NORTHERN GRAPHITE CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three Month Period Ended March 31, 2022
(Information as at May 27, 2022 unless otherwise noted)

The following provides management's discussion and analysis ("MD&A") of results of operations and financial condition of Northern Graphite Corporation ("Northern" or the "Company") for the three month periods ended March 31, 2022 and 2021. This MD&A was prepared by the Company's management and approved by its Board of Directors on May 27, 2022.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the three month periods ended March 31, 2022 and 2021 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements and also with the Company's audited annual financial statements for the years ended December 31, 2021 and 2020 which have been prepared in accordance with IFRS for annual financial statements. All figures are presented in Canadian dollars unless otherwise indicated. This MD&A is prepared in conformity with National Instrument 51-102F1.

This MD&A contains forward-looking statements. Statements regarding the anticipated operations and performance of the LDI Project (as defined below) and the anticipated advancement of the Okanjande, Bissett Creek, South Okak and Mousseau West Projects (each as defined below) and the programs related thereto, including with respect to the adequacy of cash resources to do so and the need for future financing, are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to the cautionary language at the end of this MD&A and readers are advised to refer to it when reading any forward-looking statements.

Introduction

Northern is mineral resource exploration, development and production company engaged in the acquisition, exploration, development and production of graphite and other battery mineral properties. The Company was incorporated on February 25, 2002 under the *Business Corporations Act* (Ontario) to develop and hold title to the Bissett Creek graphite project ("Bissett Creek" or the "Bissett Creek Project"). On June 7, 2021, the Company entered into an option agreement to earn up to an 80% interest in the South Okak nickel-copper-cobalt project ("South Okak" or the "South Okak Project"), located 80 kilometres southeast of Voisey's Bay, Labrador in order to diversify into other battery minerals.

On December 2, 2021, the Company entered into binding purchase and sale agreements to acquire 100% ownership of the producing Lac des Iles ("LDI" or the "LDI Project") graphite mine in Quebec and the Okanjande graphite deposit and the Okorusu processing plant in Namibia (on care and maintenance) (collectively, "Okanjande" or the "Okanjande Project") for approximately $48 million (US$37.5 million) from subsidiaries of Imerys SA ("Imerys") (the "Acquisition"). The Acquisition was completed subsequent to period end on April 29, 2022.

First Quarter 2022 and Year to Date Highlights

On January 4, 2022, the Company announced the senior management appointments of David Marsh as Chief Operating Officer, Christopher Park as Chief Financial Officer and Nathalie Pilon as Director of Finance to help guide Northern through the transition to an operating and producing company on closing of the Acquisition.

On January 31, 2022 the Company announced it had retained Hugues Jacquemin to act as a Special Advisor to the Board of Directors on matters relating to development of the Company's Bissett Creek Project, management and operation of the LDI and Okanjande Project being acquired from subsidiaries of Imerys, and the evaluation of opportunities to expand the Company's business through acquisitions, joint ventures and strategic partnerships.

On February 10, 2022, the Company completed an initial closing of a brokered private placement led by Sprott Capital Partners LP conducted to partially finance the Acquisition (the "Private Placement"), raising gross proceeds of $19,321,875 through the sale of 25,762,500 subscription receipts at a price of $0.75 per subscription receipt. The proceeds were placed in escrow, with each subscription receipt to be automatically exercised, without payment of any additional consideration and without further action on the part of the holder thereof, into one unit of the Company upon satisfaction of certain escrow release conditions related to the completion of the Acquisition. Each unit is comprised of one common share of the Company and one-half of one share purchase warrant. Full details of the Private Placement, including an additional closing completed on April 27, 2022 involving the issuance of an additional 5,000,000 subscription receipts for additional gross proceeds of $3,750,000, is described in the Liquidity and Capital Resources section below. On February 23, 2022, the Company announced that it has entered into an option agreement (the "Mousseau Option Agreement") that provides it with an option to acquire a 100% interest in the Mousseau West Graphite project ("Mousseau West" or the "Mousseau West Project"), subject to the owners retaining a 2% net smelter royalty. The Company believes Mousseau West provides an attractive option for extending the mine life at the LDI Project and has the potential to become a significant project in its own right. Full details of the Mousseau Option Agreement are described in the Corporate Developments section below.

Subsequent to period end on April 29, 2022, the Company closed the Acquisition of the producing LDI Project in Quebec and the Okanjande Project in Namibia (on care and maintenance) for approximately $48 million (US$37.5 million). The Acquisition was funded through a combination of equity, debt and the sale of a royalty and stream on the assets acquired. Financing included US$36 million in debt, royalty and stream financing provided by Sprott Resource Streaming and Royalty Corp. or its affiliates or funds (collectively, "Sprott") and the Private Placement for approximately $23 million. In addition, Imerys received US$4 million in equity of the Company on the same terms as the Private Placement, as partial payment of the purchase price for the LDI Project. The Company is now the only significant North American natural graphite producer and has acquired an established customer base and market share. Full details of the Acquisition are described in the Operations Review and Project Development section and full details of the financing are described in the Liquidity and Capital Resources section.

Operations Review and Project Development

Until the Acquisition, which was completed subsequent to period end, the Company's principal focus has been the potential development of the Bissett Creek Project located in the County of Renfrew, Ontario. Bissett Creek was extensively explored and evaluated in the 1980's but was not developed as graphite prices subsequently declined due to an excess of supply from China. More recently, rapidly growing demand from the lithium ion battery ("LiB") market and concern over world dependence on Chinese production have created growing interest in graphite projects. Bissett Creek contains a very high percentage of large and extra large flake graphite which command premium pricing. An independent source has rated it as the highest margin graphite project in the world.

Northern completed a full feasibility study on Bissett Creek in July 2012 (the "FS") which confirmed the technical and financial viability of constructing and operating an open pit mine and processing plant at Bissett Creek. A technical report was prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and filed under the Company's profile on SEDAR in August 2012. The FS was optimized and updated in September 2013 (the "FS Update") following an additional 61 hole, 3,425 metre drill program, the release of a new and larger resource estimate and revision of the mine plan based on the new resource model. The FS Update also incorporated some modifications to capital and operating cost assumptions and lower graphite prices.

The production scenario outlined in the FS and FS Update represent a Phase 1 conservative approach that consists of building a smaller project with a reasonable capital cost and a realistic production volume relative to the size of the current graphite market. In Phase 2, production will be doubled to meet the expected growth in graphite demand arising from the LiB and EV markets. The Company has completed a preliminary economic assessment on a Phase 2 expansion case (the "Expansion PEA") and filed a technical report prepared in accordance with NI 43-101 on SEDAR in December 2013. This is the current technical report on the Bissett Creek Project. The Expansion PEA assumes Phase 1 production will be doubled after three years of operation based on Measured and Indicated resources only. The Company also updated the Expansion PEA (the "Expansion PEA Update") to assess the economics of building a two million tonne per annum ("Mtpa") processing plant at the outset rather than expanding after three years of operation.

Because of the passage of time since completion of the various technical reports, the Company reviewed the economics of the Phase 1 development scenario during 2018 and 2019 in order to evaluate the effect of some modifications to the flow sheet as well as changes in commodity prices, exchange rates, equipment and labour costs and other project inputs. The Company also evaluated the effect of increasing the proposed production rate of 20,000 tonnes of concentrate per annum by at least 20 percent. The results of this analysis were released as a sensitivity analysis on the Expansion PEA and indicate that the Bissett Creek Project still has an attractive net present value ("NPV") and internal rate of return ("IRR") as cost inflation and lower graphite prices have largely been offset by very favorable movements in the CDN/US dollar exchange rate and savings from simplification of the flowsheet.

A metallurgical test program was completed at SGS Lakefield ("SGS") to confirm graphite recoveries, concentrate purity and flake size yield under the new flow sheet. It indicated that the new flowsheet will increase average concentrate purities from 94.5 to 97 percent with little change in recoveries and a small improvement in large flake yields. Due to the premium paid for higher purity concentrates, the net effect will be an increase in estimated concentrate sales prices. As these results do not represent a material change, the Company does not intend to prepare and file a new NI 43-101 report at the present time. The Company believes that the extensive technical studies completed on the Bissett Creek Project over many years may allow it to proceed directly to detailed engineering, which will include an engineered cost estimate, once financing has been arranged and a construction decision made.

In 2012 the Company filed a revised Mine Closure Plan in respect of Bissett Creek ("MCP") which was accepted by the Ontario Ministry of Energy, Northern Development and Mines ("MENDM"). The MCP authorizes Northern to build and operate the mine and requires the Company to deposit $2,329,008 with the Province of Ontario prior to the commencement of commercial production. This represents the estimated amount required to restore the Bissett Creek property to its original environmental state after the mine has been constructed and operations cease. A deposit of $845,883, including accrued interest, has already been made. Because of operational changes made to improve the economics of the Bissett Creek Project, and to the passage of time, the Company must file an amendment to the MCP which will include a re-estimation of reclamation costs and the amount of the associated deposit. The Company must also obtain various other permits and authorizations from a number of government agencies. These are in process and are expected to be received in the normal course prior to the commencement of mining operations.

Over the last number of years, the Company has continued to advance work on the major permits required in addition to the MCP. Accordingly, applications/documentation have been submitted with respect to approval of the Class Environmental Assessment and authorizations required under the *Lakes and Rivers Improvement Act* (Ontario) (for tailings facilities) and under the *Endangered Species Act* (Ontario).

Bissett Creek Project – Overview

The Company holds a 100% interest in the Bissett Creek Project, which is located approximately 15 km from the Trans-Canada Highway (Highway 17) between the towns of Deep River and Mattawa, Ontario. Bissett Creek is located in the United Townships of Head, Clara and Maria, in the County of Renfrew, Province of Ontario, approximately 300 km northeast of Toronto and 200 km west of Ottawa.

The Bissett Creek Project consists of Ontario mining lease number 109550 (covering 565 hectares) which expires on August 31, 2035, and Ontario mining lease number 109335 (covering 1,938 hectares) which expires on June 30, 2034 (the "Mining Leases"). Property taxes and annual rental payments with respect to the Mining Leases are payable to the Minister of Finance. The Company also held five unpatented mining claims, contiguous to the Mining Leases, which have been converted into 52 cells covering approximately 1,159 hectares under Ontario's Mining Lands Administration System.

A royalty of $20 per ton of concentrate sold must be paid to the families of the original discoverers of the deposit once the mine is operational plus a 2.5% net smelter royalty ("NSR") on any other minerals derived from the Bissett Creek Project. An annual advance payment of $27,000 must be made and will be credited against future payments when the mine commences production.

On July 15, 2020, the Company sold a 1% gross revenue royalty ("GRR") on the Bissett Creek Project to Electric Royalties Ltd. ("ERL") for $500,000 in cash and 2,000,000 common shares of ERL valued at $440,340 at the time of closing (the "Consideration Shares"). Under the terms of the agreement, ERL also has a two-year option to acquire an additional 0.5% GRR by paying $750,000, of which 25% can be paid in ERL shares. The Company will have the option to buy back 0.5% of the initial GRR at any time after 12 months by returning the Consideration Shares or paying $1.5 million in cash.

Prices for graphite have largely remained at low levels for a number of years as demand growth from the LiB/EV markets has been slower than expected and there remains a surplus of production capacity in China. Based on its review of industry sources, the Company believes that current prices are approximately US$1,500 per tonne for large (+80 mesh) flake graphite while +50 mesh XL flake is selling for approximately US$1,750 per tonne and +32 mesh XXL flake at US$2,250 per tonne. These prices are based on the standard industry purity of 94% Cg. Bissett Creek concentrates are expected to average 97% Cg which will attract premium pricing. Over 60% of production from Bissett Creek will be XXL and XL flake making it the world's highest margin deposit according to a study by Benchmark Mineral Intelligence. These grades are mainly used in the expandable graphite market. The expandable graphite and LiB markets continue to grow and Chinese production of larger flake sizes is declining which bodes well for higher large flake prices in the future.

Prices for small flake concentrate, which is mainly used in the manufacture of LiBs had been depressed due to surplus production capacity in China and a large, new mine in Africa but recently have increased due to growth in the EV and battery markets.

Based on information from a number of industry sources, the Company believes that it could achieve an average selling price in the order of US$1,750 per tonne in the current market. These sources tend to poll high volume end users and intermediaries. The Company considers their prices to be conservative and expects to achieve higher levels by selling directly to small volume end users and into specialty markets.

The Bissett Creek Project is unique among its North American peers in that it has a reasonable capital cost, an initial production rate that is realistic relative to the size of the current market (and which can be expanded as demand grows), and the highest percentage of large/XL flake. Northern's strategy differs from most of its peers in that the large/XL flake nature of Bissett Creek enables the Company to initially focus on high margin and value-added industrial markets, mainly in the US and Europe. This includes micronized graphite, expandable graphite and high purity flake graphite which receive premium prices. The Company also intends to develop the capacity to produce anode material for the LiB market which is growing rapidly (due to Evs) and is dominated by China. Unlike many graphite deposits, essentially all Bissett Creek production will be "battery grade". No value added products are included in the economics in the FS, Expansion PEA or the updates and sensitivity analyses relating thereto.

As at March 31, 2022, the Company had capitalized $13,691,512 of exploration and evaluation expenditures relating to Bissett Creek, net of the proceeds from the ERL royalty. During the year ended December 31, 2020 the proceeds of $940,340 from the ERL royalty sale was netted against capitalized project costs. During 2022, the Company will continue completing the balance of the remaining permitting for the Bissett Creek Project and should be in a position to make a construction decision subject to arranging the necessary project financing.

Bissett Creek Project – Mineral Resources

Based on a 1.02% graphitic carbon ("Cg") cut-off, the Bissett Creek deposit has estimated Measured and Indicated resources of 69.8 million tonnes grading 1.74% Cg (1.2 million tonnes of in situ graphite) and Inferred resources of 24.0 million tonnes grading 1.65% Cg (0.4 million tonnes of in situ graphite) (the "2013 Resource Estimate"). The Bissett Creek deposit has an exceptionally high content of high purity, coarse flake graphite which are very important factors that must be considered along with tonnage and grade.

Mineral resources were estimated in conformance with the CIM Mineral Resource definitions referred to in NI 43-101 Standards of Disclosure for Mineral Projects. Pierre Desautels, P.Geo., Principal Resource Geologist, and Gordon Zurowski, P.Eng., Principal Mining Engineer, both of AGP Mining Consultants and Qualified Persons under NI 43-101 who are independent of the Company, prepared the mineral resource estimate.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues including changing costs, recoveries and mineral prices.

The quantity and grade of reported inferred mineral resources are uncertain in nature and there has been insufficient exploration drilling to categorize inferred mineral resources as indicated or measured mineral resources and it is uncertain if further exploration will result in them being upgraded to indicated or measured mineral resources.

Bissett Creek Project - Feasibility Study

The Company completed the FS for the Bissett Creek Project in 2012. The FS was prepared by G Mining Services Inc. and confirmed the technical and financial viability of constructing and operating an open pit mine and 2,500 tpd processing plant at Bissett Creek which is considered as Phase 1 of the ultimate development plan. In 2013, the Company revised the mine plan in the FS based on the 2013 Resource Estimate and updated the FS economics. The FS Update also incorporated some modifications to capital and operating cost assumptions and lower graphite prices. The FS Update was prepared by AGP Mining Consultants and as it did not constitute a material change, a new NI 43-101 report was not filed.

Summary of Updated Feasibility Study Economics

	2013 FS Update (base case)	**2012 FS**
Probable reserves (million tonnes)	28.3Mt*	19.0Mt
Feed Grade (% graphitic carbon)	2.06%*	1.89%
Waste to ore ratio (excl. low grade stockpile)	0.79	0.50
Processing rate (tonnes per day - 92% availability)	2,670	2,300
Mine life*	28 years	23 years
Mill recovery	94.7%	92.7-94.7%
Average annual production	20,800t	15,900t
Capital cost ($ millions - including 10% contingency)	$101.6M	$102.9M
Cash operating costs ($/tonne of concentrate) *	$795	$968
Mining costs ($/tonne of ore)	$5.63	$5.79
Processing costs ($/tonne of ore)	$8.44	$9.60
General and administrative costs ($/tonne of ore)	$2.50	$2.94
CDN/US dollar exchange rate	1.05	1.00
Graphite prices (US$ per tonne)	$1,800	$2,100
Pre tax NPV @8% (CDN$ millions)	$129.9	$71.7
Pre tax IRR (%)	19.8%	15.6%
After tax NPV @8% (CDN$ millions)	$89.3	$46.9
After tax IRR (%)	17.3%	13.7%

*Includes 24 million tonnes ("Mt") grading 2.20% Cg and 4.0 Mt grading 1.26% Cg of low grade stockpile ("LGS") to be processed at the end of the mine life. An additional 12.5 Mt LGS grading 1.26% Cg is stored in the pit and is available for processing through a future expansion or at the end of the mine life. The waste to ore ratio is 0.24 if the low grade stockpile is processed. All grades are diluted.

The proposed development of the Bissett Creek graphite deposit consists of a shallow open pit mine and a processing plant with conventional crushing, grinding and flotation circuits followed by concentrate drying and screening. Power for the plant will be generated on site using compressed natural gas ("CNG") that will be delivered by truck from the main Trans Canada line, 15 km away. The processing plant includes a sulphide flotation circuit to remove enough sulphides to make approximately 97% of the tailings benign. All sulphide and non-sulphide generating waste rock will be backfilled into mined out areas of the pit after five years of operation, and all sulphide tailings after eight years, resulting in low final closure costs.

Probable mining reserves for the Bissett Creek deposit were established based on, and are a subset of, the 2013 Resource Estimate. The final mine plan only contemplated a 25 to 30 year operation and resulted in Probable Reserves of 28.3 Mt of ore grading 2.06% Cg based on a cut-off grade of 0.96% Cg. Probable Reserves include 24.3 Mt grading 2.20% Cg that will be processed first and 4.0 Mt grading 1.26% Cg from a low grade stockpile ("LGS") that will be processed at the end of the mine life. In order to increase head grades in the initial years of production while maintaining a reasonable stripping ratio, Measured and Indicated resources grading between 0.96% Cg and 1.5% Cg will be stockpiled, largely within the mined out areas of the pit. The total LGS will be 16.5 Mt grading 1.26% Cg and will provide a great deal of flexibility in future operations as it will be available for processing at a later date, either through an expanded facility or at the end of the mine life. It also represents a low cost source of feed that could be processed during periods of depressed prices.

There are an additional 27.3 million tonnes of Measured and Indicated resources grading 1.62% Cg which are not included in the mine plan and 24 million tonnes of Inferred resources grading 1.65% Cg which are treated as waste. Resource limits have not yet been fully defined and resources may be expanded in the future with additional drilling.

Flake graphite is sold based on 80% meeting the required size specification. Therefore, smaller flake sizes can be blended into larger as long as the carbon content is maintained. The -100 mesh small flake concentrate that will be produced from Bissett Creek is suitable for this purpose. After blending, the FS Update assumes 60% of Bissett Creek production will be +50 mesh and a third of this material is actually +32 mesh, 35% of production will be +80 mesh, and 5% will be +100 mesh.

Additional testing has determined that waste rock and the low grade stockpile will not become acid generating for a substantial period of time and therefore a lined pad is not required as contemplated in the FS Update. Also, the Company intends to build a wetland to treat any run off from the low grade stockpile and therefore no additional operating costs or upfront financial assurance will be required to return to the pit, any potentially acid generating material that is stored on surface.

Bissett Creek Project - Expansion Preliminary Economic Assessment

The Company completed and filed a NI 43-101 Technical Report with respect to a Preliminary Economic Assessment which includes both the Phase 1 development and a Phase 2 expansion of the Bissett Creek Project. Further expansions are possible based on Measured and Indicated resources only. The Expansion PEA, which is the current NI 43-101 Technical Report with respect to the Bissett Creek Project, was undertaken to demonstrate the ability to double processing capacity (to two Mtpa) after three years of operation based only on Measured and Indicated resources. The Expansion PEA indicates that Bissett Creek has viable economics even at lower graphite prices.

In 2014, the Company updated the Expansion PEA (the "Expansion PEA Update") in order to assess the economics of building a two Mtpa processing plant at the outset rather than increasing from one Mtpa to two Mtpa after three years of operation. There was no requirement for a new NI 43-101 report relating to the Expansion PEA Update as the changes were not material. A press release was issued and filed on SEDAR and includes detailed cash flows relating to the Expansion PEA Update.

Both the Expansion PEA and the Expansion PEA Update show improved economics over the FS Update because production is essentially being doubled while capital costs increase by less than 50%. The 2014 Expansion PEA Update is the most robust plan because it is more efficient to build one large mill rather than building a second parallel circuit after three years. However, a project this size has the potential to adversely affect prices, especially considering the volume of XL and XXL flake sizes that will be produced. The Company would only contemplate the expanded capacity scenarios if it can secure a strategic partner and or suitable offtake agreements.

Comparison of the study results

	2013 FS Update	2013 Expansion PEA	2014 Expansion PEA Update
Reserves/resources (million tonnes)*	28.3*	39.4*	40.5[1]
Feed Grade (% graphitic carbon)	2.06%*	1.85%*	1.83%[1]
Waste to ore ratio	0.79	0.24	0.25
Processing rate (tonnes per day - 92% availability)	2,670	2,670-5,340	5,480
Mine life (years)	28	22	21
Mill recovery	94.7%	94.7%	94.7%
Average annual production	20,800t	33,183t	44,200t[2]
Initial capital cost ($ millions - including 10% contingency)	$101.6M	$101.6M	$134.1
Expansion capital	NA	$45.2M	NA
Sustaining capital	$43.0	$58.7M	$55.1
Cash operating costs ($/tonne of concentrate)	$795	$695	$736
Mining costs ($/tonne of ore)	$5.63	$4.05	$3.74
Processing costs ($/tonne of ore)	$8.44	$7.35	$7.78
General and administrative costs ($/tonne of ore)	$2.50	$1.45	$1.45
CDN/US dollar exchange rate	1.05	1.05	1.05

***The probable reserve in the FS update consists of 24 million tonnes ("Mt") grading 2.20% Cg and 4.0 Mt of low grade stockpile ("LGS") grading 1.26% Cg. The PEA accelerates the processing of the probable reserve and processes an additional 11.1 million tonnes of measured and indicated resources from the LGS at the end of the mine life. All grades are diluted.**

[1] Potentially economically extractable resources are based on the 24 million tonne probable reserve grading 2.20% Cg (as estimated in the FS Update) being processed first followed by the processing of 16.1 million tonnes of Measured and Indicated resources grading 1.26 % Cg from a low grade stockpile. *Mineral resources that are not mineral reserves do not have demonstrated economic viability.*

[2] first 10 years

Economic Summaries of the Expansion Scenarios

	2013 FS Update	2013 Expansion PEA (base case)			2014 Expansion PEA Update (base case)		
Graphite prices (US$ per tonne)	$1,800	$2,100	**$1,800**	$1,500	$2,100	**$1,800**	$1,500
Pre tax NPV @8% (CDN$ millions)	$129.9	$335.6	**$231.0**	$126.6	$380.9	**$264.7**	$148.4
Pre tax IRR (%)	19.8%	33.0%	**26.3%**	18.8%	40.7%	**31.7%**	22.2%
After tax NPV@8% (CDN$ millions)	$89.3	$221.9	**$150.0**	$77.3	$257.9	**$178.9**	$99.0
After tax IRR (%)	17.3%	27.7%	**22.0%**	15.7%	33.9%	**26.7%**	18.9%

Bissett Creek Project - Current Project Economics

During 2018 and into 2019 the Company engaged G Mining Services to carry out a review of the economics of the Bissett Creek Project given the passage of time since the FS Update and Expansion PEA were completed. The review evaluated the effect of some modifications to the flow sheet as well as changes in commodity prices, exchange rates, equipment and labor costs, and other project inputs. The review estimated that the capital cost of Phase 1 has increased by approximately five percent. Operating costs are expected to be up to 20 percent higher than original estimates.

For the purposes of quantifying the potential effects of G Mining's review, the Company released the following sensitivity analysis with respect to the current NI 43-101 PEA Report. The sensitivity analysis is based on a five percent increase in capital and a 20 percent increase in operating costs, current exchange rates and commodity prices, and no change in resources or the mine plan.

	NI 43-101 PEA	**Sensitivity Analysis**
CDN/US dollar exchange rate	1.05	1.30
Graphite price (US$/t)	$1,800	$1,750
Graphite price (CDN$/t)	$1,890	$2,276
Initial capital cost (CDN$ millions)	$101.6	$106.6
Initial capital cost (US$ millions)	$96.8	$82.0
Expansion capital (CDN$ millions)	$45.2	$47.5
Sustaining capital (CDN$ millions)	$58.7	$61.5
Total capital costs (CDN$ millions)	$205.5	$215.6
Average annual production (tonnes)*	38,400	38,400
Total cash operating costs (CDN$ millions)	$507.2	$608.7
Cash operating costs (CDN$/tonne)	$695	$834
Cash operating costs (US$/tonne)	$662	$642
Pre-tax NPV (@8% - CDN$ millions)	$231.0	$304.9
After -tax NPV (@8% - CDN$ millions)	$150.0	$198.2
Pre-tax IRR (%)	26.3%	30.1%
After-tax IRR (%)	22.0%	25.0%

* Average over first 15 years

The PEA is based on Measured and Indicated resources only. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The PEA is preliminary in nature and there is no certainty that the results of the preliminary economic assessment will be realized.

G Mining subsequently completed an analysis which indicated that increasing annual concentrate production by at least 20 percent can be achieved with a relatively modest six percent increase in capital costs for the first phase of development. Higher production would also reduce unit operating costs and is expected to have a very positive effect on the Bissett Creek Project's NPV and IRR.

A metallurgical test program carried out at SGS Lakefield has validated changes designed to simplify the flow sheet for the Bissett Creek Project and to reduce capital and operating costs. Testing indicated that the new flowsheet will increase average concentrate purities from 94.5 to 97 percent with little change in recoveries and a small increase in large flake yields.

South Okak Project

On June 7, 2021, the Company entered into an option agreement to earn up to an 80% interest in the South Okak Project. The South Okak area produced some of the best nickel-copper-cobalt drill intervals outside of Voisey's Bay during the 1990s exploration rush. The initial 6,350-hectare South Okak property has been consolidated into one exploration licence for the first time and covers the most-prospective ground. Following entry into the option agreement, an additional 249 claims were staked to bring the total landholdings to 503 claims covering 12,575 hectares.

Substantial historical data is available, and advances in geophysical data processing, including 3-D modelling, and a much-better understanding of the Voisey's Bay geological controls have already resulted in the identification of a number of highly prospective targets. The South Okak property is located along the main structural break that hosts the high-grade Voisey's Bay deposits, which are contained within a large, lower-grade disseminated halo. Previous exploration in the South Okak area also resulted in the discovery of several areas containing significant intervals of disseminated low-grade nickel-copper-cobalt mineralization, but their significance was not fully appreciated. The Company believes that these areas need a second look now that the Voisey's Bay model is better understood. Numerous untested geophysical anomalies exist within the claims and provide the Company with immediate exploration targets. Northern has commenced detailed data compilation and 3-D modelling of the historical high-resolution airborne geophysical and drill hole data to identify the highest-priority targets.

In preparation for the 2021 field program which commenced during August 2021, satellite-based ASTER imaging (advanced spaceborne thermal emission and reflectance radiometer) and structural interpretation studies were commissioned. The information provided by these studies is being combined with three-dimensional (3-D) magnetic inversions of airborne data to better define several of the highest-priority targets and to identify new targets.

Under the term of the option agreement for the South Okak project, the Company has a first option to earn a 49% interest in the project by incurring exploration expenditures and making cash and/or share payments as follows: (i) payment of $50,000 in cash and the issuance of 500,000 common shares following the June 7, 2021 effective date of the option agreement (paid and issued during June 2021); (ii) incurring cumulative exploration expenditures of $250,000 (completed) prior to March 1, 2022 and $500,000 in cumulative expenditures prior to March 1, 2023; (iii) payment of $75,000 in cash, plus $200,000 in cash or common shares, at the Company’s option, by June 7, 2023; and, (iv) incurring cumulative exploration expenditures of $1 million prior to March 1, 2024.

Following the first option, the Company has a second option to increase its interest in the project from 49% to 80% as follows: (i) payment of $75,000 in cash, plus $200,000 in cash or common shares, at the Company’s option, by June 7, 2024; and, (ii) incurring cumulative exploration expenditures of $1,500,000 prior to March 1, 2025. Following completion of the second option earn-in, the optionors will be carried to production on their 20% interest.

Subsequent to period end on April 4, 2022, the Company announced assay results from its 2021 field season on the South Okak nickel/copper/cobalt property in Labrador. Rock samples were collected throughout the property, including 15 samples from historical drill core, and over 40 kilometers of high-resolution magnetometer data was acquired over two high priority target areas as part of the program. A majority of the samples were taken from numerous gossans that are located on structures which cross-cut the main northwest trending suture that traverses through the area and also hosts the Voisey’s Bay deposits. Some of these gossans are over 2km in length and represent multiple exploration targets. One sample returned 1.1% Cu, 0.85% Ni and 0.13% Co and another 1.1% Cu, 0.43% Ni and .085% Co. A number of samples also exceeded 1.0% Ni equivalent. These are significant values given they were collected from highly weathered gossanous material.

Acquisition of LDI and Okanjande Projects

On December 2, 2021, the Company entered into binding purchase and sale agreements to acquire 100% ownership of the producing LDI Project in Quebec and the Okanjande Project in Namibia (on care and maintenance) for approximately $48 million (US$37.5 million) from subsidiaries of Imerys SA. Approximately $27.8 million (US$21.7 million) relates to the purchase of LDI and $20.2 million (US$15.8 million) relates to the purchase of Okanjande project in Namibia.

The Company closed the Acquisition subsequent to period end on April 29, 2022 and Northern is now the only significant North American graphite producing company and will become the world’s third largest non-Chinese producer when the Namibian operations restart.

The LDI mine has been in operation for over 20 years and is the only significant graphite producer in North America. The Company expects LDI to produce up to 15,000 tonnes of graphite concentrate annually over the next two to three years. A technical report with respect to LDI prepared in accordance with NI 43-101 has been filed under the Company’s profile on SEDAR. The Company believes there are opportunities to extend the mine life and expand production. An option has already been secured on the Mousseau West Project, which the Company believes will provide a source of graphite mineralization to supply LDI. With LDI, the Company has also acquired an established market share and customer base that can be transitioned to supply from Namibia and Bissett Creek.

The Okanjande Project consists of the Okanjande graphite deposit and the Okorusu processing facility located 78 km away. The Company owns all the ore processing equipment necessary to produce a marketable graphite concentrate. The Company has entered into a 10 year lease to use the land and buildings where the equipment is located. Processing operations at Okorusu were started by Imerys in 2017 but they did not perform to expectations and Imerys put the Okanjande Project on care and maintenance in 2018. The Company has developed a plan to modify the Okorusu processing plant to increase throughput and recovery and improve the flake size distribution. The plan will cost approximately US$13 million and take up to twelve months to implement and bring the operation back into production at a rate of approximately 30,000 tonnes per annum. The ultimate plan is to build a large new processing plant adjacent to the Okanjande deposit to produce 100,000-150,000 tonnes per annum of graphite concentrate to meet rapidly growing EV and battery demand.

Namibia is one of the best jurisdictions in Africa in which to operate, Okanjande graphite is of the highest quality, the operation has access to grid power and is five hours over good roads from the deep water port of Walvis Bay which provides ready access to European and North American markets. These attributes, plus a much shorter time to market, provide a competitive advantage over other African graphite projects. The Namibian operation will enable Northern to expand its market share in North America and Europe by reducing dependence on Chinese supply.

The execution of Northern's business plan for the Acquisition required approximately $70 million (US$55 million) in financing to fund the purchase price and transaction expenses, capital expenditures related to the restart of operations in Namibia, a lease payment with respect to land and buildings used by the Okorusu plant, reclamation bonding and working capital. Financing was obtained through the Private Placement for approximately $23 million, and a financing package with Sprott consisting of a $15 million (US $12 million) senior secured loan, $5 million (US$4 million) from the sale of a royalty on the LDI Project and $26 million (US$20 million) from a graphite stream financing on the Okanjande Project. In addition, Imerys received $5 million (US$4 million) in equity, on the same terms as the private placement, as partial payment of the purchase price. Full details of the financings are described in the Liquidity and Capital Resources section below.

The Company now has substantial near term production with the LDI Project and two large scale development projects with the Okanjande and Bissett Creek Projects that will enable the Company to significantly expand production to meet growing demand from the EV/battery markets. All projects have high quality "battery grade" concentrate and are located close to infrastructure in politically stable countries.

Selected Financial Information

The following tables contain selected interim financial information for the three month periods ended March 31, 2022 and 2021 and as at December 31, 2021.

	Three Months Ended March 31, 2022 $	**Three Months Ended March 31, 2021 $**
Statement Comprehensive (Loss) Income Data		
Total revenue	Nil	Nil
Total expenses	(1,991,498)	(231,113)
(Loss) income and comprehensive (loss) income	(2,056,194)	44,120
(Loss) income per share – basic and diluted	(0.03)	0.00
Statement of Financial Position Data	**As at March 31, 2022**	**As at December 31, 2021**
Total assets	39,251,286	19,656,232
Total long-term debt	Nil	Nil
Total liabilities	21,583,678	1,924,208
Shareholders' equity:		
Share capital	31,064,667	30,862,348
Total shareholders' equity	17,677,608	17,732,024

Results of Operations

	Three Months Ended March 31, 2022 $	Three Months Ended March 31, 2021 $
General and administrative expenses		
Legal and audit	29,858	8,952
Office, management and director fees	436,144	142,463
Promotion and investor relations	74,932	47,484
Regulatory and transfer agent	46,671	17,719
Project evaluation and acquisition	305,336	-
Share-based payments	1,090,683	6,621
Depreciation	7,874	7,874
Loss from operations	(1,991,498)	(231,113)
Interest income	5,304	2,048
Gain (loss) on marketable securities	(70,000)	273,185
(Loss) income and comprehensive (loss) income for the period	(2,056,194)	44,120

Legal and audit fees were $20,906 higher during the first three months of 2022 when compared to the first quarter of 2021 primarily due to increased legal fees relating to the Acquisition and related financings; office, management, and director fees increased by $293,681 as additional management and consultants were hired to assist with the Acquisition transition and integration; promotion and investor relations costs increased by $27,448 due to new investor relations, marketing, and social media campaigns as the Company transitions to a producer post Acquisition; regulatory and transfer agent fees increased by $28,952 primarily due to an increase in exchange and transfer agent fees; project evaluation and acquisition costs of $305,335 were incurred in 2022 relating to due diligence and expenditures relating to the Acquisition and related financings; and non-cash share-based expenses related to stock option grants increased by $1,084,063 with the increase attributable to an increase in stock options issued compared to the prior year's period. Additionally, an unrealized loss of $70,000 was recorded on the 2,000,000 common shares of ERL held by the Company from the sale of the GRR on the Bissett Creek Project to ERL as these marketable securities are marked to market each reporting period.

For the three month period ended March 31, 2022 the Company recorded a loss and comprehensive loss of $2,056,194, or $0.03 per share, compared to income and comprehensive income of $44,120, or $0.00 per share during the three months ended March 31, 2021. Costs related to the Acquisition and related financings and an increase in share-based payments expense contributed to an increased loss during the current quarter compared with a gain on marketable securities which contributed to income in the prior year's quarter.

A total of $123,119 (three months ended March 31, 2021 - $51,761) in expenditures were capitalized to the Company's exploration and evaluation assets during the three month period ended March 31, 2022. All of the exploration expenditures related to the Bisset Creek project. For the Bisset Creek property, environmental and mine permitting costs were $30,069 and related to on-going work; engineering costs were $16,200; community engagement was $57,350; and site and royalty costs were $19,500.

Liquidity and Capital Resources

As at March 31, 2022 the Company held cash of $568,162 (December 31, 2021 - $3,577,643) and had working capital of $1,575,452 (December 31, 2021 - $3,660,304). During the three months ended March 31, 2022, the Company utilized net cash of $679,328 with respect to operating activities and invested cash of $143,537 in exploration and evaluation costs for the Bissett Creek Project and $58,834 in costs relating to the Acquisition. The Company received net cash proceeds of $156,375 from the exercise of warrants and incurred $1,111,776 in fees relating to financings to fund the Acquisition. The Company received $18,617,556 from the initial closing of the subscription receipt financing which was held in escrow as of March 31, 2022. A cash deposit of $1,816,588 was made during the quarter to secure an irrevocable line of credit in anticipation of securing a surety bond for reclamation obligations assumed post

Acquisition, of which, details are provided below.

The Company has a long-term reclamation deposit with the Ministry of Finance for the Province of Ontario of $845,883. As at March 31, 2022, the Company has recorded a provision of $366,689 representing the estimated liability for the current cost of reclamation for the Bissett Creek site.

The Company has negotiated a surety bond of approximately $9 million to guarantee Bissett Creek and LDI reclamation obligations which are currently secured by cash deposits. An estimated $8.2 million will be required to reclaim the LDI site. The issuer of the surety bond requires a 20% cash deposit and accordingly, the Company provided the issuer with an irrevocable letter of credit for $1,816,588 in anticipation of the closing of the Acquisition. The irrevocable letter of credit is secured by a cash deposit of $1,816,588. The Company has started the process of getting the Bissett Creek and LDI cash deposits returned.

Acquisition of the LDI and Okanjande Projects

During December 2021, the Company entered into binding purchase and sale agreements to acquire 100% ownership of the producing LDI Project in Quebec and the Okanjande Project in Namibia (on care and maintenance) for approximately $48 million (US$37.5 million) from subsidiaries of Imerys. Approximately $27.8 million (US$21.7 million) relates to the purchase of LDI and $20.2 million (US$15.8 million) relates to the purchase of Okanjande project in Namibia. The Company completed the Acquisition subsequent to period end on April 29, 2022.

As consideration for the acquisition of LDI, which was completed as a purchase of all of the assets of the LDI Project by the Company's new wholly-owned subsidiary Graphite Nordique Inc., the Company paid Imerys $22,733,174 (USD$17,771,400) in cash and issued to Imerys $5,116,800 (US$4,000,000) worth of units. The units each consisted of one common share and one-half of one share purchase warrant and had the same terms as the Private Placement, resulting in the issuance to Imerys of 6,841,600 common shares and 3,420,800 warrants. The final purchase price for LDI is subject to potential post transaction adjustments relating to working capital, if any.

As consideration for the acquisition of the Okanjande Project, which was completed as a purchase of all of the shares of Imerys Gecko Holdings (Namibia) (Pty) Ltd. by the Company from Imerys and its joint venture partner, the Company paid Imerys and its joint venture partner $20,236,943 (US$15,820,00) in cash. The Company owns all the processing equipment necessary to produce graphite concentrate from ore mined from the Okanjande deposit. The Company has entered into a ten year lease with the owner of the Okorusu property for use of the land and buildings where the equipment is located. Under the terms of the lease, the Company made an initial payment of $2,983,420 (EUR2,200,000) and must make annual payments of $339,025 (EUR250,000) in each of the next four years.

Acquisition Financings

The execution of Northern's business plan required approximately $70 million (US$55 million) in financing to fund the Acquisition purchase price and transaction expenses, capital expenditures related to the restart of operations in Namibia, lease payments to the owner of the land and buildings on which the Okorusu plant is located, reclamation bonding and working capital. Financing was obtained through the Private Placement for approximately $23 million, and a financing package with Sprott consisting of a $15 million (US $12million) senior secured loan, $5 million (US$4 million) from the sale of a royalty on the LDI Project and $26 million (US$20 million) from a graphite stream financing on the Okanjande Project. In addition, Imerys received $5 million (US$4 million) in equity, on the same terms as the private placement, as partial payment of the purchase price.

Private Placement ($23 million)
The Company completed the Private Placement of 30,762,500 subscription receipts issued at a price of $0.75 for gross proceeds of $23,071,875. In addition to the initial closing of the private placement in which the Company issued 25,762,500 subscription receipts for gross proceeds of $19,321,875, the Company completed the final closing of the private placement which included 5,000,000 subscription receipts for gross proceeds of $3,750,000. Upon the closing of the LDI and Okanjande acquisitions, each subscription receipt automatically converted into one unit of Northern, with each unit being comprised of one common share and one-half of one share purchase warrant of the Company. Each whole warrant is exercisable to purchase one common share of the Company at an exercise price of $1.10 per common share for a period of 24 months.

In connection with the Private Placement, the agents received a cash fee from the Company equal to 6% of the aggregate gross proceeds and a number of compensation warrants equal to 6% of the number of subscription receipts issued under the closing. Each compensation warrant is exercisable to purchase one common share at an exercise price of $0.75 per share for a period of two years.

Senior Secured Loan (US$12 million)
The Company completed a senior secured loan with Sprott in the amount of $15,350,400 (US$12,000,000), made at a 2% discount, which matures in 48 months. The loan bears interest at 9% plus the greater of the three month SOFR or 1%. At the Company's option, interest payable during the initial twelve months can be capitalized and added to the principal. As partial consideration for providing the loan, the Company has issued 4,800,000 warrants to Sprott each of which is exercisable to purchase one common share of the Company at an exercise price of $1.01 for a period of two years. The loan is a senior secured obligation of the Company secured against the LDI and Okanjande Projects.

Royalty Financing (US$4 million)
The Company sold Sprott a 9% royalty on graphite concentrate sales revenue from LDI for gross proceeds of $5,116,800 (US$4,00,000). As partial consideration for providing the royalty financing, the Company issued to Sprott 1,200,000 warrants, each of which is exercisable to purchase one common share of the Company at an exercise price of $1.01 for a period of two years. Sprott has also been granted a right of first refusal with respect to any proposed grant of a stream, royalty or similar transaction on the Bissett Creek Project.

Graphite Stream (US$20 million)
The Company has completed, in exchange for an upfront deposit of $25,584,000 (US$20,000,000), a purchase (stream) agreement with Sprott for 11.25% of the graphite produced by the Okanjande Project until 350,000 tonnes of contained graphite in concentrate have been produced and delivered, at which time, at the option of the stream purchaser, the stream may convert into a 1% royalty for the remaining life of the Okanjande deposit. The stream is secured against the Okanjande Project. Sprott has also been granted a right of first refusal with respect to any proposed grant of a stream, royalty or similar transaction on the Okanjande deposit. As partial consideration for entering into the stream, the Company issued to Sprott 4,500,000 warrants, each of which is exercisable to purchase one common share of the Company at an exercise price of $1.01 for a period of two years. The Company has the option, subject to any consents or approvals required under the senior secured loan, to reduce the stream percentage by up to 50% upon payment of $19,507,800 (US$15,250,000) in 2024 or $22,386,000 (US$17,500,000) in 2025. This option is exercisable in whole or in part on a pro rata basis.

Contractual Obligations

As at March 31, 2022 and December 31, 2021, the Company had no contractual obligations or commitments for capital or operating leases, purchase obligations or other long-term commitments.

Subsequent Events

In addition to subsequent events described elsewhere in this MD&A the following occurred after March 31, 2022:

- the Company issued 37,500 shares from warrant exercises for proceeds of $16,875; and
- the Company granted 100,000 stock options exercisable at a price of $0.75.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

Transactions with Related Parties and Key Management Compensation

During the three month period ended March 31, 2022, the Company expensed salary and compensation to key management personnel of $242,000 (March 31, 2021 – $45,000) and management fees to a company owned and controlled by key management personnel of $29,448 (March 31, 2021 – $19,204). During the three month period ended March 31, 2022, the Company expensed directors' fees of $15,000 (March 31, 2021 – $15,000). During the three month period ended March 31, 2022, the Company expensed share-based payments for stock options granted to key management personnel and directors of $892,813 (March 31, 2021 – $Nil).

As at March 31, 2022, $9,863 (December 31, 2021 – $8,238) was included in accounts payable and accrued liabilities owing to officers and directors relating to management and director fees and for reimbursement of expenses.

In the initial closing of the Private Placement, certain officers and directors of the Company subscribed for a total of 455,000 subscription receipts for gross proceeds of $341,250. Each subscription by these insiders of the Company constituted a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Company relied on exemptions from the formal valuation requirements of MI 61-101 pursuant to section 5.5(a) of MI 61-101 and the minority shareholder approval requirements of MI 61-101 pursuant to section 5.7(1)(a) of MI 61-101 in respect of such insider participation as the fair market value of the transactions did not exceed 25% of the Company's market capitalization.

Proposed Transactions

The Company continually reviews potential merger, acquisition, investment and other joint venture transactions that could enhance shareholder value. At the current time, there are no reportable proposed transactions.

Critical Accounting Estimates and Judgements

The preparation of the Consolidated financial statements requires Company management to make estimates, assumptions, and judgements about the future that affect the amounts recorded in the consolidated financial statements. These estimates, assumptions, and judgements are based on the Company's experience and management's expectations about future events that are believed to be reasonable under the circumstances. They are continually being re-evaluated based on new facts and experience. Actual results may differ from estimates, assumptions and judgements. The effect of a change in an accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

Significant judgements used in the preparation of the Company's consolidated financial statements include, but are not limited to:

(i) those relating to the assessment of the Company's ability to continue as a going concern;
(ii) the useful lives and related depreciation of property and equipment;
(iii) the identification of separately identifiable components in property and equipment where their respective cost is significant in comparison to the total cost;
(iv) the classification of expenditures as exploration and evaluation assets; and
(v) the recognition of deferred tax; and
(vi) the determination of a transaction as a business combination or asset acquisition.

Critical Accounting Policies

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its Consolidated financial statements.

Going Concern

The condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Subsequent to the period end, the Company completed the acquisition of the producing LDI Project in Quebec and the Okanjande Project in Namibia and related financings. The Company's management believes it can further develop the Bisset Creek Project and the Okanjande

Project over the next twelve months with funds on hand and the proceeds from the financings conducted in connection with the Acquisition. Substantial capital is required to further develop the Bissett Creek Project into a producing mine and there is no assurance management will be successful in its endeavors.

The Company's condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company's management believes that it can continue to finance operating expenses over the next twelve months with funds on hand and from financings completed subsequent to the end of the period. The Company's discretionary activities have considerable scope for flexibility in terms of the amount and timing of expenditures. The Company will thoroughly assess all such activities before undertaking them. The Company's condensed consolidated interim financial statements do not include any adjustments that might result from negative outcomes with respect to these uncertainties.

Marketable securities

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Impairment of Long-Lived Assets

At each statement of financial position date, the Company assesses whether there is any indication that any long-lived assets or finite life tangible assets are impaired. The Company monitors the recoverability of long-lived assets based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the assets. An impairment is recognized if the recoverable amount, determined as the higher of an asset's fair value less cost to sell and the discounted future cash flows generated from use and eventual disposal of an asset, is less than its carrying value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Mining properties and exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

Mining properties and exploration and evaluation expenditures

Mining properties correspond to acquired interests in mining exploration permits/claims/leases which include the rights to explore, mine, extract and sell all minerals from such permits/claims/leases. All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrated.

General and administration expenditures relating to exploration are capitalized where they can be directly attributed to the site undergoing exploration and evaluation.

Exploration and evaluation assets are carried at historical cost, less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrated for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment, and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

Share-based compensation

The Company has a stock option plan (the "Option Plan") and has issued warrants as described in note 8 of its annual consolidated financial statements. The Company measures the compensation cost of stock options issued under the Option Plan and warrants issued using the fair-value method as determined using the Black-Scholes option pricing model. Compensation costs are measured at the grant date based on the fair value of the award and are recognized over the vesting period as share-based payments with a corresponding increase to contributed surplus. Upon exercise, common shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, as adjusted for any consideration paid. The Company transfers the value of forfeited and expired unexercised vested stock options or warrants to accumulated deficit from contributed surplus at the date of expiration.

The Black-Scholes option pricing model incorporates highly subjective assumptions, including volatility, estimated forfeiture rates and expected time until exercise, which affect the calculated values. At the end of each reporting period, the Company reviews the option pricing model and updates model inputs for any changes for the purposes of determining the fair value of new grants, and reflects the impact of changes to non-market input estimates for previous grants in net loss with a corresponding adjustment to contributed surplus.

Restoration and site closure provision
The Company has an obligation to reclaim the Bissett Creek Project after the end of mining operations and has estimated the costs necessary to comply with existing reclamation standards. The fair value of an asset retirement obligation is recorded in the period in which it is incurred. When the liability is initially recorded, the cost is capitalized by increasing the carrying amount of the related long-lived asset. Over time, the liability is adjusted to reflect the passage of time (accretion expense) and for changes in estimated future cash flows. Accretion expense is charged to the statement of comprehensive loss, while adjustments related to changes in estimated cash flows are recorded as increases or decreases in the carrying value of the asset. The capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, a gain or loss is recorded if the actual costs incurred are different from the liability recorded.

Income Taxes
The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax is determined based on differences between the consolidated financial statement carrying values of existing assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward. Deferred tax is measured using the enacted tax rates, or substantially enacted tax rates, which will be in effect when the temporary differences are likely to reverse. The effect on deferred tax of a change in tax rates is included in operations in the period in which the change is enacted. The amount of deferred tax recognized is limited to the amount of the benefit that is probable.

Deferred tax and the recognition and measurement of uncertain tax positions are subject to various assumptions and management judgement. Actual results may differ from these estimates. In circumstances where the applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates could occur that materially affect the amounts of deferred tax recorded.

Financial instruments
Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes a party to the contracts that give rise to them and are classified as: amortized cost; fair value through profit or loss; or, fair value through other comprehensive income, as appropriate. The Company considers whether a contract contains an embedded derivative when the it first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at FVTPL and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Disclosure of Outstanding Share Data

Information with respect to outstanding common shares, warrants and stock options as at May 27, 2022, March 31, 2022 and December 31, 2021 is as follows:

	May 27, 2022	**March 31, 2022**	**December 31, 2021**
Common shares	119,360,522	81,718,922	81,371,422
Warrants	6,253,250	6,290,750	5,092,500
Stock options	8,225,000	8,125,000	5,800,000

Trends

There are significant uncertainties regarding the prices of industrial minerals and the availability of equity financing for the purposes of mineral exploration and development. For instance, the prices of industrial minerals, including graphite, have fluctuated widely in recent years and it is expected that wide fluctuations may continue. Management of the Company is not aware of any trend, commitment, event or uncertainty both presently known or reasonably expected by the Company to have a material adverse effect on the Company's business, financial condition or results of operations other than the normal speculative nature of the natural resource industry and the risks disclosed below under the heading "Risk Factors".

Risk Factors

An investment in the Company's common shares is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. The risk factors noted below, in no specific order, are not an exhaustive list of all risk factors associated with an investment in the Company's common shares or in connection with the operations of the Company.

No History of Mineral Production; New Production Risks

The Company has only recently acquired a mineral producing property with the acquisition of the LDI Project which was completed subsequent to period end. The Company does not have a history of mineral production and it is subject to risks and uncertainties in integrating the acquisition of the LDI Project and transitioning its operations into the Company's operations. The Company is now also subject to all of the hazards and risks normally encountered in mineral production. Moreover, there can be no assurance of the profitability of future operations of the Company, nor that significant additional losses will not occur in the near future. The Company's operating expenses and capital expenditures may increase in subsequent years as the costs increase for the consultants, personnel and equipment associated with advancing exploration, development and production. The amount and timing of expenditures will depend on the progress of ongoing exploration, development and production, the results of consultant's analysis and recommendations, the rate at which operating losses are incurred, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

Exploration and Development
Exploration for and development of graphite properties involves significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a graphite body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral reserves by drilling, constructing mining and processing facilities at a site, developing processes and extracting graphite. The Company cannot ensure that its exploration and development programs will result in profitable commercial mining operations.

The economic feasibility of a mine is based upon many factors, including the accuracy of mineral resource and mineral reserve estimates; graphite recoveries; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental management and protection; and graphite prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Commodity Prices
The price of the Company's securities, its financial results and its exploration, development and mining activities have previously been, or may in the future be, significantly adversely affected by declines in the price of graphite. Industrial mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of industrial minerals by various dealers, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, the degree to which a dominant producer uses its market strength to bring supply into equilibrium with demand, and international political and economic trends, conditions and events. The prices of industrial minerals have fluctuated widely in recent years, and future price declines could cause continued exploration and development of the Company's assets to be impracticable and the Company's operations to become unprofitable.

Further, reserve calculations and life-of-mine plans using significantly lower graphite prices could result in material write-downs of the Company's investment in the Bissett Creek Project, the LDI Project and the Okanjande Project and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and the Company's financial condition, declining graphite prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Mining Operations and Insurance
Mining operations generally involve a high degree of risk. The Company's operations will be subject to all of the hazards and risks normally encountered in mineral exploration, development and production. Such risks include unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, water inflows, fires and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labor disputes, political unrest and theft. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. The Company does not currently carry insurance against all these risks and there is no assurance that such insurance will be available in the future, or if available, at economically feasible premiums or acceptable terms. The potential costs associated with losses or liabilities not covered by insurance coverage may have a material adverse effect upon the Company's financial condition.

Cost Overruns, Delays and Construction Risk
The Company has not initiated development of the Bissett Creek Project nor does it currently have the funds to initiate development of the Bissett Creek Project. The Company has also not yet initiated the restart of operations at the Okanjande Project which it acquired subsequent to period end, which it intends to do prior to initiating development on the Bissett Creek Project and has funded as part of the financings conducted in connection with the Acquisition. Restarting operations at the Okanjande Project and, subject to securing future mine development financing,

development of the Bissett Creek Project, will be subject to risks associated with potential cost overruns, delays and construction risk.

Limited Operating History and Financial Resources

The Company has a limited operating history. Additional funds will be required to bring the Bissett Creek Project and the Okanjande Project into production. The Company has limited financial resources and there is no assurance that the Company will be able to raise sufficient additional funding to fulfill its obligations or for further exploration and development on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of the development of the Bissett Creek project and further exploration and development, and could cause the Company to reduce or terminate its development plans. Additional funds raised by the Company from treasury share issuances may result in further dilution to the shareholders of the Company or a change of control.

Governmental and Environmental Regulation, Permits and Compliance

The existing and anticipated future operations of the Company, including exploration and development activities and the continuation and commencement of additional commercial production, require licenses, permits or other approvals from various federal, provincial and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labor standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, land claims of indigenous people and other matters. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that the Company will obtain on reasonable terms or at all the permits and approvals, and the renewals thereof, which it may require for the conduct of its future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on plans to develop the Company's mineral assets. Possible future environmental and mineral tax legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delay on the Company's planned exploration and operations, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Results of Prior Exploration Work

In preparing the FS, the FS Update, the Expansion PEA and the Expansion PEA Update relating to the Bissett Creek Project, the authors of such studies and assessments relied upon data generated by exploration work carried out by geologists employed by others. There is no guarantee that data generated by prior exploration work is 100% reliable and discrepancies in such data not discovered by the Company or such authors may exist. Such errors and/or discrepancies, if they exist, could impact on the accuracy of the FS, the FS Update, the Expansion PEA and the Expansion PEA Update.

Reliance on Management and Experts

The success of the Company will be largely dependent upon the performance of its senior management and directors. Due to the relative small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly skilled employees may adversely affect its business and future operations. The Company has not purchased any "key-man" insurance nor has it entered into any non-competition or non-disclosure agreements with any of its directors, officers or key employees and has no current plans to do so. The Company has hired and may continue to rely upon consultants and others for geological and technical expertise. The Company's current personnel may not include persons with sufficient technical expertise to carry out the future development of the Company's properties. There is no assurance that suitably qualified personnel can be retained or will be hired for such development.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. The mining industry is facing a shortage of equipment and skilled personnel and there is intense competition for experienced geologists, field personnel, contractors and management. There is no assurance that the Company will be able to compete successfully with others in acquiring such equipment or personnel.

Competitive Conditions
The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Company competes with a number of other entities in the search for and acquisition of productive mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources than the Company, the Company may be unable to acquire attractive properties in the future on terms it considers acceptable. The Company also competes for financing with other resources companies, many of whom have greater financial resources and/or more advanced properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

Title to Properties
Although the Company has taken precautions to ensure that legal title to its property interests are properly recorded in the name of the Company or its subsidiaries where possible, there can be no assurance that such title will ultimately be maintained. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. There is no assurance that the interests of the Company in any of its properties may not be challenged or impugned.

Aboriginal Land Claims
The Bissett Creek Project is located on “unceded” land claimed by the Algonquins of Ontario (“AOO”). The Company has begun the process of negotiating an Impact Benefits Agreement (“IBA”) with the AOO and with the Algonquins of Pikwakanagan First Nation (“AOPFN”) who are also a member of the AOO. To date the AOO have expressed support for the Bissett Creek Project and have shown interest in economic development. However, the negotiation of an IBA is subject to many factors beyond the Company’s control and there is no guarantee or assurance that the Company will be successful. The Company has also consulted with the Metis Nation of Ontario (“MNO”) and these consultations could also lead to an IBA.

The Company is not aware of any other aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the lands comprising the Bissett Creek Project.

The legal basis of a land claim is a matter of considerable legal complexity and the impact of a land claim settlement and self-government agreements cannot be predicted with certainty. In addition, no assurance can be given that a broad recognition of aboriginal rights by way of a negotiated settlement or judicial pronouncement would not have an adverse effect on the Company’s activities. Such impact could be material and, in certain circumstances, could delay or even prevent the Company’s mineral exploration and mining activities.

Environmental Risks and Hazards
All phases of the Company’s operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation and provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the viability or profitability of operations of the Company. It is always possible that, as work proceeds, environmental hazards may be identified which are at present unknown to the Company and which may have the potential to negatively impact on the Company’s exploration, development and operational plans.

Cost of Land Reclamation
It is difficult to determine the exact amounts which will be required to complete all land reclamation activities. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the financial condition and results of operations of the Company.

Infrastructure
Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important requirements, which affect capital and operating costs. Although the Company can access its properties, by good quality all-weather roads and labour, power and water are all readily available, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's future operations, financial condition and results of operations.

Price Volatility and Lack of Active Market
Securities markets in Canada and elsewhere may from time to time experience high levels of price and volume volatility. Consequently, the market prices of the securities of many public companies may experience significant fluctuations in price which are not necessarily related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market volatility and that the value of such securities may be affected accordingly. If an active market does not develop, the liquidity of an investment in the Company's common shares may be limited and the market price of such securities may decline.

Litigation
From time to time, the Company may be involved in lawsuits. The outcomes of any such legal actions may have a material adverse effect on the financial results of the Company on an individual or aggregate basis.

Dividends
The Company has no earnings or dividend record and does not anticipate paying any dividends on its common shares in the foreseeable future.

Global outbreak of COVID-19
During the first quarter of 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the extensive geographic spread of the disease, and the inability to predict the duration of the outbreak or reoccurrence of outbreaks, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the full extent of the impact is unknown, COVID-19 may hinder the Company's ability to raise financing to build the Bissett Creek Project or to restart operations at the Okanjande Project which was acquired by the Company subsequent to period end due to uncertain capital markets, reduced customer demand, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition.

Cautionary Statement Regarding Forward-Looking Statements
This MD&A contains "forward-looking statements" which reflect management's expectations regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements may include, but are not limited to, statements with respect to the future financial or operating performance of the Company and its projects, the future price of graphite or other metal prices, the estimation of Mineral Resources, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is

expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; fluctuations in currency exchange rates; changes in project parameters as plans continue to be refined; changes in labor costs or other costs of production; future prices of graphite or other industrial mineral prices; potential over supply of graphite from other operations; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavorable operating conditions and losses; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; actual results of reclamation activities, and the factors discussed in the section entitled "Risk Factors" in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as may be required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Qualified Person

Gregory Bowes B.Sc., MBA, P.Geo., is the Company's Qualified Person as that term is defined within National Instrument 43-101 and has reviewed and approved the technical content of this MD&A.

Additional Information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com.