



MASON GRAPHITE INC.

**Management's Discussion and Analysis
For the three and nine months ended March 31, 2015**

MASON GRAPHITE INC.

Management's Discussion and Analysis

For the three and nine months ended March 31, 2015

The following Management's Discussion and Analysis ("MD&A") relates to the financial position and results of operations of Mason Graphite Inc. ("we", "our", "us", "Mason Graphite", "Mason" or the "Company") as at March 31, 2015. This MD&A should be read in conjunction with the condensed interim unaudited financial statements ("Financial Statements") for the three and nine months ended March 31, 2015. This MD&A reports on our activities through May 28, 2015 unless otherwise indicated. The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company has consistently applied the accounting policies used in the preparation of its IFRS financial statements, including the comparative figures.

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

CAUTIONARY STATEMENT REGARDING 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 Lac Gu  ret Project, 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.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Even with the completion of the positive feasibility study, there are no assurances that the Lac Gu  ret Project will be placed into production. Factors that could affect the outcome include, among others: the actual results of development activities; project delays; inability to raise the funds necessary to achieve the milestones or complete development; general business, economic, competitive, political and social uncertainties; future prices of metals; availability of alternative graphite sources or substitutions; actual graphite recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future cost of capital to the Company; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled "*Risk and uncertainties*". Such forward-looking statements are also based on a number of material factors and assumptions, including: the availability of financing at rates and on terms and conditions otherwise acceptable to the Company; future graphite prices; permitting and development consistent with the Company's expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed timeframes; that the current tax credit receivable from the Quebec government is collected in a timely manner; that on-going contractual negotiations will be successful and progress and/or be completed in a timely manner; and that no unusual geological or technical problems occur. Although the Company has attempted to

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identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Corporation disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

1. DESCRIPTION OF BUSINESS AND OVERVIEW

The Company is engaged in the exploration and evaluation of its 100% owned Lac Guéret graphite property located in Québec, Canada. Substantially all of the Company's efforts are devoted to financing and developing this property. There has been no determination whether the Company's exploration and evaluation assets contains mineral reserves which are economically recoverable. The Company has a National Instrument 43-101 compliant mineral resource estimate and a preliminary economic assessment on the Lac Guéret property (NI- 43-101 compliant).

Mason Graphite Inc. ("Mason Graphite" or the "Company") is subject to the Business Corporations Act (Ontario) and was incorporated March 15, 2011. The Company's head office is located at 3030, Boul. Le Carrefour, Suite 600, Laval, QC, H7T 2P5, Canada and the registered address is 65 Queen Street West, Suite 800, Toronto, Ontario, Canada M5H 2M5.

Lac Guéret Property

Mason Graphite has a 100% interest in the Lac Guéret graphite property consisting of 11,630.34 hectares, located in the Côte-Nord region in northeastern Québec.

Exploration Program and Resources

Mason Graphite initiated in November 2013 its second exploration program at its Lac Guéret graphite property following the completion of the \$5 million private placement financing (see press release dated June 28, 2013). This exploration program consisted of 97 holes totaling 15,108 metres and was designed to pursue three objectives:

- to explore for mineral extensions to the North-East and beyond the defined resource envelope of the GC Zone (18 holes totaling 2,085 metres);
- to explore for mineral continuity within the defined resource envelope of the GC Zone (68 holes totaling 11,323 metres); and
- to conduct exploration drilling on graphite showings on the property outside the areas where drilling was conducted in the past (11 holes totaling 1,700 metres).

On December 15, 2014, the Company announced the completion of an updated mineral resource estimate for its 100%-owned Lac Guéret graphite project in northeastern Quebec.

Highlights of the updated mineral resource estimate include:

- Measured and Indicated ("M&I") mineral resources increased 31% from 50 million tonnes ("Mt") to 65.7 Mt; grade also increased from 15.6% Cg to 17.2% Cg at 5% COG ("Cut-Off Grade");
- Mineral resources in the Measured category increased 323% from 4.5 Mt to 19.1 Mt; with grade also increasing from 15.5% Cg to 17.9% Cg at 5% COG; and
- The high grade mineral resources in the M&I category (see unit "U3" in Table 1) increased 45% from 6.7 Mt to 9.7 Mt, with an average grade of 31.2% Cg using a COG of 25%.

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1. DESCRIPTION OF BUSINESS AND OVERVIEW (continued)

December 2014 Mineral Resource Estimate

Categories	Unit	Tonnes	Grade (Cg)	Graphite in-situ (t)
Measured (M)	U1/U2 (5 to 25% Cg)	15,730,000	15.16%	2,385,000
	U3 (> 25% Cg)	3,375,000	30.58%	1,032,000
	All units	19,105,000	17.88%	3,417,000
Indicated (I)	U1/U2 (5 to 25% Cg)	40,257,000	14.59%	5,873,000
	U3 (> 25% Cg)	6,332,000	31.58%	2,000,000
	All units	46,589,000	16.90%	7,873,000
M + I	U1/U2 (5 to 25% Cg)	55,987,000	14.75%	8,258,000
	U3 (> 25% Cg)	9,707,000	31.23%	3,032,000
	All units	65,694,000	17.19%	11,290,000
Inferred	U1/U2 (5 to 25% Cg)	15,201,000	14.90%	2,265,000
	U3 (> 25% Cg)	2,450,000	31.75%	778,000
	All units	17,651,000	17.24%	3,043,000

Note: - A cut-off grade of 5% Cg was used for this mineral resource estimate.

This mineral resource estimate will be used to define the mining plan for the upcoming feasibility study.

Mason has no plan to conduct additional drilling program since this mineral resource estimate is sufficient at the feasibility stage.

Feasibility Study

Work related to the feasibility study has begun in November 2014 with Hatch, Soutex, Gesmine Inc., and Met-Chem Canada Inc., engineering firms based in Montreal and Québec City. The Company expects to announce the results of the feasibility study in the second calendar quarter of 2015.

Metallurgical test results

On October 21, 2014, the Company announced that a pilot plant test for the Lac Guéret graphite project has been initiated at COREM's research facility in Quebec City. The operations are under the supervision of the engineering firm Soutex. The pilot program operated until the end of December 2014 during which COREM processed a bulk sample of approximately 60 tonnes of graphite mineralization obtained from Mason's Lac Guéret property. The average head grade of the bulk sample was 29.1% Cg. The pilot program was designed to test the concentration process developed at the laboratory level by Mason, COREM and Soutex and to further define it. Samples collected during the pilot are serving multiple purposes, including:

- Testing of additional processing technologies;
- Characterization for the upcoming environmental impact assessment;
- Testing to create value added products such as spherical graphite used in lithium-ion batteries (these tests being part of a complete technical study program for value added graphite products); and
- Testing with key potential customers.

The results of the pilot plant program are being used for the ongoing feasibility study and metallurgical testing is continuing for further optimization.

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1. DESCRIPTION OF BUSINESS AND OVERVIEW (continued)

Trade-off Study

On November 17, 2014, the Company announced the preliminary results of a location trade-off study for its Lac Guéret project in Quebec that are expected to optimize the upcoming Feasibility Study with a new proposed concentrator site in the area of Baie-Comeau. The alternate location provides opportunities for the Company to reduce capital and operating costs and improve operational efficiencies. The study was conducted in the third quarter of 2014 by the engineering firm Hatch Ltd. Additional trade-off studies have also been initiated with the aim of further optimizing the project.

Results of the preliminary analysis indicate that relocating the concentrator facility in the vicinity of Baie-Comeau city should represent an economic and operational advantages, including: low-cost hydroelectric power, improved access to labour and other managerial and operational efficiencies which, together, should contribute to a reduction in both the project's estimated capital expenditures (CAPEX) and operating costs (OPEX). It is expected that the additional costs incurred to truck the ore from the deposit to the new plant location in Baie-Comeau would be more than offset by the resultant savings. The new plant location is also expected to lead to a net reduction in greenhouse gas emissions.

The reductions described hereafter were estimated by evaluating the impact of the location change on the major expense accounts (CAPEX & OPEX), as identified in the Company's Preliminary Economic Assessment ("PEA") announced in April 2013.

The alternative concentrator location near Baie-Comeau would present the Company with the following opportunities to reduce the CAPEX and OPEX of the Lac Guéret Project:

- The size of the Lac Guéret campsite would be reduced, as it would only need to accommodate the mine workers. Costs reductions are expected from the associated infrastructure and campsite maintenance (accommodation, transportation, catering, insurance, leisure, etc.);
- No campsite would be needed at the new concentrator site due to its proximity to an urban center;
- The new plant location would access Baie-Comeau's existing hydroelectric power infrastructure that is low-cost, and energy efficient; thus alleviating the need for diesel power generation and reducing the overall power costs and greenhouse emissions;

The Company's Management estimates that these adjustments could result in CAPEX reductions of up to 8%, and OPEX reductions of up to 20% in comparison to the results reported in the PEA.

Management & Operational Efficiencies

By relocating the concentration plant, the majority of the Company's workforce would reside in the urban area of Baie-Comeau, closer to family and recreation facilities and would facilitate employees scheduling and commuting to work to the plant. The Company believes that this would positively impact the quality and availability of the potential workforce for the project, as well as improve labour retention. It would also provide easier access to service providers required for maintenance and several other operational services.

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1. DESCRIPTION OF BUSINESS AND OVERVIEW (continued)

Environmental studies

Environmental baseline studies have been carried out since summer 2012. The following environmental components have been characterized and described in summer 2012: climatology, soil quality, surface water quality, sediment quality, groundwater quality, vegetation and wetlands, fish and fish habitats, herpetofauna, archaeological potential and social and economic aspects. In winter, spring and summer 2013, Roche Consulting performed large and small mammal surveys and avifauna surveys. The Environmental Baseline studies report has been completed and results are available in section 20 of the technical report NI 43-101 filed on SEDAR on January 17, 2014.

With the decision to locate the concentration plant in the Baie-Comeau area, some additional characterization will be performed during the second and third calendar quarter of 2015.

Geotechnical, hydrogeological and hydrological field works have been completed at Lac Guéret and in the Baie-Comeau area. These operations were also supervised by Hatch.

An environmental study is required to obtain the necessary construction and operation permits. This study began during the fourth calendar quarter 2014 and will be completed in the second calendar quarter 2015.

First Nation relations

Following the announcement on July 23, 2014 of the signature of a cooperation agreement for the pre-construction period of Lac Guéret project between the Company and the Innu council of Pessamit, the parties have begun discussions to define business, employment and training opportunities within the current pre-construction period. The discussions regarding the establishment of an Impact Benefits Agreement (IBA) were initiated in April 2015.

CORPORATE MATTERS

Corporate matters – Acquisition/Participation

In December 2014, Group NanoXplore Inc. ("NanoXplore") completed the first tranche of a non-brokered private placement of 275,211 common shares for gross proceeds of \$2,725,000. For the first tranche, NanoXplore issued 133,789 common shares for gross proceeds of \$1,475,000. After giving effect to the first tranche financing, the Company holds a 35% interest (40% previously) in NanoXplore and recorded a gain on dilution of \$424,000 on the deemed disposal of its ownership interest. The second tranche of this private placement is expected to close in June 2015.

On May 1, 2015, the Company signed two agreements with NanoXplore: a license and a laboratory service agreement. Mason acquired the exclusive license to the intellectual property developed for thinned graphite and its related process. The laboratory service agreement will give access to NanoXplore research facility for product development.

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1. DESCRIPTION OF BUSINESS AND OVERVIEW (continued)

Corporate matters – Share Capital transactions

On April 29, 2015, 4,354,220 common shares of the Company were released from escrow.

On October 24, 2014, the Company granted 1,760,000 options to officers, directors and employees of the Company with an exercise price of \$0.61.

On October 30, 2014, 14,381,082 warrants and broker warrants expired.

Corporate matters - financing

On December 19, 2014, the Company issued an aggregate of 197,619 common shares of the Company at a deemed price per share of \$0.63 in payment of \$124,500 in interest due and payable under the Company's 12% convertible debentures. Under the terms of the convertible debentures, the Company has the option to pay 50% of the semi-annual interest due on the convertible debentures in common shares. The balance of the interest owing under the convertible debentures, being \$ 124,500, has been paid in cash.

On April 2, 2015, the Company proceeded with the reimbursement of \$1,250,000USD of its long-term debt as scheduled in the Asset Purchase Agreement with Quinto Mining Corporation entered into for the acquisition of the Lac Guéret property.

2. RESULTS OF OPERATIONS

Three months ended March 31, 2015, compared with three months ended March 31, 2014

The Company's loss totalled \$1,162,409 for the three months ended March 31, 2015. This compares with a loss of \$981,960 for the three months ended March 31, 2014. You will find the following significant variations:

- Salaries and consulting fees decreased by \$71,973 mainly explained by the decline in the number of consultants employed by the Company;
- Share-based compensation decreased by \$107,333, because most of all the options were granted in 2013 and they are almost completely vested (vesting period is 2 years);
- Communication and promotion expenses decreased by \$69,610 explained by the visibility promotional campaign initiated in October 2013 and terminated in December 2014. Most of the expenses incurred during the first month of the campaign;
- Other income which is coming from the flow through shares premium liability amortization was \$nil compared to \$124,323 during last year's quarter. The amortization was completed in December 2014;
- Share of loss of \$69,500 related to Group NanoXplore (\$nil last year) as the initial investment was made in February 2014 and no loss was recorded during that quarter;
- Net FX loss increased by \$105,631. Given that the debt is labelled in \$US and the FX rate increased from \$US1.00:\$CA1.16 to \$US1.00:\$CA1.27 there has been a loss on FX while during last year period FX rate increased from \$US1.00:\$CA1.06 to \$US1.00:\$CA1.11. Also, the FX loss was reduced, because we had a \$2,500,000 cash placement during the current quarter;
- Finance cost related to the debenture totaled \$112,148 million (\$nil last year), the convertible debentures were issued in June 2014.

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2. RESULTS OF OPERATIONS (Continued)

Nine months ended March 31, 2015, compared with nine months ended March 31, 2014

The Company's loss totalled \$2,918,369 for the nine months ended March 31, 2015. This compares with a loss of \$3,042,498 million for the nine months ended March 31, 2014. You will find the following significant variations:

- Salaries and consulting fees decreased by \$236,419 mainly explained by the decline in the number of consultants employed by the Company;
- General office expenses decreased by \$203,006 given the new agreement for the service used at the Company Toronto's office (decrease of \$135,000) and the move of the Company's headquarters to less expensive office premises (\$44,497);
- Share-based compensation decreased by \$224,195, because most of all the options were granted in 2013 and they are almost completely vested (vesting period is 2 years);
- Communication and promotion expenses decreased by \$317,504 explained by the visibility promotional campaign initiated in October 2013 and terminated December 2014. Most of the expenses incurred during the first month of the campaign;
- Other income which is coming from the flow through shares premium liability amortization was \$92,544 compared to \$271,215 during last year's period. More Canadian exploration expense renounced incurred during last year's period;
- Net FX loss increased by \$318,247. Given that the debt is labelled in \$US and the FX rate increased from \$US1.00:\$CA1.06 to \$US1.00:\$CA1.27 there has been a loss on FX while during last year period FX rate increased from \$US1.00:\$CA1.05 to \$US1.00:\$CA1.11. Also, the FX loss was reduced, because we had a \$2,500,000 cash placement during the current period;
- Share of loss of \$167,200 and a gain on dilution of \$424,000 related to Group NanoXplore (\$nil last year) as the initial investment was made in February 2014;
- Finance cost related to the debenture totaled \$406,240 million (\$nil last year), the convertible debentures were issued in June 2014 and;
- Deferred income tax expenses totaled \$233,000 (\$nil last year), In June 2014, the Company reviewed its estimate with respect to the expected manner of recovery of its mining assets, as there are indications that its exploration and evaluation assets would probably be recovered "through use of the assets" rather than "through sale of the assets". Accordingly, the Company started to record a deferred income tax liability with respect to Quebec mining duties and a corresponding deferred taxes expense.

3. SUMMARY OF QUARTERLY RESULTS

	31-Mar-15	31-Dec-14	30-Sep-14	30-Jun-14
	Q3	Q2	Q1	Q4
Loss for the period	\$1,162,409	\$831,563	\$924,397	\$2,265,342
Loss per share (basic and fully diluted)	\$0.01	\$0.01	\$0.01	\$0.03

	31-Mar-14	31-Dec-13	30-Sep-13	30-Jun-13
	Q3	Q2	Q1	Q4
Loss for the period	\$981,960	\$1,207,771	\$852,767	\$1,297,181
Loss per share (basic and fully diluted)	\$0.01	\$0.02	\$0.01	\$0.02

Note 1: The higher than normal loss is mainly due to the recording during the quarter of a deferred tax expense of \$1.3 million.

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4. CASH FLOW

<u>Sources and uses of cash</u>	<u>Three months ended Mar. 31,</u>		<u>Nine months ended Mar. 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash used in operations prior to changes in working capital	(\$561,669)	(\$560,989)	(\$1,628,991)	(\$2,034,066)
Changes in non-cash working capital	333,991	240,896	(328,695)	208,851
Cash used in operations activities	(227,678)	(320,093)	(1,957,686)	(1,825,215)
Cash provided by financing activities	-	864,010	(1,123)	960,930
Cash used in investing activities	(1,763,100)	(1,215,346)	(2,928,338)	(2,932,990)
Effect of foreign exchange rate changes on cash and cash equivalents	270,500	-	504,750	-
Change in cash	(\$1,720,279)	(\$671,429)	(\$4,382,397)	(\$3,797,275)

Operating Activities

For the three months ended March 31, 2015, cash used in operating activities before changes in non-cash working capital was \$561,669 compared to \$560,989 for the same period of last year. Salaries and consulting fees decreased by \$71,973 mainly explained by the decline in the number of consultants employed by the Company and Communication and promotion expenses decreased by \$69,610 explained by the visibility promotional campaign initiated in October 2013 and terminated in December 2014. These expenses decrease were offset by an increase of \$124,500 of the finance cost related to the convertible debenture that was issued in June 2014. For the three months ended March 31, 2015 and 2014, non-cash working capital increased by \$333,991 and \$240,894 respectively. More sales taxes were refund during the current quarter and there was a variation in the timing of payments of trade payables.

For the nine months ended March 31, 2015, cash used in operating activities before changes in non-cash working capital was \$1,628,991 compared to \$2,034,066 for the same period of last year. The decrease is primarily coming from a decline in the number of consultants employed by the Company (\$236,419), a decrease of the expenses related to the service used at the Company Toronto's office (\$135,000), the move of the Company's headquarters to less expensive office premises (\$44,497) and a decrease of the communication and promotion expenses (\$317,504). These decreases were partially offset by the increase of the finance costs related to the debentures (\$373,500). For the nine months ended March 31, 2015 and 2014, non-cash working capital decreased by \$328,695 and increased by \$208,851 respectively. During last year period, the increase is mainly explained by receiving late sale taxes refund while during this current period the decrease is mainly explained by a variation in the timing of payments of trades payables.

Financing Activities

For the three months ended March 31, 2015, cash provided from financing activities was \$nil compared to \$864,010 for the same period of last year. During last year's quarter, a private placement was completed and warrants and options were exercised.

For the nine months ended March 31, 2015, cash provided from financing activities was \$nil compared to \$960,930 for the same period of last year. During last year's period, two private placements were completed and warrants and options were exercised.

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4. CASH FLOW (continued)

Investing Activities

For the three months ended March 31, 2015, cash used in investing activities was \$1,763,100 compared to \$1,215,346 for the same period of last year. For both periods, cash was mainly used for the exploration and evaluation expenditures on the Lac Guéret project. The exploration and evaluation expenditures on the Lac Guéret project during the current period were \$1,849,026 which is similar to last year's year period (\$1,622,369) with the difference that during last year period, the Company completed the first tranche of a financing in Group NanoXplore Inc. for \$350,000 and the Company received an amount of \$757,023 from Revenu Québec as tax credit related to resources while during the current period, an amount of \$85,926 from Revenu Québec as mining tax credit.

For the nine months ended March 31, 2015, cash used in investing activities was \$2,928,338 compared to \$2,932,990 for the same period of last year. The exploration and evaluation expenditures on the Lac Guéret project during the current period were \$3,668,475 which is similar to last year's year period (\$3,340,013) with the difference that during last year period, the Company completed the first tranche of a financing in Group NanoXplore Inc. for \$350,000 and the Company received an amount of \$757,023 from Revenu Québec as tax credit related to resources while during the current period, an amount of \$740,137 was received from Revenu Québec as tax credit related to resources and mining tax credit.

5. FINANCIAL POSITION

	Mar. 31, 2015	June 30, 2014
Cash	\$10,027,745	\$14,410,142
Other current assets	1,560,706	1,110,739
Total current assets	11,588,451	15,520,881
Investment in associate	907,500	650,700
Exploration and evaluation assets (Note 1)	26,508,233	22,694,352
Total assets	39,004,184	38,865,933
Total liabilities (Note 2)	14,030,370	11,920,206
Equity	24,973,814	26,945,727

Note 1: Exploration and evaluation assets: the Company continued to invest into the Lac Guéret project which explains the increase of the exploration and evaluation assets.

Note 2: Given that the debt is labelled in \$US and the foreign exchange rate increase from \$US1.00:\$CA1.06 to \$US1.00:\$CA1.27 there has been a total liability increase.

6. LIQUIDITY AND CAPITAL RESOURCES

The Lac Guéret property is in the exploration and evaluation stage and as result the Company has no current source of operating revenue and is dependent on external financing to fund its continued exploration and development program. The company principal sources of funding have been the issuance of equity securities for cash, debt, funds from the government of Quebec with respect to tax credit related to resource based on eligible exploration expenditures and funds obtained from warrants and options exercised.

As at March 31, 2015, the Company had a working capital of \$7,353,483. Working capital included cash and cash equivalents of \$10,027,745 of which US\$2,500,000 is reserved for the next payment to Quinto Mining Corporation.

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6. LIQUIDITY AND CAPITAL RESOURCES (Continued)

Management believes that the Company has sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue future operations and fund its explorations and evaluation activities is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways including, but not limited to, a combination of strategic partnerships, joint ventures arrangements, project debt finance, royalty financing and other capital markets alternatives. Management will pursue such additional financial sources when required, and while management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

For a detailed description of the financial instruments and risk management associated with the Company and its activities, please refer to the "Financial Instruments and Risk Management" in the MD&A for the year ended June 30, 2014 and Note 12 to the unaudited condensed interim financial statements for the three and nine months ended March 31, 2015. The Company is not aware of any significant changes to financial instruments and risk management presented on that date.

8. RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration, evaluation, development and operation of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

For a detailed description of the risk factors associated with the Company and its activities, please refer to the "Risks and Uncertainties" in the MD&A for the year ended June 30, 2014 and Note 12 to the unaudited condensed interim financial statements for the three and nine months ended March 31, 2015. The Company is not aware of any significant changes to the risk factors presented by that date.

9. COMMITMENTS

During the year ended June 30, 2013, the Company entered into flow-through share subscription agreements, whereby it agreed to renounce to investors a total of \$4,490,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act of Canada, with an effective date of December 31, 2013. The Company was committed to incur the expenditures on or before December 31, 2014. The Company has indemnified subscribers of flow-through shares against tax-related amounts that may become payable if the Company does not meet its flow-through share expenditure commitments. The Company is required to pay an interest penalty of approximately 1% per year on the unspent amount between February 28, 2014 and December 31, 2014. As at December 31, 2014, the Company had fulfilled its spending commitments and renounced to investors \$4,490,000 of qualifying Canadian Exploration Expenses.

On June 11, 2014, the Company completed a private placement through the issuance of the convertible debentures for aggregate gross proceeds of \$4,150,000. As required under the terms of this financing, an amount of US\$2,500,000 is reserved for the next payment to Quinto Mining Corporation regarding the Lac Gu  ret property. This commitment is now at US\$1,250,000 since the Company proceeded with a scheduled reimbursement on April 2, 2015.

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10. OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company did not have any off-balance sheet arrangements.

11. PROPOSED TRANSACTIONS

There is no proposed transaction of a material nature being considered by the company.

12. OUTSTANDING SHARE DATA

As of May 28, 2015, the Company has:

- a) 85,983,653 common shares issued and outstanding;
- b) 16,947,937 warrants and broker warrants outstanding with expiry dates ranging between June 28, 2015 and June 11, 2016, with exercise prices ranging from \$0.60 to \$0.91 (weighted average exercise price: \$0.77). If all the warrants and broker warrants were exercised, 17,800,134 shares would be issued for proceeds of \$13,720,640;
- c) 7,970,000 options outstanding with expiry dates ranging between April 23, 2018 and October 24, 2019 with exercise price from \$0.38 to \$0.61 (weighted average price: \$0.58). If all the options were exercised, 7,970,000 shares would be issued for proceeds of \$4,634,300;
- d) A \$4,150,000 Debenture is convertible into common shares at a conversion price of \$0.845 maturing June 11, 2019. If the Debenture were converted, 4,911,243 shares would be issued;
- e) 4,986,253 Escrow shares outstanding.

13. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this MD&A, including the condensed interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors

MASON GRAPHITE INC.

Management's Discussion and Analysis

For the three and nine months ended March 31, 2015

13. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS (continued)

should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis.

DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

14. APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Audit Committee meets quarterly with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders. The Board of Directors has approved the unaudited condensed interim financial statements for the three and nine months ended March 31, 2015 and the disclosure contained in this MD&A.