which include the fees referenced in the above related party transactions table is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Management fees	**$ 225,000**	$ 75,000	**$ 337,500**	$ 225,000
Director fees	**60,000**	30,000	**90,000**	61,401
Salaries and benefits	**778,333**	219,483	**991,333**	683,284
Share-based payments	**1,015,357**	114,826	**1,751,380**	114,826
	$ 2,078,690	$ 439,309	**$ 3,170,213**	$ 1,084,511

Financial Risk Management

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

Credit risk

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

The Company has assessed its exposure to credit risk on its cash and cash equivalents and receivable from the US Government and has determined that such risk is minimal. The majority of the Company's cash 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 September 30, 2023, the Company had a working capital deficit of $2,019,525 (December 31, 2022 - $3,769,381 working capital deficit). On July 17, 2023, the Company was awarded a $37.5 million Department of Defense Grant to accelerate the completion of its Graphite Creek feasibility study and on September 11, 2023 entered into an unsecured, $5.0 million loan agreement with Taiga Mining Company, LLC, a related party, which matures on July 24, 2024. The Company will submit for a monthly draw down from the DoD for reimbursement of their share of the feasibility study expenditures. The Grant and the proceeds from any debt or equity financings will be used to fund the ongoing operations and the 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 has $2,458,284 in cash and cash equivalents at September 30, 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 the majority of its cash reserves in United States dollars. A portion of the Company's funds are held in Canadian dollars and are therefore subject to fluctuations in foreign exchange rates.

At September 30, 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 $9,198 (December 31, 2022: $18,002).

Fair Values

The carrying values of cash and cash equivalents, and amounts receivable, loan payable, and trade and other accounts payable approximate their fair values due to their short-term nature or the ability to readily convert to cash.

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 with the addition of:

Grant Reimbursement

The Company exercises judgement and makes certain assumptions on whether certain feasibility study expenditures may qualify for reimbursement under the DoD's Technology Investment Agreement Grant, which will impact the carrying value of the exploration and evaluation 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 secondary treatment plant ("STP") is 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.

With the completion of the summer drilling program, the Company started the engineering phase of the feasibility study in the fourth quarter of 2023. The 2024 summer drilling program will include additional geotechnical drilling for mine planning design. The Company expects to complete the feasibility study report in the fourth quarter of 2024.

The Company has initiated discussions with a number of entities to secure a site for the STP. This process is expected to conclude with a site selection by the end of the fourth quarter.

Negotiations are ongoing to finalize the terms of definitive agreements with:

- Sunrise (Guizhou) New Energy Material Co. Ltd., on technology licensing, consulting and supply agreements 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.

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 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 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 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 results of 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 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 November 16, 2023:

Common shares issued and outstanding	131,850,977
Restriced 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$1.43)	11,955,677
Broker warrants outstanding (weighted average exercise price CA$1.50)	356,022
Fully diluted	**160,129,372**

Other Information

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