ALABAMA GRAPHITE CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Prepared by Management)
For the Three Months Ended November 30, 2014

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 three months ended November 30, 2014. The MD&A should be read in conjunction with unaudited consolidated financial statements and notes attached thereto for the three months ended November 30, 2014 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 through January 27, 2015.

The condensed unaudited interim 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"). Specifically they have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

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, 2014.

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, title 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 mineral resource estimate on the Coosa Project in Coosa County, Alabama. The 43-101 report was prepared in September, 2013 and revised on March 26, 2014 and filed on SEDAR on May 2, 2014.

The Company was incorporated under the Business Corporations Act (British Columbia) on April 13, 2006 as 0754882 B.C. Ltd., and subsequently changed its name to TrustMark Auto Group, Inc. ("TrustMark") on April 24, 2006. TrustMark was engaged in the business of providing franchise quality products and services to independent used vehicle dealers. During the first quarter of fiscal year ended August 31, 2009, TrustMark decided to close down its only corporate dealership in Coquitlam, British Columbia and accordingly the Company ceased being in the business of selling used vehicles and sought a new business to acquire or develop.

On June 23, 2011, the Company changed its name to Keymark Resources Inc. On June 28, 2011, the Company effected a consolidation of its share capital on a 10 for 1 basis and the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") (formerly the Canadian National Stock Exchange) under its new trading symbol KKR.

On August 28, 2012, the Company changed its name to Alabama Graphite Corp. and commenced trading under the new trading symbol ALP after having acquired rights to the Coosa Graphite Project in Alabama.

As a result of European investor interest in the Company, the Company's common shares have been quoted on the Frankfurt Stock Exchange for trading under the symbol 1AG.F since October 19, 2012.

On May 5, 2014, the Company delisted its common shares from the CSE and started trading its common shares on the TSX Venture Exchange (the "TSXV") under the same symbol, ALP. On the same day, the Company also commenced trading on the OTCQB venture stage marketplace under the symbol, ABGPF. On June 23, 104, the Company was upgraded to the OTCQX market and commenced trading on the OTCQX under the same symbol.

The Company is in the business of acquiring, exploring and developing graphite mineral properties. The Company is a reporting issuer in British Columbia, Alberta and Ontario.

Property Descriptions

Coosa Property, Alabama

In August and November, 2012 the Company acquired a100% 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.

On September 3, 2013, the Company announced the filing of a technical report titled "Technical Report, Alabama Graphite Corp., Coosa Project" dated August 30, 2013 (which was superseded by an amended technical report dated September 5, 2013 (the "2013 Technical Report")). The 2013 Technical Report was prepared by Scott E. Wilson and Dr. Stewart D. Redwood of Metal Mining Consultants Inc. ("MMC"), qualified persons under National Instrument 43-101. The maiden resource estimate for the Coosa Graphite Project, Coosa County, Alabama, is based on the results of a 69 hole, 20,214 foot drill program. 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.

Graphitic Carbon Indicated Mineral Resources		
Tons	Graphitic Carbon (Cg%)	Tons Cg
38,159,000	2.60	992,134

Graphitic Carbon Inferred Mineral Resources		
Tons	Graphitic Carbon (Cg%)	Tons Cg
26,992,000	2.87	774,670

There was a total of 1,862 ten-foot-length composites used in the mineralization estimate. Results were calculated using Vulcan software and stored in a Vulcan block model. MMC used inverse distance squared (ID2) as the estimation technique. Mineralization was constrained by a geologic model. Resources were constrained to a Whittle Pit and reported at 2% cutoff grade.

The reported resource was constrained by an optimized Whittle pit in order to identify that portion of the mineral deposit that may meet the reasonable prospects of economic extraction. The cutoff grade for the constrained pit resource was determined using a selling cost US$1,450 per ton graphite. Mining, milling and processing costs were estimated from publically available graphite project costs. A cost of US$2.00 per ton was used for mining and a cost of US$10.00 per ton was used for processing. Graphite recoveries were assumed to be 90%. The Coosa pit measures 3,200 feet in a northeast direction, 1,900 feet in a southeast direction and a maximum depth of 475 feet.

With the completion of a brokered private placement financing (see press release dated January 31, 2014) the Company had contracted to have airborne Time-Domain Electromagnetic (TDEM), Magnetic (MAG), and Radiometric (SPEC) surveys conducted on the Coosa Graphite Property in February 2014. Electromagnetic surveys have long been recognized as the most effective geophysical tool for identifying areas with graphitic mineralization. Magnetic surveys performed in conjunction with the electromagnetic surveys allow for the differentiation of possible sulfide mineral conductors. Finally, the reported correlation between uranium and vanadium minerals with graphite in the Alabama graphitic schist belt suggests that radiometric surveys may also be a valuable tool. Prospectair Geosurveys Inc. of Gatineau, Quebec conducted TDEM and MAG surveys of the Coosa Property and Hearst Property in Ontario.

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. Graphite mineralization occurs in a northeast-trending belt across the Piedmont of eastern Alabama. This belt of graphitic schists provided the majority of domestically produced graphite in the United States prior to the end of World War II. The Company has embarked on a sample collection program using the broad network of logging roads. Because the roads are often cut down to be drock, this allows for hand trenching across the width of mineralization. The samples were shipped to ActLabs of Ancaster, Ontario and assayed using their C-Graphitic (Infrared) technique.

A table of significant results and their true and apparent widths are given below:

Sample ID	Sample Width (feet)	True Width (feet)	Avg. C(g)%
CS-04	35	26.8	3.01
CS-49	30	23.0	3.14
CS-55	25	19.2	2.97
CS-67	25	19.2	3.37
CS-71	25	19.2	3.62
CS-82	15	11.5	4.67
CS-87	30	23.0	3.27
CS-88	25	19.2	4.83
CS-90	30	23.0	5.28
CS-99	35	26.8	3.67
CS-114	30	23.0	3.26
CS-126	20	15.3	3.91

The average grade of the inaugural NI 43-101 indicated mineral resource estimate was 2.60% and these surface sample results were encouraging as they indicated the potential to enhance the overall grade of the project's resource.

On April 8, 2014, the Company announced that it had received preliminary results from the airborne geophysical surveys on its Coosa Graphite Property. The preliminary results received included the Time-Domain Electromagnetic (TDEM), Magnetic (MAG) and Spectrometric (SPEC) surveys. The geophysical survey identified multiple strong EM conductors associated with magnetic lows that represent new exploration opportunities (see press release date April 8, 2014). These newly defined targets have the potential to increase the tonnage of the Company's mineral resource estimate.

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. Of the various surveys conducted, the TDEM survey is the most important. Because graphite is a conductor, rocks containing graphite show a strong electromagnetic (EM) response. However, since sulfide minerals such as pyrite and pyrrhotite are also conductors, it is critical to be able to distinguish whether EM anomalies are caused by graphite or sulfides. The magnetic survey can help identify the cause of the EM anomaly. Graphite will show a magnetic low whereas a response caused by sulfides will show a magnetic high.

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. 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. As the Company has learned through previous drilling program, sonic drilling is a cost-effective exploration tool. It is the only drilling technology that allows for continuous sampling through the soft, weathered upper portions of the graphitic schists. In addition, bulk samples were taken at the collars of select holes for metallurgical testing.

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 1303 ft and was designed to accomplish the following objectives:

1) to conduct a preliminary evaluation of new exploration targets, east and/or south of the previously defined resource, outlined by the airborne geophysical (TDEM) survey (eighteen holes);
2) to explore for mineral continuity within and beyond the defined mineral resource in the previously drilled northern stratigraphic section;
3) to evaluate the oxidized portion not evaluated by core drilling (five holes); and
4) to explore for mineral extension to the Southeast of the grid where the existing resource is open (one hole).

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. Analytical results are reported in the following section entitled "Exploration Activities during the Three Months Ended November 30, 2014".

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.

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. In consideration, the Company has agreed to pay a net smelter royalty on Graphite and Vanadium (2%), precious metals (8%) and other minerals (5%) mined from the property. In addition, the Company has also agreed the pay advance royalties, recoverable from payment of royalties, as follows:

(1) US$4,000 on signing (paid);
(2) A non-refundable payment of $45 per acre (US$9,000) upon execution of the lease as payment for the first five years of the lease (paid);
(3) US$10 per acre each year for the next five years commencing July 1, 2019; and
(4) Payment per acre rate to increase by US$5 per acre every five years thereafter.

Hearst Property, Ontario

The Company has a 100% interest in the Hearst Property, comprising 16 claims in Northern Ontario, Canada.

Exploration Activities during the Three Months Ended November 30, 2014

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.

Highlights from assay results:

- Holes AGC-14-10S and AGC-14-11S intercepted weathered graphitic schist at the surface to depths of 55' and 60' with average grades of C(g) = 3.65% and 3.27%, respectively, in new target areas identified by both geophysics and channel sampling.
- Holes AGC-12S, and AGC-14-13S intercepted weathered graphitic schist at the surface to depths of 55' and 53' with average grades of C(g) = 2.84% and 2.89% respectively, within the inferred resource area of the 2012 Northern Strat Section.

Table 1- Complete drill results from the sonic drilling are as follows:

Drill Hole	TD (ft)	C(g)%	Significant Intercept	C(g)%
AGC-14-01S	65'	2.18	10 to 30'	2.73
AGC-14-02S	55'	2.36	15 to 55'	3.00
AGC-14-03S	60'	2.56	0 to 20'	2.81
AGC-14-04S	60'	1.60		
AGC-14-05S	60'	1.47		
AGC-14-06S	58'	2.27	15 to 58'	2.54
AGC-14-07S	60'	2.41	30 to 50'	3.06
AGC-14-08S	55'	2.58	10 to 35'	3.17
AGC-14-09S	60'	0.22		
AGC-14-10S	55'	3.65	0 to 20'	4.06
AGC-14-11S	60'	3.27	10 to 40'	3.93
AGC-14-12S	53'	2.65	10 to 20'	4.22
AGC-14-13S	53'	2.89	10 to 35'	4.02
AGC-14-14S	55'	2.31	0 to 35'	2.90
AGC-14-15S	57'	1.50		
AGC-14-16S	55'	1.96	30 to 55'	3.10
AGC-14-17S	50'	1.34		
AGC-14-18S	45'	2.30	10 to 25'	2.72
AGC-14-19S	25'	0.18		
AGC-14-20S	45'	2.93	10 to 45'	3.04
AGC-14-21S	65'	2.26	40 to 55'	2.60
AGC-10S	55'	2.70	25 to 55'	3.67
AGC-12S	55'	2.84	25 to 50'	3.66
AGC-14-K03S	47'	2.47	15 to 47'	2.94

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 is 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. As of the date of this report, approximately 18,000 feet of trenching have been completed. The samples along with duplicates and blanks are being 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.

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).

Thus far, 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. 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.

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 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 Ge oscience using a GE M2 device. An additional 80.7 kilometers were run at the Bama Property.

On November 14, 2014, the Company announced that it was in the final stage of nego tiations to complete a Surface Use Agreement prior to starting a trenching program around the historic Bama Mine. This agreement was signed on January 16, 2015. (See section for "Exploration Activities Subsequent to November 30, 2014" below). A program consisting of 11,500 feet of trenching has begun and will be immediately followed up with a ten-hole preliminary sonic drilling campaign. The Company expects to complete the trenching program by the end of February 2015.

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 grad e 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 released on September 24, 2014, Bama BLK#1) from the exploratory cleaning batch is presented in the table below:

Sample	Bama BLK #1*		V1		V2		V3	
Grade	3.05% C(t)		4.06% C(t)		3.48% C(t)		3.58% C(t)	
Flake Size	Wt %	%C(t)	Wt %	%C(t)	Wt %	%C(t)	Wt %	%C(t)
+32 mesh	N/A	N/A	0.7	94.2	0.9	97.6	0.5	96.5
+48 mesh	17.8	98.5	13.8	93.8	14.5	96.8	7.1	97.4
+65 mesh	25.2	96.8	22.9	96.1	20.4	96.2	14.1	97.7
+80 mesh	11.7	96.4	12.0	95.7	10.3	97.2	8.5	96.8
+100 mesh	10.4	96.3	12.7	96.2	11.6	97.9	10.1	97.2
+150 mesh	14.8	96.4	18.7	97.0	18.9	96.9	18.7	97.5
+200 mesh	8.7	95.9	10.2	97.1	12.1	96.5	15.7	96.8
-200 mesh	11.3	93.2	9.1	95.1	11.2	94.4	25.3	96.4

*See Press Release dated September 24, 20014

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 initiate a trenching program at the site in early 2015 followed by drilling to delineate the extent of the graphitic mineralization at the Bama Property.

Rick Keevil, P. Geo., a Director of the Company and VP of Project Development, is a Qualified Person as defined by National Instrument 43-101, has reviewed and approved the technical content of this MD&A.

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 November 30, 2014

Bama Property, Chilton County, Alabama

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 has 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.

Significant results of trenches in the known resource is presented in the table below:

Trench IDD	Location	Length	Key Interval	Width	Average % C(g)
AGC-14-TTR01a	Northern Strat	550'	0-280'	280'	3.12
	Northern Strat		320-435'	115'	3.53
AGC-14-TTR01b	Northern Strat	425'	65-250'	185'	2.75
	Northern Strat		300-425'	125'	3.06
AGC-14-TTR02	Northern Strat	475'	120-260'	140'	3.02
AGC-14-TTR03a	Northern Strat	150'	NSV	NSV	NSV
AGC-14-TTR03b	Northern Strat	1020'	695-865'	170'	3.34
	Northern Strat		920-1020'	100'	2.96
AGC-14-TTR05	Resource Grid	275'	0-50'	50'	3.03
	Resource Grid		200-250'	50'	2.96
AGC-14-TTR07a	Resource Grid	200'	80-140'	60'	3.20
AGC-14-TTR07b	Resource Grid	300'	5-250'	245'	3.04
AGC-14-TTR08	Resource Grid	250'	0-105'	105'	3.94

NSV=No Significant Values

Trenching in the new target areas has identified several new areas with significant graphite over substantial widths. The results of these trenches are summarized in the table below:

Trench ID	Location	Length	Key Interval	Width	Average % C(g)
AGC-14-TR04	Gray Rock	550'	100-250'	150'	2.82
AGC-14-TR10a	Roscoe Ridge	100'	NSV	NSV	NSV
AGC-14-TR10b	Roscoe Ridge	100'	NSV	NSV	NSV
AGC-14-TR10c	Roscoe Ridge	300'	50-120'	70'	3.47
	Roscoe Ridge		175-240'	65'	3.19
AGC-14-TR11	Fixico Mine	300'	40-110'	70'	4.04
AGC-14-TR12	Fixico Mine	950'	290-435'	145'	2.98
	Fixico Mine		565-680'	115'	2.87
	Fixico Mine		720-950'	230'	3.16
AGC-14-TR13	Gray Rock	75'	NSV	NSV	NSV
AGC-14-TR14b	Gray Rock	600'	290-585'	295'	2.96
AGC-14-TR14c	Holy Schist	410'	70-145'	75'	3.00
	Holy Schist		290-410'	120'	2.95
AGC-14-TR14d	Holy Schist	350'	55-225'	170'	3.81
	Holy Schist		255-350'	95'	4.07
AGC-14-TR16a	Holy Schist	225'	0-185'	185'	2.50
AGC-14-TR16b	Holy Schist	225'	145-225'	80'	3.19
AGC-14-TR17	Hog Holler	485'	NSV	NSV	NSV
AGC-14-TR18a	Big Flake	275'	70-175'	105'	2.68
AGC-14-TR18b	Big Flake	300'	NSV	NSV	NSV
AGC-14-TR18c	Big Flake	350'	180-305'	125'	3.09
AGC-14-TR19	Big Flake	225'	20-140'	120'	2.93
AGC-14-TR20	Big Flake	1000'	635-875'	240'	2.80
AGC-14-TR21a	Hot Spot	325'	155-325'	170'	3.19
AGC-14-TR21b	Hot Spot	125'	NSV	NSV	NSV
AGC-14-TR22a	Secret Spot	175'	NSV	NSV	NSV
AGC-14-TR22b	Secret Spot	340'	NSV	NSV	NSV

NSV = No Significant Values

During the three months ended November 30, 2014 and the y ear ended August 31, 2014, the Company incurred costs for exploration and evaluation assets as follows:

	Coosa County Property Alabama	Chilton County Property Alabama	Hearst Graphite Project Ontario	Total
Acquisition Costs				
Balance, August 31, 2013	$ 566,859	$ 18,770	$ 438,000	$ 1,023,629
Additions :				
Option payments - cash	-	-	-	-
Balance, August 31, 2014	566,859	18,770	438,000	1,023,629
Additions :				
Option payments - cash	13,569	-	-	13,569
Balance, November 30, 2014	580,428	18,770	438,000	1,037,198
Deferred Exploration Costs				
Balance, August 31, 2013	2,106,236	-	-	2,106,236
Additions :				
Metallurgical and assays	100,088	-	-	100,088
Consulting fees	1,866	-	-	1,866
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	247,045	-	-	247,045
Maps and reports	9,408	-	-	9,408
Permitting and legal	38,833	-	-	38,833
Repair and maintenance	2,506	-	-	2,506
Surface exploration	3,242	-	-	3,242
Transportation and travelling	20,261	-	-	20,261
	708,910	-	-	752,900
Balance, August 31, 2014	2,815,146	-	-	2,859,136
Additions:				
Metallurgical and assays	28,612	-	-	28,612
Consulting fees	9,825	-	-	9,825
Equipment rental	1,580	-	-	1,580
Field and road works	50,729	-	-	50,729
Field supplies	11,425	-	-	11,425
Geological consultants	96,804	-	-	96,804
Maps and reports	21,873	-	-	21,873
Permitting and legal	9,394	-	-	9,394
Repair and maintenance	2,467	-	-	2,467
Surface exploration	52,190	-	-	52,190
Transportation and travelling	9,898	-	-	9,898
	294,797	-	-	294,797
Balance, November 30, 2014	3,109,943	-	-	3,153,933
Total Exploration and Evaluation Assets	$ 3,690,371	$ 18,770	$ 438,000	$ 4,191,131

OPERATING RESULTS

Summary of Quarterly Results

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

Quarter Ended	Total Revenue ($)	Income (Loss) and Comprehensive Income (Loss) ($)	Net Income (Loss) per Share Basic and Fully Diluted ($)
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)
31-Aug-13	-	(240,720)	(0.01)
31-May-13	-	(128,873)	-
28-Feb-13	-	(447,986)	(0.02)

The increase in net losses for the quarters ended November 30, 2012, February 28, 2013 and February 28, 2014 were primarily due to the share-based payments expenses on stock options granted and the acquisition of Coosa Graphite Property.

Three Months Ended November 30, 2014

The Company incurred a net loss of $378,229 during the three months ended November 30, 2014 compared to a net loss of $422,733 during the same period of the previous year. The decrease in net loss of $44,504 was primarily due to expense items as follows:

(1) Consulting expenses were $193,373 (2013- $34,444), an increase of $158,929 mainly due to consultants engaged to develop business, financing and corporate development;
(2) Interest expense were $848 (2013 - $14,054), an decrease of $13,206 mainly due to the loan was fully repaid in October 2014;
(3) Share-based payments were $8,121 (2013 - $254,674), an decrease of $246,553 due to no stock options granted during the current quarter; and
(4) Travel and investor relation expenses were $77,670 (2013 – $31,806), an increase of $45,864 due to investor related travel by management and marketing.

FINANCIAL CONDITION

At November 30, 2014, the Company had current assets of $1,214,213 (August 31, 2014 - $1,324,951) and total current liabilities of $101,559 (August 31, 2014 - $382,956). At November 30, 2014, the Company had a working capital of $1,112,654 (August 31, 2014 – $941,995). Improvement in liquidity position of the company as compared to last year ended August 31, 2013 was mainly due to the proceeds of warrants exercised.

DEBT FINANCING

The balance of the promissory note payable at November 30, 2014 included $3,863 (August 31, 2014 - $5,977) in accrued interest. On October 15, 2014, the Company repaid in full the outstanding balance of the promissory note of principal and interest.

EQUITY FINANCING

During the Three Months Ended November 30, 3014

During the current quarter, 8,461,667 warrants exercised at the price of $0.10 per share and 21,000 BW Units were exercised at the price of $0.07 per unit and 21,000 BW Warrants were also exercised at the price of $0.10 per share for total proceeds of $849,737. (See section below for definition of BW Units and BW Warrants)

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 three months ended November 30, 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.

CAPITAL RESOURCES

At November 30, 2014, the Company had cash and cash equivalents of $1,163,151 (August 31, 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.

RELATED PARTY TRANSACTIONS

As at November 30, 2014, the amounts due to directors and officers are included in accounts payable and accrued liabilities as follows:

	November 30 2014	August 31 2014
North American Mortgage Corporation, a private company controlled by John Morita, CFO	$ 1,575	$ 473
Douglas Oliver, VP, Exploration	-	6,515
Daniel Spine, VP, Business Development	-	5,429
Galador Consulting, a private company controlled by Ron Roda, President, CEO, Secretary and director	-	11,310
Keevil Consulting, a private company controlled by Richard Keevil, VP Project Development	7,345	-
	$ 8,920	$ 23,727

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

During the three months ended November 30, 2014 and 2013, the Company incurred the following expenses by directors and officers of the Company as follow:

	2014	2013
Accounting fees charged by North American Mortgage Corporation, a private company controlled by John Morita, CFO	$ 2,450	$ 2,000
Consulting fees charged by:		
Douglas Oliver, VP, Exploration	19,417	18,788
Keevil Consulting, a private company controlled by Richard Keevil, VP, Project Development	24,955	-
Daniel Spine, VP, Business Development	16,181	10,959
Galador Consulting, a private company controlled by Ron Roda, President, CEO, Secretary and director	33,709	10,960
Share-based payments:		
Daniel Spine, VP, Business Development	-	56,595
Douglas Oliver, VP, Exploration	-	22,638
James Duff, Director	-	7,074
John Morita, CFO	-	39,616
Wade Black, Director	-	7,074
Jean Depatie, Director and Chairman of the Board	-	7,074
Deaniel Goffaux, Director	8,121	-
	$ 104,833	$ 182,778

LATEST SHARE CAPITAL INFORMATION

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

Common shares – 91,446,244
Stock options – 5,970,000 (See table below)
Warrants – 15,571,140 including 2,568,286 Broker warrants exercisable into 2,568,286 BW Units. Each BW Unit allows the holder to purchase 2,568,286 common shares at $0.07 per share plus 2,568,286 warrants with an exercise price of $0.10 per share for 36 months from closing date. (See table below)

Expiry Date	Number of Options	Exercise Price	Exercisable
February 21, 2015	40,000	0.45	40,000
July 11, 2015	150,000	0.25	150,000
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	875,000	0.35	875,000
January 20, 2019	220,000	0.105	220,000
February 3, 2019	2,695,000	0.145	2,695,000
July 18, 2019	400,000	0.18	75,000
	5,970,000		5,645,000

Expiry Date	Number of Warrants	Exercise Price
June 28, 2015	2,238,050	$0.25
June 28, 2015 (finder's warrants)	47,600	$0.25
November 21, 2016	260,000	$0.10
January 31, 2016 (finder's warrants)	2,568,286	$0.07
January 31, 2017	10,378,454	$0.10
January 31, 2017 (issued from BW units exercised)	78,750	$0.10
	15,571,140	

PERSONNEL

There was no personnel change since September 1, 2014. The current directors and officers of the Company are as follows:

Name	Position	Effective Date
Harsharn (Ron) Roda	President	August 22, 2013
	CEO and Director	April 23, 2014
	Secretary	April 30, 2014
John Morita	CFO	May 25, 2011
Daniel Spine	VP, Business Development	April 23, 2014
Dr. Douglas Oliver	VP, Exploration	August 21, 2012
Jean Depatie	Director and Chairman of the Board	November 22, 2012
Daniel P. Goffaux	Director	May 14, 2014
James K. Duff	Director	September 18, 2012
Richard Keevil	VP, Project Development and Director	February 18, 2014

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 three months ended November 30, 2014.

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 three months ended November 30, 2014.

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.

<u>Exploration Stage Company</u>

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.

<u>Exploration and Development Risks</u>

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 thereunder, 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

The Company is currently measuring the impact that the following Standards will have on its financial statements:

- IFRS 9 "Financial Instruments"
- IAS 32 "Financial Instruments: Presentation"

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.

EVENTS AFTER NOVEMBER 30, 2014

(a) On December 7, 2014, 961,900 warrants exercisable at a price of $0.50 per share expired unexercised.