ALABAMA GRAPHITE CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Prepared by Management)
For the Year Ended August 31, 2015

The following management's discussion and analysis ("MD&A") of the financial condition and operating results of Alabama Graphite Corp. (the "Company") pertains to the year ended August 31, 2015. The MD&A should be read in conjunction with the audited consolidated financial statements and notes attached thereto for the year ended August 31, 2015 and the audited consolidated financial statements and the notes attached thereto for the year ended August 31, 2014. This MD&A reports on our activities up to December 21, 2015.

The audited consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

This financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended August 31, 2015.

All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. Additional information including the Company's press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's profile at www.sedar.com. For further information and updates on the Company, please visit www.alabamagraphite.com.

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to targeted milestones to achieve development of the Company's projects successfully obtaining project financing, the future financial or operating performance of the Company and its projects, the future price of and supply and demand for graphite, the estimation of mineral reserves and resources, the realization of mineral reserves and resources estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new and existing deposits, costs and timing of future exploration, requirements for additional capital, management's belief that the Company will have sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months, government regulation of mining operations, environmental risks, reclamation expenses, the success of mining operations, permitting, economic return estimates and potential upside. 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 "does not anticipate" or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Readers should not place undue reliance on forward-looking statements.

Certain statements contained in the following MD&A constitute "forward-looking information" within the meaning of applicable Canadian securities legislation, including predictions, projections and forecasts. Forward-looking information include, but are not limited to, statements that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion, growth of the Company's business, operations, plans with respect to exploration, the timing and success of exploration activities generally, permitting time lines, government regulation of exploration and mining operations, environmental risks, titled disputes or claims, limitations on insurance coverage, and timing and results of future resource estimates or future economic studies.

Forward-looking information is based on a number of material factors and assumptions, including the result of drilling and exploration activities, that contracted parties provide goods and/or services on the agreed timeframes, that equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that

no labour shortages or delays are incurred, that plant and equipment function as specified, that no unusual geological or technical problems occur, and that laboratory and other related services are available and perform as contracted. Forward-looking information involves known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the interpretation and actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of graphite; possible variations in grade or recovery rates; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration, as well as those factors disclosed in the company's publicly filed documents. 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 information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

The forward-looking information contained in the following MD&A represents the expectations of the Company as of the date of the MD&A and, accordingly, is subject to change after such date. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information.

DESCRIPTION OF BUSINESS AND OVERVIEW

The Company is in the business of acquiring, exploring and developing graphite mineral properties. The Company is currently engaged in exploration and evaluation of the graphite properties in Alabama, USA. There has been no determination whether the Company's exploration and evaluation assets contain mineral reserves and resources that are economically viable. The Company has a National Instrument 43-101 compliant preliminary economic assessment for the Coosa Project in Coosa County, Alabama filed on SEDAR on November 27, 2015.

The Company was incorporated under the Business Corporations Act (British Columbia) on April 13, 2006. On August 28, 2012, the Company changed its name to Alabama Graphite Corp. The Company is currently trading on the TSX Venture Exchange (symbol "ALP"), QTC QX (symbol "ABGPF"), and the Frankfurt Stock Exchange (symbol "1AG"). The Company is a reporting issuer in British Columbia, Alberta and Ontario.

Property Descriptions & Background

Coosa Property, Alabama

In August and November, 2012 the Company acquired a 100% interest in the Coosa Property consisting of 41,535 acres and located in Coosa County, Alabama, 60 miles (96km) south-southeast of Birmingham. The property covers approximately 10 miles (16 kilometers) of strike length of graphitic schists, which includes several bands of graphitic schist in a zone up to 6 miles (9.6km) wide. Please refer to the notes to the financial statements under "Exploration and Evaluation Assets" for costs and terms of the acquisition agreement.

In September 2013, the Company filed technical reports, the "2013 Technical Report" prepared by Scott E. Wilson and Dr. Stewart D. Redwood of Metal Mining Consultants Inc. ("MMC"), qualified persons under National Instrument 43-101. This maiden resource estimate for the Coosa Graphite Project is based on the results of a 69 hole, 20,214 foot drill program conducted in the fall of 2013. The indicated resource is estimated at 38.2 million tons grading 2.6% graphitic carbon ("Cg"),

based on a 2% Cg cutoff. In addition there is an inferred resource estimated at 27.0 million tons grading 2.87% Cg. Please refer to the news release dated September 3, 2013 for details.

On March 3, 2014, the Company announced that it had received assay results from samples taken from the Coosa Graphite Property. This sampling program was part of an ongoing effort to determine the extent and quality of graphite mineralization across the project area. The samples were shipped to ActLabs of Ancaster, Ontario and assayed using their C-Graphitic (Infrared) technique. Please refer to the news release dated March 3, 2014 for the significant results and their true and apparent widths.

On April 8, 2014, the Company announced that it had received preliminary results from the airborne geophysical surveys on its Coosa Graphite Property. The geophysical survey identified multiple strong EM conductors associated with magnetic lows that represent new exploration opportunities (see press release date April 8, 2014).

The Company then proceeded with a program to 'ground truth' the geophysical results. In particular, the results over the drill grid that defined the initial mineral resource estimate provided the means to correlate between the various surveys and the limits of graphite mineralization.

With respect to the area of the Coosa Property drill grid, the TDEM survey showed a very good correlation between the EM conductors and the intercepts of graphitic schist. The TDEM results further suggest that the resource remains open to the southeast, northeast and southwest. The grid area also had a moderate magnetic response that is consistent with the observed sulfide content in the drill core. The correlation of these preliminary results with a known resource of flake graphite was an important technological step forward for the Company.

The final results from the airborne geophysical survey showed five new anomalies that had a high electromagnetic combined with a low magnetic signature (see press release dated May 13, 2014). These new target areas were in close proximity to the drill grid and the Company commenced a program to explore these new areas using ground geophysics and shallow sonic drilling.

On June 5, 2014 the Company announced that it had received initial metallurgical scoping level evaluation of graphite composites at the Coosa Property from SGS Canada in Lakefield, Ontario, Canada. Results from two drill core samples taken from the drill grid area and the northern fence yielded mass recoveries of 25% and 28% into the large (coarse) flake size category of greater than +80 mesh. In addition, initial simple flotation tests used to produce these initial concentrates had purities up to 93% C(t) (the total amount of carbon). A full process development study including grinding and flotation optimization will be initiated at SGS to determine the upper bounds of the purities. In addition, head grades of 3.21% and 4.4% C(g) (the amount of graphitic carbon) were determined for these composite samples.

On June 12, 2014, the Company announced that it had begun ground geophysics at its Coosa Property. KLM Geoscience of Las Vegas, Nevada, was selected to conduct follow-up geophysics on targets identified by the recently completed airborne geophysical survey. KLM evaluated both GEM-2 and TDEM systems over the defined Coosa Resource. GEM2 is a frequency domain electromagnetic system that is a cost-effective technique for detecting near-surface (oxidized) graphite mineralization. The two systems differ in ease of use and depth of penetration. It was determined that the GEM-2 was the most effective and was subsequently used to evaluate which one of the five new primary targets identified through the airborne survey are the highest quality and worthy of further exploration.

The results from ground geophysics were integrated with the surface sampling program and the airborne geophysics. The combination of the geochemical and geophysical data sets allowed the Company to identify targets for a sonic drill program. Ultimately, the Company anticipates that the surface sampling, geophysics and targeted sonic drilling will identify the most optimal targets worthy of a follow on comprehensive drill program in early 2015.

In June 2014, the Company provided samples of both oxidized (weathered, at surface) and unoxidized (non-weathered) material for initial Bond Work Hardness Indices testing to SGS Canada in Lakefield, Ontario, Canada. Bond Work Hardness Indices are a measure of the amount of energy required to reduce a rock in size in order to liberate the individual graphite flakes. On August 1, 2014, the Company announced that it has received the results of initial Bond Work Hardness Indices tests from SGS Canada in Lakefield, Ontario.

Type	BWI (k Wh/t)
Oxidized	5.3
Unoxidized	15.0

The results reported by SGS substantiate the Company's belief that the oxidized portion of the Coosa Deposit is substantially softer than other defined North American graphite resources. Published Bond work indexes for advanced graphite projects are typically in the 10 to 15 kWh/t range. The 5.3 kWh/t value from the oxidized portion of the deposit is a unique characteristic of graphite deposits in Alabama and implies that crushing and grinding costs will be lower for Coosa material than for other North American graphite deposits. Usually less energy is required to liberate minerals from soft, weathered host rock, which should lead to potential savings in both capital and operating expenses compared to other North American graphite deposits.

In July 2014, the Company initiated a drilling program at the Coosa Graphite Property to test new targets defined by geophysical studies. Major Drilling Environmental LLC mobilized a sonic drill to the staging area in Sylacauga, Alabama, for a twenty-hole program.

On August 12, 2014, the Company announced that it had completed the sonic drilling program at its Coosa Property. The sonic drill program consisted of 24 holes totaling 1,303 ft. Over 80% of the holes were either completely in or contained substantial intervals of graphitic schist. No sulfide minerals were observed in any of the core, which reached depths of up to 65 feet (19.8m). All the drill holes were cased with PVC pipe to allow for re-entry with a conventional diamond drill if it is decided to deepen them at a later date. The sonic core was logged and sampled at the Company's facility in Sylacauga, Alabama. Samples have been shipped to ActLabs of Ancaster, Ontario, for analysis.

Chestnut Creek Property, Chilton County, Alabama

On August 5, 2014, the Company acquired a 100% right to explore, develop and mine the Chestnut Creek Property located in Chilton County, Alabama for a period of 10 years renewable every five years thereafter for a maximum of 70 years. The Chestnut Creek Property comprises of approximately 1,160 acres located about 4 miles west of the Coosa County line and approximately 25 miles from the Company's Coosa Graphite Project. Please refer to the notes to the financial statements under "Exploration and Evaluation Assets" for costs and terms of the acquisition agreement.

Bama Property, Chilton County, Alabama

On September 1, 2014, the Company entered into a mining lease agreement whereby the Company acquired a 100% right to explore, develop and mine the Bama Property located in Chilton County, Alabama for a period of 10 years renewable every five years thereafter for a maximum of 70 years. The Bama Property comprises of approximately 200 acres located about 4 miles west of the Coosa County line. Please refer to the notes to the financial statements under "Exploration and Evaluation Assets" for costs and terms of the acquisition agreement.

Hearst Property, Ontario

The Company has a 100% interest in the Hearst Property, comprising 16 claims in Northern Ontario, Canada. Please refer to the notes to the financial statements under "Exploration and Evaluation Assets" for costs and terms of the acquisition agreement.

On August 31, 2015, the Company decided to write off the Hearst Property in order to concentrate its efforts in the graphite properties in Alabama.

Research Agreement University of Alabama

In the summer of 2014 the Company entered into a Sponsored Research Agreement with The University of Alabama and the lab of Dr. Nitin Chopra, Associate Professor in the Metallurgical and Materials Engineering Department. Dr. Chopra is an expert in carbon materials research and is well known for his work in carbon chemistry, synthesis and applications.

The research collaboration is focused on understanding the structure, properties and purification parameters of natural flake graphite the Company's deposits in Alabama. This work is a precursor to developing potential applications/uses for the graphite resource.

Exploration Activities During the Year Ended August 31, 2015

Coosa Property, Coosa County, Alabama

On September 16, 2014, the Company announced the assay results from the summer 2014 sonic drilling program at its Coosa Project. Please refer to the news release dated September 16, 2014 for the complete drill results from the sonic drilling. A map showing the resource grid and the new drill hole locations can be found on the Company's website at http//alabamagraphite.com/drillholelocations.pdf.

In October 2014, the Company obtained a permit to conduct surface exploration on additional areas on its mineral claims in Coosa County, Alabama, expiring on September 30, 2015. In accordance with the permit, the Company has agreed to pay US$50,000 to the holder of the surface right.

On October 9, 2014, the Company announced that it has completed ground geophysical surveys for the Coosa Graphite Property with a total of 70 line kilometers to augment the 54.7 kilometers from the survey run in July 2014.

On November 14, 2014, the Company announced that surface trenching was underway over the indicated resource on the Coosa Grid, the inferred resource at the Northern Strat Section and several new areas identified through airborne and ground geophysical surveys and approximately 18,000 feet of trenching had been completed. The samples along with duplicates and blanks were assayed at ActLabs of Ancaster, Ontario. The trenches were reclaimed after they were sampled, and the corridors will be used as access for future drilling.

On February 27, 2015, the Company announced preliminary metallurgical results from trench samples taken in late 2014 from its Coosa Project. Key results indicate that high percentages of coarse flakes occur in several new areas. The composite samples were prepared from shallow trenches excavated to test anomalies discovered by the airborne geophysical surveys east of the already previously defined NI 43-101 compliant Coosa resource. Company personnel collected bulk material across continuous 550' to 75' lengths and submitted this to SGS Labs in Lakefield, Ontario. SGS used 2 kg of blended material per sample for their analyses.

Preliminary results are presented in the table below:

Sample	TR-03A	TR-07B	TR-12	TRR-14D	TR-19
Location	Northern Strat	Coosa Grid	Fixico Mine	Holy Schist	Big Flake
Grade	3.34% C(t)	3.28% C(t)	3.60% C(t)	3.81% C(t)	3.10% C(t)
+ 80 mesh	27.4%	18.6%	28.2%	30.50%	33.9%

These results indicate that the Company is finding large graphite flakes also on the Company's Coosa Project. These results from the Coosa Project are all from recent surface trenching and consist exclusively of soft oxidized material. This is the best material to mine graphite in a simple, cost effective and environmentally friendly manner. In addition, these trenches are independent from the existing 43-101 resource and represent exciting opportunities to significantly expand the Company's inventory off oxidized graphitic schist. The Company is in the process of planning for a drill program in the spring of 2015 to test and qualify these new areas for an updated resource in addition to the upcoming PEA.

On March 12, 2015, the Company announced that it has found naturally occurring flake graphene at its Coosa Property. The graphene was obtained using an innovative and cost effective process, by Dr. Nitin Chopra of The University of Alabama under a sponsored research partnership.

On May 26, 2015, the Company announced preliminary metallurgical results from trench samples from shallow trenches excavated to rest anomalies discovered by the airborne and ground geophysical surveys east and north of the already previously defined Coosa resource estimate. Preliminary results are presented in the table below:

Sample	BT-2	BT-4
Location	Fixico	Northern Strat
Grade	3.10% C(g)	2.94% C(g)
+80 mesh	27.8%	21.8%

The above results show that the Company continues to find large graphite flakes with soft oxidized material from surface trenching.

On May 14, 2015, the Company announced that it has found additional types of naturally occurring graphene-based derivatives called few-layer graphene (2-5 layers), multi-layer graphene (2-10 layers), and graphite nanoplates (less than 100 nm thick) at its Coosa Property. This work was conducted by Dr. Nitin Chopra, Associate Professor at The University of Alabama under our sponsored research partnership.

On June 24, 2015, the Company announced that it has received the initial assay results from its ongoing drilling program conducted at the Coosa Project.

All of the reported drill holes are on the northeast margin of the Coosa Resource. Because the Coosa Resource trends NE-SW, drill holes AGC-15-K18 and -K20 helped to define the southeastern margin of the graphitic mineralization. The remaining holes are either step-out or in-fill holes proximal to holes previously drilled by the Company.

Drilling was performed by 3D Dycus Drilling of Wyethville, VA, using a diamond core drill. The core was sampled and logged by the Company's personnel at the Company's Sylacauga facility. ActLabs of Ancaster, Ontario, conducted the assay work. Samples were collected on five-foot intervals with the majority of the holes drilled perpendicular to foliation. QA/QC protocols were recently reviewed by Metals Mining Consultants of Highlands

Ranch, CO. In keeping with the Company's environmental commitment, drill sites are leveled and reclaimed after drilling. Please refer to the news release dated June 24, 2015 for the results from the drill holes.

The drilling result indicates the limits of the graphitic mineralization extend to the northwest with a higher graphitic content than what the Company expects to see from this area.

Expanded 2015 Drill Program at Coosa Property

On July 23, 2015, the Company announced the expansion of the 2015 summer diamond drilling program at the Company's 100%-owned flagship Coosa Graphite Project.

The purpose of the Company's expanded 2015 drilling program at Coosa was to target areas that have been tested and indicate a higher percentage of large flake than what the Company has in the southern portion of the current resource. These additional drill targets show the potential to increase both the overall grade and large flake percentage of the existing resource.

Bama Property, Chilton County, Alabama

On September 18, 2014, the Company announced that it had entered into a mineral lease on a land package that includes the prior producing Bama flake graphite mine in Chilton County, Alabama, USA. The mineral lease comprises 200 acres. The Company also signed a mineral exploration lease on several parcels comprising 1,160 acres adjacent to the Bama Mine called the Chestnut Creek Property. With the addition of these properties in Chilton County, the Company has a significant foothold within the Alabama Graphite Belt with two advanced-stage projects.

The prior producing Bama Mine was the southern-most graphite mine in Alabama and the only one in Chilton County. It was one of the larger graphite mines and included an electrostatic separator in the mill building. As with the other graphite mines in Alabama, the Bama Mine shut down prior to the end of World War II, but not before a substantial volume of ore was extracted from the existing pit. In the late 1940s the US Bureau of Mines sampled all the known occurrences of graphite in Alabama and the published results showed the Bama Mine to be unique. A sample taken from the pit wall not only registered the highest percentage of graphite (7.85% Cg), but also contained 17% jumbo flake (Pallister & Thoenen, 1948).

The Company has conducted airborne Time Domain Electromagnetic (TDEM), magnetic and radiometric surveys over the area of interest in Chilton County. A 5kg sample from the existing pit wall was collected for both graphitic carbon analyses and metallurgical testing.

The 5 kg composite sample was taken from the upper 50 feet of the existing Bama Mine pit wall. The following table presents the size flake distribution and concentrate purities of the sample. The sample's low sulphur content at 0.02% is noteworthy (see press release dated September 24, 2014).

Flake Size	Weight %	**Assays %C(t)**
+ 48 mesh (Jumbo)	17.8	98.5
+ 65 mesh (Large)	25.2	96.8
+80 mesh (Large)	11.7	96.4
+100 mesh	10.4	96.3

As with the Company's Coosa Graphite Property, the Bama Mine Property contains a thick oxidized zone where weathering has both removed sulphide minerals and significantly reduced the hardness of the graphitic schist host.

On October 1, 2014, the Company announced that it began surface exploration at its Bama Property and it had conducted detailed channel sampling. Of the six samples taken in total, four were taken from the existing pit wall of the prior producing Bama Mine and showed grades ranging from 2.81% to 5.24% C(g). In addition, KLM Geosciences concurrently performed a ground-based GEM2 geophysical survey.

The Company's plan at the Bama Property is to use the results of the GEM2 and surface-sample programs to guide a preliminary round of trenching and sonic drilling in the coming months.

The Company has received the results of preliminary channel samples taken at the Bama Property. The majority of these samples were taken either across the historic workings within the Bama Mine pit or along roads around the mine. In all cases, multiple samples were taken to arrive at the composite sample width. Because no corrections were made for the dip of the compositional layering in the graphitic schists, they should be regarded as apparent rather than true widths. Samples CH-01, CH-02, CH-09 and CH-10 all came from locations along the existing pit wall and show grades ranging from 2.81% to 5.24% C(g). The other 2 samples (CH-06 & CH-08) were from outcrops surrounding the existing pit. These samples were analyzed by ActLabs in Ancaster, Ontario. Complete channel sample results are included in the table below:

Channel Number	Width	% C(g)
CH-01	15'	3.91%
CH-02	10'	5.24%
CH-06	20'	2.94%
CH-08	25'	3.01%
CH-09	10'	4.62%
CH-10	30'	2.81%

On October 9, 2014, the Company announced that it had completed ground geophysical surveys at the Bama Property. The surveys were conducted by KLM Geoscience using a GEM2 device. An additional 80.7 kilometers were run at the Bama Property.

On November 18, 2014, the Company announced metallurgical results from three new composite samples taken from the upper 50 feet of the pit walls at the Bama Property. Using only simple floatation (without optimization, chemical or thermal treatment) sample V1 showed a head grade of 4.06% C(t) with 49.4 in the large and jumbo flake +80 mesh size fraction (of which 14.5% is jumbo, +48 mesh) , sample V2 had a head grade of 3.48% with 46.10% +80 mesh (of which 15.4% is +48 mesh) and V3 had a head grade of 3.58% C(t) and 30.2% in the +80 mesh category (of which 7.6% is +48 mesh). The total range of purities started from a low of 93.8%% C(t) to a high of 97.9% C(t) across all three samples. Complete results, including full results from the original sample, can be found on the SEDAR website released on September 24, 2014 from the exploratory cleaning batch.

Of note, the purities remained high even for the smaller flake sizes suggesting that the high purity could be maintained throughout the deposit using simple, less expensive, environmentally friendly, non-acidic processes. Most graphite operations either stockpile or sell at extremely low prices their small to medium flake because these flake sizes typically do not have high purities without expensive, chemical and heat treatment. The relatively high purity of the small to medium flake graphite at the Bama deposit suggests that this material may be marketable.

The composite samples were taken from the existing pit wall from three different locations than that of the original sample reported from the Bama Property on September 24, 2014. SGS Labs in Lakefield, Ontario, conducted analyses of the samples. SGS used 2 kg of feed material per sample for their analysis. Grinding, flotation and sieving analysis confirms preliminary results, which showed that the graphitic schists at the Bama Property are notable both for their high proportion of large flakes and their purity.

In November 2014, the Company received the required permits from the Alabama Department of Environmental Management (ADEM) to begin exploration. The Company will initiated a trenching program at the site in January of 2015 followed by drilling to delineate the extent of the graphitic mineralization at the Bama Property.
On January 16, 2015, the Company entered into an agreement with Harper Lumber LLC ("Harper Lumber") whereby the Company acquired the right to conduct exploration within nine acres of certain properties situated in Chilton County during the period from January 16, 2015 to April 24, 2105. In consideration, the Company agreed, among other conditions, to pay Harper Lumber $20,000 in cash. In connection with this agreement, the Company started an exploration program in the Bama Mine Property within the Chilton County commencing from January 19, 2015.

On January 22, 2015 the company announced the assay results from the trenching program started on the Coosa Property in November 2014. The purpose of the trenching was both to further evaluate the known resource as well as to test the 'hearts' of the airborne geophysical anomalies that are distinct from the established resource. Bulk samples were also collected for future metallurgical testing. Trenching was performed by a local excavation contractor although all sampling and logging was conducted by Alabama Graphite personnel. Analyses were conducted by ActLabs of Ancaster, Ontario.

Samples were collected on five-foot intervals with the majority of the trenches cut perpendicular to the strike of foliation. In keeping with the Company's environmental commitment, trenches are backfilled and reclaimed after sampling.

Trenching in the new target areas has identified several new areas with significant graphite over substantial widths. Please refer to the news release dated January 22, 2015 for the results of these trenches.

On April 7, 2015, the Company announced that it has received final assay results from a trenching program conducted at its Bama Mine Project in early 2015. The results identified new targets in close proximity to the historic Bama Mine with a number of sections averaging over 3% C(g). The purpose of the trenching was both to further evaluate areas adjacent to the historic mine as well as to test new areas where airborne geophysical anomalies and/or surface channel sampling has identified prospective targets. Bulk samples were also collected for future metallurgical testing.

Trenching was performed by a contractor using an excavator with all sampling and logging being conducted by the Company's personnel. Assay work was conducted by ActLabs of Ancaster, Ontario. Samples were collected on five-foot intervals with the majority of the trenches cut perpendicular to the strike of foliation. In keeping with the Company's environmental commitment, trenches are backfilled and reclaimed after sampling. Please refer to the news release dated April 7, 2015 for results of trenches.

The Company wishes to emphasize that all of the results presented are from soft, oxidized material which differentiates the Alabama graphite deposits relative to other flake graphite occurrences in North America. The Bama Mine is of significant interest as both historical records and our own metallurgical testing indicates a very high proportion of coarse flake graphite. The Company's test results suggest that there is the potential to develop another resource in close proximity to the former mine.

On May 26, 2015, the Company also announced preliminary metallurgical results from trench samples taken from the Bama Project. Preliminary results are presented in the table below:

Sample	BT-1	BT-3
Location	Bama North	Bama West
Grade	3.25% C(g)	3.11% C(g)
+80 mesh	37.1%	37.7%

The above results show that the Company continues to find large graphite flakes with soft oxidized material from surface trenching.

Hearst Property, Northern Ontario, Canada

The Company conducted airborne geophysical survey of the Hearst Property in March of 2014. After a review of all of the Company's graphite projects by the management and technical staff, the Company decided to suspend further work on the Hearst Graphite property and focus all of the Company's resources on the Coosa and Chilton County properties located in Alabama, USA.

Exploration Activities Subsequent to August 31, 2015

Coosa Property, Coosa County, Alabama

On October 13, 2015 the Company announced the completion of an updated mineral resource estimate for the Coosa Graphite Project. The updated mineral resource estimate is based on both the 2012 and 2014-15 exploration and drilling programs, consisting of a total of 109 drill holes totaling 25,905 feet of drilling (including 40 new holes totaling 5,665.5 feet) plus 11 new trenches totaling 3,425 feet of sampling. The estimate was prepared by Metal Mining Consultants Inc. of Highlands Ranch, Colorado, who also prepared an initial mineral resource estimate for the Coosa Graphite Project in 2013.

On November 30, 2015 announced the results of a positive Preliminary Economic Assessment ("PEA") for the Coosa Graphite Project. The PEA technical report was prepared pursuant to Canadian Securities Administrators' National Instrument 43-101 ("NI 43-101") by the independent engineering firm AGP Mining Consultants Inc. ("AGP") of Barrie, Ontario - in conjunction with Metal Mining Consultants Inc. of Highlands Ranch, Colorado; co-authors of the PEA and authors of the Coosa Graphite Project's updated Mineral Resource Estimate technical report - and demonstrates that the Coosa Graphite Project has strong economics and excellent potential to become a near-term producer of high-value, ultra-high-purity specialty graphite products for the burgeoning American green-energy markets. The technical report concluded that the PEA is positive and recommends the Coosa Graphite Project be advanced to the feasibility stage of development.

The Company's PEA diverges from others in the flake graphite development space in that it addresses both primary and secondary processing to produce specialty, ultra-high-purity graphite products, as opposed to sole primary processing to make traditional graphite concentrate. The Company does not intend to sell any graphite concentrate. This is a significant point of differentiation between the Company and other flake graphite development companies. Recent known flake graphite development companies' PEAs and Feasibility Studies have been based solely on primary processed, run-of-mine ("ROM") graphite concentrates of various purities and flakes sizes. The Company intends to divert 100% of primary processed graphite to secondary processing to produce specialty graphite, specifically, coated spherical graphite ("CSPG") for use in lithium-ion ("Li-ion") batteries and purified micronized flake graphite ("PMG") for use in polymer, plastic and rubber composites, powder metallurgy, energy materials, and friction materials, among other applications. As a result, the Company's PEA incorporates mining and primary ROM processing capital and operating expenditures, as well as secondary processing, specialty graphite capital and operating expenditures.

Highlights of the Coosa Graphite Project's PEA are summarized below:

Note: All dollar amounts are based in U.S. currency unless otherwise noted

- The PEA confirms Coosa as a project with low capital intensity and attractive potential returns;

- PEA is based on Coosa producing two finished (final) specialty, secondary-processed graphite products - a coated spherical graphite product ("CSPG") and a purified micronized flake graphite product ("PMG"). The PEA is not modeled on producing a final run-of-mine ("ROM") graphite concentrate product typical of other conventional flake graphite projects;

- Initial Capital Expenditure ("CAPEX") of $43.2 million, with a payback period of 1.9 years (pre-tax) and 2 years (post-tax) from commencement of commercial production;

- Base-case pre-tax Net Present Value ("NPV") of $444 million, post-tax NPV $320 million (8% discount); pre-tax NPV of $329 million, post-tax NPV of $236 million (10% discount);

- Pre-tax Internal Rate of Return ("IRR") of 52.2%; post-tax IRR of 45.7%;

- Base-case pre-tax annual cash flow of $67.5 million; post-tax annual cash flow of $49.7 million;

- Life of Mine Gross Revenue (less royalty) of $2.4 billion;

- Life of Mine Operating Expenses ("OPEX") of $533 million;

- Life of Mine plan of 27 years based on mining ~10% of Mineral Resource Estimate; mining is occurring within the Oxide Zone (the PEA is based on milling 15.2 million tons — 12.6 million tons @ 2.85% Cg of the Indicated Resource and 2.6 million tons @ 2.95% Cg of Inferred Resource - of the Coosa Graphite Project's 78.5 million-ton Indicated and 79.4 million-ton Inferred Mineral Resource Estimate);

- Surface mining operation; low Waste-to-Ore stripping ratio of 0.11:1;

- Primary and secondary processing plants to produce 5,500 tons (5,000 tonnes) of specialty high-purity graphite products annually, ramping up to 16,500 tons (15,000 tonnes) annually in year 7; subsequent capital expenditures to be funded through free cash flow;

- PEA is based on selling two specialty, high-value high-purity graphite products — CSPG (75% of planned production) and PMG (25% of planned production);

- Selling price for CSPG at $8,165 per ton ($9,000 per tonne) and PMG at $1,814 per ton ($2,000 per tonne) for a blended selling price of $6,577 per ton ($7,250 per tonne);

- Life of Mine average cash operating costs of $1,410 per ton ($1,555 per tonne) for final product of CSPG and PMG.

Project Overview

The Coosa Graphite Project is located in the western part of Coosa County, east-central Alabama, USA. The Coosa Graphite Project's mineral tenure comprises mineral rights leased by the Company totaling 41,964 acres (16,982 ha) or 65.6 square miles. The property is located 50 miles south-southeast of Birmingham, Alabama, in a geopolitically stable, mining-friendly jurisdiction with significant historical production of crystalline flake graphite in the flake graphite belt of central Alabama, also known as the 'Alabama Graphite Belt' (source: U.S. Bureau of Mines).

Coosa Graphite Project Mineral Resource Estimate @ 1.0% Cg Cutoff (effective date: October 2, 2015)			
Resource Category	**Tonnage (Tons)**	**Graphitic Carbon (Cg %)**	**Contained Graphite (Tons)**

Indicated	78,488,000	2.39	1,876,000
Inferred	79,433,000	2.56	2,034,000

*Inferred Mineral Resources represent material that is considered too speculative to be included in economic evaluations. Additional trenching and/or drilling will be required to convert Inferred Mineral Resources to Measured or Indicated Mineral Resources. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no guarantee that all or any part of the Mineral Resource will be converted into a Mineral Reserve.

A significant portion of the Coosa Graphite Project is characterized by graphite-bearing material that is oxidized and has been weathered into extremely soft rock. The Coosa property has infrastructure in place, is within close proximity to major highways, rail, power and water, and is approximately three hours (by truck or train) to the Port of Mobile, the Alabama Port Authority's deep-seawater port and the ninth largest port by tonnage in the United States (source: U.S. Army Corps of Engineers/USACE). The state of Alabama's hospitable climate allows for year-round mining operations and the world's largest marble quarry (which operates 24 hours a day, 365 days a year in Sylacauga, Alabama), is located within a 30-minute drive of the Coosa Graphite Project.

The Company's strategy is to exclusively target the oxide portion of the Coosa Graphite Project's mineral resource and, subsequently, to divert 100% of primary graphite production to secondary-processed, specialty high-purity graphite utilizing the Company's proprietary low-temperature purification process. This was highlighted in THE COMPANY's September 29, 2015 news release announcing the Company's preliminary graphite purification trials. Those trials achieved 99.99% Cg purity - across all flake sizes from Coosa Graphite Project graphite concentrate - at one of North America's premier independent metallurgical laboratories.

The PEA proposes a 27-year, open-pit mine with a mill and primary processing plant located onsite at the Coosa Graphite Project. A purification plant for secondary processing to produce specialty graphite products is to be located in the vicinity of Rockford, Alabama (19 miles from the Coosa Graphite Project mine site with access via County Roads 29 and 22). Access to natural gas in this location is key for the Company's purification plant furnaces. The Company intends to locate primary and secondary processing plants within close proximity of each other in order to generate a potentially strong annual cash flow and a high rate of return.

The PEA indicates that the Coosa Graphite Project has excellent potential to become a low-cost U.S. source of ultra-high-purity specialty graphite products - without the use of dangerous and environmentally harmful hydrofluoric acid (as is commonly used in Chinese graphite production) or costly high-temperature thermal upgrading and purification. The principal high-value specialty graphite product the Company intends to produce - CSPG for Li-ion batteries - has significant enduring future demand; however, consumers are increasingly holding manufacturers accountable for where they source their critical input materials and, as importantly, how said input materials are produced. Environmental considerations are now more critical than ever when sourcing critical input materials for green-energy-based applications, such as Li-ion batteries.

Financial and Operational Highlights

The Coosa Graphite Project's PEA is not based on producing a final ROM graphite concentrate product, nor has the PEA been modelled on the Coosa Graphite Project being developed as a conventional flake graphite product. Instead, the PEA is based on Coosa producing two finished (final) secondary-processed, specialty graphite products: (1) a coated spherical graphite product and (2) a purified micronized flake graphite product.

For the first five years of operation, production is scheduled to be 5,500 tons (5,000 tonnes) of finished specialty graphite products, expanding capacity to 16,500 tons (15,000 tonnes) of finished specialty graphite products by year seven. The capital costs associated with increasing production capacity (11,000 tons or 10,000 tonnes) are planned to be paid for via the Company's free cash flow.

Capital Costs

Initial capital expenditures for mining operation and both primary and secondary processing plants for the first five years of production are estimated to be $43.2 million. Subsequent capital expenditures for production expansion - commencing in year five onward - are estimated to be $84.4 million, representing a grand total of $127.6 million in capital expenditures for the 27-year LOM, and would be funded through free cash flow.

Project Economics

Category	Unit	Pre-Tax	Post-Tax
CSPG (15 microns) >99.95% Carbon	$/tonne	$9,000	$9,000
PMG (5 micron >80%) >98% Carbon	$/tonne	$2,000	$2,000
CSPG Annual Production	tonnes	9,500	9,500
PMG Annual Production	tonnes	3,200	3,200
NPV (0%)	$ Million	$1,779	$1,299
NPV (8%)	$ Million	$444	$320
NPV (10%)	$ Million	$329	$236
NPV (12%)	$ Million	$247	$176
IRR%	%	52.2%	45.7%
Payback Period	Years	1.9	2.0
Net Revenue (less royalty)	$ Million	$2,439.5	$2,439.5
Total Operating Cost	$ Million	$532.8	$532.8
Total Capital Cost	$ Million	$127.6	$127.6
Pre-Tax Cash Flow	$ Million	$1,779.0	$1,779.0
Post-Tax Cash Flow	$ Million	n/a	$1,298.7
*Note: All dollar amounts are based in U.S. currency			

Operating Costs (Life of Mine)

As the Coosa Graphite Project's PEA is modeled on producing two finished (final) specialty, secondary-processed graphite products - a coated spherical graphite product (CSPG) and a purified micronized flake graphite (PMG) product — the operating costs per ton (and per tonne) for the 27-year life of mine (LOM) are blended and presented below. Operating costs per ton (and per tonne) include mining, milling and floatation, general and administrative expenses, filter cake transport, and purification.

	Cost Per Ton	Cost Per Tonne
Mine, Process and Admin Cost	$1,410	$1,555
*Note: All dollar amounts are based in U.S. currency		

Selling Prices

Product	Percentage of Annual Production	Selling Price
>99.95% Cg CSPG (15µ)	75%	$8,165 per ton ($9,000 per tonne)
>98% Cg PMG (5µ)	25%	$1,814 per ton ($2,000 per tonne)
*Note: All dollar amounts are based in U.S. currency		
Pricing Assumptions: According to UK-based Benchmark Mineral Intelligence, widely regarded as one of the world's leading independent sources on battery input materials' prices, sales and demand forecasts, selling prices for coated spherical graphite (CSPG) for Li-ion batteries range from USD$7,000 to USD$12,000 per tonne. For the Company's CSPG product, the Company has utilized a conservative USD$9,000 per tonne selling price in the Coosa Graphite Project PEA. Selling prices for purified micronized flake graphite (PMG) range from USD$1,800 to USD$2,800 per tonne. For the Company's PMG product, the Company has utilized a conservative USD$2,000 per tonne selling price in the Coosa Graphite Project PEA.		

Notes:

1. Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards for Mineral Resources and Mineral Reserves were followed for Mineral Resources
2. Mineral Resources are estimated at a cut-off grade of 1% Cg
3. Numbers may not add due to rounding
4. "Cg" is defined as "graphitic carbon"
5. All dollar amounts are based in U.S. currency unless otherwise noted

Cautionary Note:

This PEA is considered by the Company to meet the requirements of a Preliminary Economic Assessment as defined by Canadian Securities Administrators' National Instrument 43-101 ("NI 43-101") Standards of Disclosure for Mineral Projects. The economic analysis contained in the technical report is based, in part, on Inferred Resources (as defined in NI 43-101) and is preliminary in nature. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no guarantee that all or any part of the Mineral Resource will be converted into a Mineral Reserve. Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Mineral Reserves (as defined in NI 43-101). Additional trenching and/or drilling will be required to convert Inferred Mineral Resources to Measured or Indicated Mineral Resources. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that the reserve's development, production and economic forecasts on which the PEA is based will be realized.

Qualified Persons

Independent engineering firms AGP Mining Consultants Inc. and Metal Mining Consultants Inc. completed the Coosa Graphite Project Preliminary Economic Assessment technical report and are independent of the Company under National Instrument 43-101 ("NI 43-101") guidelines. The information in this news release relating to the mining and metallurgy portions of the 2015 Coosa Graphite Project Preliminary Economic Assessment was prepared by AGP Mining Consultants Inc.'s Mr. Gordon Zurowski, P.Eng., an independent Qualified Person as defined by National Instrument 43-101 guidelines, and Mr. Andy Holloway, P.Eng., an independent Qualified Person as defined by National Instrument 43-101 guidelines. The information in this news release that relates to the geology and mineral resource estimation portions of the PEA was prepared by Mr. Scott E. Wilson, C.P.G. from Metal Mining Consultants Inc., an independent Qualified Person as defined by National Instrument 43-101 guidelines.

Mr. Gordon Zurowski, P.Eng., Principal of AGP Mining Consultants Inc., is a Qualified Person as defined by National Instrument 43-101 ("NI 43-101") guidelines, and has reviewed and approved the content of this news release.

The Company has filed the accompanying NI 43-101 technical report dated November 27, 2015, entitled, "Alabama Graphite Corp. Preliminary Economic Assessment (PEA) on the Coosa Graphite Project, Alabama, USA" under the Company's SEDAR profile at www.sedar.com and on its website at www.alabamagraphite.com.

During the year ended August 31, 2015 and the year ended August 31, 2014, the Company incurred costs for exploration and evaluation assets as follows:

	Coosa County Property Alabama	Chilton County Properties Alabama	Hearst Graphite Project Ontario	Total
Acquisition Costs				
Balance, August 31, 2014	$ 566,859	$ 18,770	$ 438,000	$ 1,023,629
Additions :				
Option payments - cash	12,915	14,694	-	27,609
	12,915	14,694	-	27,609
Less:				
Written-off	-	-	(438,000)	(438,000)
	-	-	(438,000)	(438,000)
Balance, August 31, 2015	579,774	33,464	-	613,238
Deferred Exploration Costs				
Balance, August 31, 2014	2,815,146	-	43,990	2,859,136
Additions :				
Core logging and surveying	13,702	2,979	-	16,681
Drilling	511,898	-	-	511,898
Environmental and reclamation	7,638	3,194	-	10,832
Equipment rental	61,005	30,627	-	91,632
Excavation	181,183	68,667	-	249,850
Field and road works	75,426	16,878	-	92,304
Field supplies	33,288	1,887	-	35,175
Geological consultants	511,689	22,748	-	534,437
Metallurgical and assays	230,672	147,926	-	378,598
Permitting, legal and insurance	45,710	14,099	-	59,809
Repair and maintenance	2,671	11,028	-	13,699
Security	-	3,098	-	3,098
Surface exploration rights	56,515	23,830	-	80,345
Transportation and travelling	52,898	8,560	-	61,458
	1,784,295	355,521	-	2,139,816
Less:				
Written-off	-	-	(43,990)	(43,990)
	-	-	(43,990)	(43,990)
Balance, August 31, 2015	4,599,441	355,521	-	4,954,962
Total Exploration and Evaluation Assets	$ 5,179,215	$ 388,985	$ -	$ 5,568,200

During the year ended August 31, 2014, t he Company incurred expenditures for exploration and evaluation assets as follows:

	Coosa County Property Alabama	Chilton County Properties Alabama	Hearst Graphite Project Ontario	Total
Acquisition Costs				
Balance, August 31, 2013	$ 566,859	$ -	$ 438,000	$ 1,004,859
Additions :				
Option payments - cash	-	18,770	-	18,770
Balance, August 31, 2014	566,859	18,770	438,000	1,023,629
Deferred Exploration Costs				
Balance, August 31, 2013	2,106,236	-	-	2,106,236
Additions :				
Core logging and surveying	176,164	-	43,990	220,154
Drilling	73,192	-	-	73,192
Environmental & reclamation	9,693	-	-	9,693
Equipment rental	4,774	-	-	4,774
Field and road works	12,688	-	-	12,688
Field supplies	9,150	-	-	9,150
Geological consultants	258,319	-	-	258,319
Metallurgical and assays	100,088	-	-	100,088
Permitting and legal	38,833	-	-	38,833
Repair and maintenance	2,506	-	-	2,506
Surface exploration rights	3,242	-	-	3,242
Transportation and travelling	20,261	-	-	20,261
	708,910	-	43,990	752,900
Balance, August 31, 2014	2,815,146	-	43,990	2,859,136
Total Exploration and Evaluation Assets	$ 3,382,005	$ 18,770	$ 481,990	$ 3,882,765

OPERATING RESULTS

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for each of the last eight most recently completed quarters.

Quarter Ended	Total Revenue ($)	Comprehensive Income (Loss) ($)	(Loss) per Share Basic and Fully Diluted ($)
31-Aug-15	-	(1,436,062)	(0.01)
31-May-15	-	(264,485)	-
28-Feb-15	-	(119,079)	-
30-Nov-14	-	(378,229)	-
31-Aug-14	-	(434,325)	(0.01)
31-May-14	-	(340,144)	-
28-Feb-14	-	(574,036)	(0.01)
30-Nov-13	-	(422,733)	(0.01)

The increase in net losses for the quarter ended November 30, 2013, February 28, 2014 and August 31, 2015 were primarily due to the share-based payments expenses on stock options granted.

Three Months Ended August 31, 2015

The Company incurred a net loss of $1,436,062 during the three months ended August 31, 2015 compared to a net loss of $434,325 during the same period of the previous year. The increase in net loss of $1,011,737 was primarily due to the following changes:

(1) Office and administration were $47,164 (2014 - $14,251 credit), an increase of $61,415 mainly due to the re-allocation of expenses affecting overhead costs in 2014;
(2) Share-based payments were $625,941 (2014 - $20,889), an increase of $605,052 mainly due to 3,400,000 stock options granted in July 2015;
(3) Travel and investor relations were $61,505 (2014 - $114,203), a decrease of $52,698 due to lesser financing and corporate activities during the current quarter;
(4) Foreign exchange gains were $84,549 (2014 – $646), an increase in gain of $83,903 due to stronger US dollars against Canadian dollars during the period as the Company purchased US dollars earlier at more favourable rate; and
(5) Exploration and evaluation assets written-off was $481,990 (2014 - $Nil), an increase of $481,990 due to the write-off of the Hearst Graphite Project in Ontario, Canada on August 31, 2015.

Year Ended August 31, 2015

The Company incurred a net loss of $2,197,855 during the year ended August 31, 2015 compared to a net loss of $1,771,238 during the same period of the previous year. The increase in net loss of $426,617 was primarily due to the following changes:

(1) Consulting expenses were $507,374 (2014 - $297,821), an increase of $209,553 mainly due to consultants engaged to develop business, financing and corporate development;
(2) Professional fees were $190,731 (2014- $ 226,863), a decrease of $36,132 mainly due to less legal fees incurred during the current year;
(3) Office and administration were $142,959 (2014 - $82,549), an increase of $60,410 mainly due to increase in corporate activities in 2015;
(4) Regulatory and filing expenses were $59,504 (2014 - $115,269), a decrease of $55,765 due to less financing activities during the current year;
(5) Travel and investor relations were $ 213,070 (2014 - $268,896), a decrease of $55,826 due to lesser financing and investor relations activities during the current year;
(6) Foreign exchange gains were $152,676 (2014 - $34,124 loss), an increase in gain of $186,800 due to stronger US dollars against Canadian dollars as the Company purchased US dollars earlier at more favourable rate plus elimination of debt denominated in US funds during the current year.
(7) Exploration and evaluation assets written-off was $481,990 (2014 - $Nil), an increase of $481,990 due to the write-off of the Hearst Graphite Project in Ontario, Canada on August 31, 2015.

SELECTED ANNUAL INFORMATION

Year ended 31st August,	Revenue ($)	Operating Loss ($)	Fully Diluted Loss per Share ($)	Total Assets ($)	Long-term Liabilities ($)	Cash Dividend ($)
2015	-	2,197,855	0.02	7,953,897	-	-
2014	-	1,771,238	0.03	5,235,712	-	-
2013	-	1,210,594	0.05	3,264,409	-	-

FINANCIAL CONDITION

At August 31, 2015, the Company had current assets of $2,354,936 (2014 - $1,324,951) and total current liabilities of $424,435 (2014 - $382,956). At August 31, 2015, the Company had a working capital of $1,930,501 (2014 - $941,995). The liquidity position of the company is slightly weakened as compared to last year ended August 31, 2014 mainly due to lesser proceeds from warrants exercised.

DEBT FINANCING

The balance of the loans payable at August 31, 2015 included $Nil (August 31, 2014 - $5,977) in accrued interest. On October 15, 2014, the Company repaid in full the outstanding balance of the promissory note and interest denominated in US dollars.

EQUITY FINANCING

During the Year Ended August 31, 2015

One June 30, 2015, the Company completed a private placement of 14,375,000 units at a price of $0.20 per Unit for total proceeds of $2,875,000. Each Unit comprised of one common share of the Company and one-half of one

common share purchase warrant. Each one whole common share purchase warrant ("Warrant") entitles the holder to purchase one additional common share of the Company at an exercise price of $0.35 per share until June 30, 2018. In the event that the closing price of the Company's common share is $0.75 or greater per common share during any 20 consecutive trading day period at any time subsequent to four month and one day after June 30, 2015, the Warrants will expire at the sole discretion of the Company on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the warrants. In connection with the private placement, the Company paid cash compensation of $215,625 and issued 1,078,125 Agent's warrants. Each Agent's warrant entitles the holder to purchase one Compensation Unit at a price of $0.20 per Compensation Unit on or before June 30, 2017. Each Compensation Unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant ("Compensation Unit Warrant") entitles the holder to purchase one common share of the Company at a price of $0.35 per share until June 30, 2018.

During the current year, 14,017,000 warrants exercised at the price of $0.10 per share and 2,589,586 broker's warrants were exercised at the price of $0.07 per broker's warrant unit ("BW Unit") (see broker's warrants issued during the year ended August 31, 2014 below) and 99,750 broker's warrant unit warrants ("BW Warrant") were also exercised at the price of $0.10 per share for total proceeds of $1,592,926.

During the year ended August 31, 2014:

On September 4, 2013, the Company issued 150,000 common shares at a price of $0.20 per share as a finder's fee for the Hearst Graphite Property.

In November 2013, the Company completed a private placement of 875,000 units at price of $0.08 per unit for gross proceeds of $70,000. Each unit consisted of one common share and one-half of one transferable common share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share at a price of $0.12 per share for a period of two years from closing of the offering. The Company paid a finder's fee of 7% cash and 7% finder's warrants on the gross proceeds.

In January 2014, the Company completed a private placement of 30,714,285 units at price of $0.07 per unit for gross proceeds of $2,150,000. Each unit consisted of one common share and one transferable common share purchase warrant, with each warrant entitling the holder thereof to acquire one additional common share at a price of $0.10 per share for a period of three years from closing of the offering. The Company paid a finder's fee in cash for total of $193,500 and 2,764,286 broker's warrants. Holder of the broker's warrants will entitle to acquire one unit ("BW Unit") at a price of $0.07 per unit for period of two years from the closing date. Each BW Unit consists of one common share and one purchase warrant ("BW Warrant"). Each BW Warrant will entitle the holder to purchase one additional common share at a price of $0.10 per share for a period of three years from the closing date.

During the year ended August 31, 2014, 16,164,164 warrants were exercised for total gross proceeds of $1,597,141 and 55,000 options were exercised for total gross proceeds of $7,975.

RELATED PARTY TRANSACTIONS

As at August 31, 2015, the amounts due to directors and officers are included in accounts payable and accrued liabilities as follows:

	2015	2014
North American Mortgage Corporation, a private company controlled by John Morita, CFO	$ -	$ 473
Douglas Oliver, VP, Exploration	3,434	6,515
Daniel Spine, VP, Business Development	1,309	5,429
Galador Consulting, a private company controlled by Ron Roda, President, Co-CEO, Secretary and director	-	11,310
Jean Depatie, Director and Chairman	1,275	-
Richard Keevil, VP, Project Development	7,345	
	$ 13,363	$ 23,727

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the year ended August 31, 2015 and 2014 is as follows:

	2015	2014
Financial consulting fees charged by North American Mortgage Corporation, a private company controlled by John Morita, CFO	$ 15,950	$ 8,120
Consulting fees charged by:		
Douglas Oliver, VP, Exploration	77,666	6,472
Keevil Consulting, a private company controlled by Richard Keevil, VP, Project Development	78,000	32,500
Daniel Spine, VP, Business Development	64,722	53,396
Galador Consulting, a private company controlled by Ron Roda, President, Co-CEO, Secretary and director	134,838	82,610
Share-based payments:		
Ron Roda, President, Co-CEO, Secretary and director	114,965	299,507
Daniel Spine, VP, Business Development	45,782	80,454
Douglas Oliver, VP, Exploration	40,695	38,701
James Duff, Director	50,869	14,544
John Morita, CFO	10,174	52,632
Wade Black, Director	-	6,979
Jean Depatie, Director and Chairman of the Board	120,051	20,733
Richard Keevil, VP, Project Development	50,869	37,825
Daniel Goffaux, Director	49,792	20,889
H. David Ramm	81,391	-
Don Baxter	33,957	-
	$ 969,721	$ 755,362

Note: Share-based payments are estimated fair value of the options granted using the Black-Scholes options-pricing model.

CAPITAL RESOURCES

At August 31, 2015, the Company had cash and cash equivalents of $2,085,925 (2014 - $1,286,897). As of the date of this MD&A, the Company believes that it does have sufficient working capital to meet its ongoing financial

obligations. However, the Company may need additional financing if the exploration results are favorable and new and extended exploration program are justified.

LATEST SHARE CAPITAL INFORMATION

As of the date of this report, the following securities were outstanding:

Common shares – 115,737,613
Stock options – 8,350,000 (See table below)
Warrants – 14,203,032 (See table below)

Expiry Date	Number of Options	Exercise Price	Exercisable
August 21, 2016	265,000	0.25	265,000
October 23, 2016	50,000	0.45	50,000
February 26, 2017	550,000	0.25	550,000
August 21, 2017	375,000	0.25	375,000
August 21, 2017	350,000	0.35	350,000
September 3, 2018	850,000	0.35	850,000
January 20, 2019	220,000	0.105	220,000
February 3, 2019	2,640,000	0.145	2,640,000
July 18, 2019	400,000	0.18	166,167
June 12, 2020	2,650,000	0.27	2,650,000
	8,350,000		8,116,167

Expiry Date	Number of Warrants	Number of Shares If Exercised	Exercise Price per Share
November 21, 2016	260,000	260,000	$0.10
January 31, 2017	3,012,871	3,012,871	$0.10
January 31, 2017 (BW Warrants issued from BW Units exercised)	2,664,536	2,664,536	$0.10
June 30, 2018	7,187,500	3,593,750	$0.35
June 30, 2018 (Compensation Units)			
Common share	1,078,125	1,078,125	$0.20
Compensation Unit Warrant		539,063	$0.35
	14,203,032	11,148,345	

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Please refer to Notes 2 and 3 of the consolidated financial statements for the year ended August 31, 2015.

FINANCIAL INSTRUMENTS

For a detailed description of financial instruments and their associated risks, see Note 3 to the Company's consolidated financial statements for the year ended August 31, 2015.

PERSONNEL

On June 5, 2015, H. David Ramm was appointed as director to replace Jim Duff who resigned on the same date.

On June 17, 2015, Don Baxter was appointed as Co-CEO and director and Ron Roda became Co-CEO and President and director. In addition, Richard Keevil resigned as a director.

On October 22, 2015, Douglas C. Bolton was as appointed as Chief Financial Officer to replace John Morita.

On December 15, 2015, Ron Roda resigned as President, Co-CEO, Secretary and a director of the Company and Don Baxter was appointed as the President and CEO. In addition, Douglas Bolton was appointed Corporate Secretary.

The current directors and officers of the Company are as follows:

Name	Position	Effective Date
Don Baxter	Director	June 17, 2015
	President and CEO	December 15, 2015
Douglas C. Bolton	CFO	October 22, 2015
	Corporate Secretary	December 15, 2015
Jean Depatie	Director and Chairman of the Board	November 22, 2012
Daniel P. Goffaux	Director	May 14, 2014
H. David Ramm	Director	June 5, 2015
Richard Keevil	VP, Project Development	February 18, 2014

SHAREHOLDER RELATIONS

On November 11, 2015 the Company appointed Ann-Marie M. Pamplin as Director of Investor Relations who will be responsible for the corporate website, corporate presentation, corporate fact sheet, and social media platforms with the objective to better reflect the new strategic direction of the Company.

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring and exploring natural resource properties in Canada and the United States. Due to the Company's properties are in very early stage of exploration, the following risk factors, amongst others, will apply.

Exploration Stage Company

The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non productive. There is no assurance that exploration efforts will be successful. The Company has no current sources of revenue and is dependent upon its ability to secure new sources financing. These conditions, along with other risks, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change.

Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that any future exploration programs will result in the establishment or expansion of resources or reserves.

Exploration and Development Risks

The business of exploring for minerals and mining involves a high degree of risk. There is no assurance the Company's mineral exploration activities will be successful. Few properties that are explored are ultimately developed into producing mines. At present, none of the Company's properties has a known body of commercial ore and the proposed exploration program is an exploratory search for ore. In exploring and developing its mineral deposits the Company will be subjected to an array of complex economic factors and technical considerations. Delays in obtaining governmental approvals, inability to obtain financing or other factors could cause delays in exploring and developing properties. Such delays could materially adversely affect the financial performance of the Company. Unusual or unexpected formations, formation pressures, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, environmental hazards, the discharge of toxic chemicals and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has limited experience in the development and operation of mines and in the construction of facilities required to bring mines into production. The Company has relied and may continue to rely upon consultants and others for operating expertise. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Financing

The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. Currently, the Company does have sufficient funds on hand to continue its existing exploration programs and to meet its general and administration requirements. However, the Company may raise additional funds in the next twelve months for ongoing exploration and development. The Company has no formal credit facilities at this time and given the Company's current stage of development, it is not expected that such credit facilities would be available to the Company.

Future exploration, development, mining, and processing of minerals from the Company's properties will require substantial additional financing. The only current sources of funds available to the Company are the sale of additional equity capital, which if available, may result in substantial dilution to existing shareholders. There is no assurance that such funding will be available to the Company, or that it will be obtained on terms favourable to the Company. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development, or production on any or all of the Company's properties, or even a loss of property interests.

Management believes the Company's overall liquidity risk has increased from the prior year due to the current global credit crisis and the possible lack of financing available in the equity markets.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Difficulties in Raising Development Capital

Market events and conditions could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its capital requirements to pursue the acquisition and exploration of any significant mineral projects or to secure its share of development financing following a decision to place any of its current or future mineral properties into production (whether on its own or on a joint venture basis). The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

General Economic Conditions

Events in global financial markets could have a serious impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and development of its resource properties.

Specifically the main risk factors are:

- the recent downturn in the resource sector could impact the cost and availability of financing and the Company's overall liquidity;
- the volatility of gold and other base metal prices may significantly impact the Company's ability to raise capital to advance the Company's graphite properties;
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential exploration costs;
- the devaluation and volatility of global stock markets impacts the valuation of common shares, which may impact the Company's ability to raise funds through the issuance of common shares.

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Share Price Volatility

Worldwide securities markets, particularly those in North America, have experienced a high level of price and volume volatility in recent years. The market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced significant decline in value and there has been a significant decline in the number of buyers willing to purchase such securities.

In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. As a consequence, despite the Company's past success in securing equity financing, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Acquisition of Mineral Concessions under Agreements

The agreements pursuant to which the Company has the right to acquire a number of its properties provide that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations there under, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Environmental and Other Regulatory Requirements

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory approval and there is no assurance that such approvals will be obtained. Although the Company believes its mineral and exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Uninsured Risks

The Company may become subject to liability for forest fires, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The payment of such liabilities would reduce the funds available for exploration and mining activities. In particular, the Company is not insured for environmental liability or earthquake damage.

Operating Hazards and Risks

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of base metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company currently does not maintain liability insurance against such liabilities. Although the Company currently intends to obtain insurance when it commences operations of reasonable significance, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company

might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

Title Matters

The mining claims in which the Company has an interest have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims have not been converted to lease and tenure, and are, accordingly, subject to annual compliance with assessment work requirement. Other parties may dispute the Company's title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements, first nation's land claim or transfers of land claims and titles which may be affected by undetected defects.

Conflicts of Interest

Certain of the Company's directors and officers serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Fluctuation of Metal Prices

The market price of precious metals and other minerals is volatile and cannot be controlled. If the price of precious metals and other minerals should drop significantly, the economic prospects of the projects which the Company has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if commercial quantities of ore are discovered, a profitable market may exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Mineral prices have fluctuated widely, particularly in recent years. The marketability of minerals is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of minerals, the effect of which cannot be accurately predicted.

ACCOUNTING POLICIES

Accounting Standards Issued But Not Yet Effective

Please refer to Note 4 of the consolidated financial statements for the year ended August 31, 2015.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

ADVANCE NOTICE POLICY FOR NOMINATING DIRECTORS

On June 12, 2015, the Company announced that its board of directors has approved and adopted an advance notice policy (the "Policy"). The purpose of the Policy is to provide shareholders, directors and management of the Company with a clear framework for nominating directors of the Company. The Company is committed to: (i) facilitating an orderly and efficient annual general or, where the need arises, special meeting, process; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information regarding all director nominees; and (iii) allowing shareholders to register an informed vote after having been afforded reasonable time for appropriate deliberation. The Policy is intended to further these objectives.

The Policy, among other things, includes a provision that requires advance notice to the Company in certain circumstances where nominations of persons for election to the board of directors are made by shareholders of the Company. The Policy fixes a deadline by which director nominations must be submitted to the Company prior to any annual or special meeting of shareholders and sets forth the information that must be included in the notice to the Company. No person will be eligible for election as a director of the Company unless nominated in accordance with the Policy.

In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 days and not more than 65 days prior to the date of the annual meeting; provided, however, that, in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders called for the purpose of electing directors (whether or not called for other purposes), notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

SUBSEQUENT EVENTS

a) On September 15, 2015, the Company announced the construction of a pilot plant at SGS Mineral Services of Lakefield, Ontario with a 200-ton bulk sample of material from the Company's 100% owned flagship Coosa Graphite Project in Coosa County, East-Central Alabama, USA.

b) On November 30, 2015, the Company announced the results of a positive Preliminary Economic Assessment (PEA") for its 100% owned flagship Coosa Graphite Project in Coosa County, East-Central Alabama, USA. The PEA technical report was prepared pursuant to Canadian Administrators' National Instrument 43-101 and demonstrates that the Coosa Graphite Project has strong economics and excellent potential. Please refer to section for "Exploration Activities Subsequent to August 31, 2015" above.

c) Subsequent to the year-end 1,714,000 warrants were exercised at a price of $0.10 per share and 330,000 stock options exercisable between $0.145 and $0.27 per share expired unexercised.

d) On December 15, 2015, Ron Roda resigned as President, Co-CEO, Secretary and a director of the Company and Don Baxter was appointed President and CEO to replace Ron Roda. In addition, Doug Bolton was appointed Corporate Secretary and Don Baxter was appointed a member of the audit committee.