



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED OCTOBER 31, 2018
EXPRESSED IN CANADIAN DOLLARS
DATED : March 7, 2019**

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations to a reader to assess material changes in the financial condition and results of operations as at and for year ended October 31, 2018. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Great Lakes Graphite Inc. ("Great Lakes" or the "Company") for the year ended October 31, 2018 and notes thereto ("Statements") Readers are encouraged to review the Statements in conjunction with this document.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

OVERVIEW

Great Lakes Graphite is a Clean Technology Minerals Processing Company supplying customers with innovative, high quality value-added carbon products. There is no significant graphite production in North America now. As pricing and demand continue to rise, Great Lakes Graphite is one of the first new domestic suppliers to a growing regional customer base. We continually work to deliver products of the best quality with outstanding customer service. The Company is party to an agreement for long-term supply of high-quality natural graphite concentrate from Brazil. Great Lakes Graphite is presently working with an established US-based processor for toll micronization services. The Company has partnered with Ashland Advanced Materials for commercial-scale purification operations at Ashland's 110,000 square foot purification facility located in Niagara, New York. Through our partner relationships, Great Lakes Graphite began selling micronized synthetic graphite beginning in 2016 and now supplies micronized and high purity micronized natural flake graphite products to a growing customer base.

Our goals include the following:

- Establish the Great Lakes Graphite brand in the upgraded graphite products market with North American customers.

- Create a competitive and disruptive advantage by leveraging existing assets.
- Fast path to revenue and cash flow by initiating commercial operations to micronize and upgrade graphite, enabled by supply agreements with current graphite producers.

Shamokin Carbons is a leading global manufacturer of carbon and graphite products for many major industries including steel, glass, aerospace and semiconductors and is ISO 9001 compliant.

Great Lakes Graphite and Shamokin Carbons are working together in the following areas:

- Development, manufacturing, sales and distribution of high purity micronized synthetic and micronized natural flake graphite products.
- Developing a production schedule to accommodate a ramp-up in the manufacture of micronized flake graphite at Shamokin's existing production operations.
- Collaborating with Great Lakes Graphite and Ashland Advanced Materials to prepare for high volume manufacture of ultra-high purity micronized flake graphite material for use in battery anode market.

Great Lakes Graphite and Shamokin Carbons have executed a Memorandum of Understanding to define a partnership arrangement and a path for the two companies to move towards a more structured collaborative effort. The companies first began working together in 2016 on synthetic graphite product development, product qualifications and sales. Those joint efforts resulted in the sale of 400 tons of synthetic graphite in 2016.

Other Corporate Activities

On January 18, 2018, the Company announced its shares had been approved for trading on the OTCQB Market in the United States, with trading commencing at the opening on January 16, 2018, under the ticker symbol "GLKIF".

On February 28, 2018, the Company announced it would be seeking shareholder approval for a change in business. Accordingly, a special meeting of the shareholders will be convened to seek approval for a Change of Business in accordance with its shift away from mining and towards the high purity processing, marketing and sales of clean technology minerals.

On July 23, 2018, the Company announced it was pursuing graphite-related business opportunities from the US Department of Defense. Earlier this year, CEO Paul Gorman traveled to Washington, DC to participate in high-level meetings with personnel at the Department of Energy and also at the Department of Defense. The meetings provided an opportunity to obtain a better understanding of the overall goals that are being pursued to address supply chain issues and also to begin introducing the Company as a potential new supplier. Following the meetings, the Company prepared a response to this first opportunity by completing the requirements in the initial phase. The Company submitted materials, including a brief white paper, that proposes initial steps to enhance the resiliency of the supply chain for highly processed graphite required for the manufacture of batteries and energy storage systems.

On August 1, 2018, the Company announced the receipt and fulfillment of an initial purchase order from a graphene manufacturer located in the United States. The purchase order specified fifty pounds each of two high purity, micronized flake graphite products. The customer has requested confidentiality for competitive reasons.

On September 26, 2018 that, following several months of design, engineering and construction, the Company's strategic partner Ashland Advanced Materials was in the process of

commissioning a new furnace that they designed specifically for use with micronized and spheronized graphite powders. The new furnace design employs a substantially different approach that was developed with the goal of increasing throughput and driving down costs. It is anticipated that the throughput capacity of the new furnace will substantially address the near term volume requirements that have been provided by customer prospects. Several hundred pounds of micronized graphite were recently delivered to Ashland for use in the commissioning of the new furnace design.

Summary of Partnership Activity

Process Research ORTECH - There was no significant activity conducted under the partnership between Great Lakes Graphite and Process Research ORTECH during the reporting period.

Shamokin Carbons - Great Lakes Graphite and Shamokin Carbons routinely engaged in joint product development efforts on an as-required basis for prospective customers during the reporting period.

Ashland Advanced Materials - Great Lakes Graphite and Ashland Advanced Materials routinely engaged in joint product development efforts on an as-required basis for prospective customers during the reporting period. On July 18, 2017, Great Lakes Graphite announced that the Company had manufactured a quantity of several high purity flake graphite products, working in conjunction with Shamokin Carbons and Ashland Advanced Materials.

SRG Graphite - On November 17, 2017, Great Lakes Graphite announced that it had entered a Memorandum of Understanding with SRG Graphite concerning the intention to work towards a supply agreement of graphite concentrate feedstock by SRG Graphite to Great Lakes Graphite. SRG Graphite has provided representative concentrate samples to Great Lakes Graphite during the reporting period for materials characterization and analysis.

CHASM Advanced Materials - Great Lakes Graphite announced on August 1, 2017 that the Company had entered a partnership with CHASM Advanced Materials for the purpose of establishing a battery materials lab to conduct materials characterization and analysis by CSO Dr. Gershon Borovsky. The battery materials lab was subsequently established and the partners also jointly developed a novel device to measure hydrophobic and hydrophilic characteristics of porous materials, including graphite.

Board and Management Changes

On February 27, 2019, the Company announced that Ms. Laura Mottola had resigned from the Board of Directors.

On February 6, 2019, Mr. Paul Gorman has resigned as Chief Executive Officer of the Company.

On January 11, 2019, the Company announced the appointment of Bruce Reading as a Director of the Company. Bruce is Chairman and CEO of Pica9 and has founded and built multiple successful businesses. Before founding Pica9, Bruce was CEO of VoltDB, a venture-capital backed enterprise software company. Bruce also served as senior vice president and general manager for Compuware Corporation. Prior to Compuware, he spent six years as president, chief operating officer and senior vice president at Gomez, Inc. Bruce has also served in senior management capacities at Access International, Cayman Systems and Dictaphone Corporation. A native Canadian, Bruce maintains an active role in the startup community as a seed investor and board member to several early stage companies, is a father to four great kids and an avid hockey fan. Bruce received his BS in Economics from McMaster University.

On February 1, 2018, the Company announced the appointment of Mr. Todd Jorn in the position of Chief Operating Officer. Mr. Jorn has spent approximately 35 years in the investment banking industry holding a variety of senior producing and management positions. Most recently, Mr. Jorn was a Managing Director at Doonbeg Group, a New York based broker dealer and investment bank. Mr. Jorn ran the firm's insurance markets business from May 2010 until January 2013. Mr. Jorn also served on the firm's Management Committee and organized the company's initial effort to establish a fixed asset finance and trading business, focused on shipping and commodities. Prior to joining Seaport, Mr. Jorn, along with John Thomas, was a founding partner of Pfi Hudson Group (2005-2009); a managing Director of The Provident Group (2003-2005); the founding partner of PFI Capital (2002-2003); and from 1984-2002, a Managing Director of Fixed Income and a member of the Fixed Income Operating Committee at Lehman Brothers where he held senior positions in Sales, Sales Management, Trading and Research. Mr. Jorn has an MBA from Georgia State University (1981) and BA's in Economics and Public Policy from Duke University (1976). On June 13, 2018, Mr. Jorn's involvement with the Company ended by mutual agreement.

On July 10, 2018, the Company announced the appointment of Richard Baxter as a Director of the Company. Following a career in investment banking, Richard Baxter spent 20 years in the energy storage industry. Mr. Baxter works with senior executives to craft corporate strategy, including partnerships, raising capital, mergers, acquisitions and divestitures. Richard works with clients to help them develop achievable corporate and division goals through market and regulatory assessment, financial and economic analysis, and competitive positioning. Richard is currently consulting for the US Department of Energy to produce market research on pricing of alternative energy generation and storage systems.

On August 10, 2017 Chairman Richard Lane, Director Greg Murphy, and on September 25, 2017, Director Thomas Ukolowicz resigned from the Company's Board of Directors.

On November 27, 2017 the Company announced the appointment of Brett Clark as a Director of the Company, subject to approval by the TSX Venture Exchange. Mr. Clark has spent the past twenty-five years working in the mining and energy sectors in funding, operations, and advisory. He has extensive leadership experience from the numerous board director and CEO/CFO positions held at medium-large multinational public companies. His expertise ranges from project development to operations, sales and marketing in battery metals, gold, iron ore, copper, nickel, coal, industrial minerals, and upstream oil and gas across a number of continents. His experience includes the US and Asian capital markets, encompassing middle markets, and structured debt, equity, and mezzanine transactions.

OVERALL PERFORMANCE

Sale of Lochaber Property

On May 16, 2018, the Company signed a definitive agreement ("the agreement") with Saint Jean Carbon Inc., ("SJC" TSX-V: SJL) to sell its stake in its Lochaber Graphite Deposit. Under the terms of the agreement, the consideration was as follows:

- Issuance of 3,000,000 common shares of SJC to the Company. SJC consolidated its common shares at a rate of 1:4 on June 12, 2018. On July 19, 2018, SJC issued the Company 750,000 common shares, ascribed a fair market value of \$33,750. The resulting shares have been classified as held-for-sale, with any corresponding change in market value being recognized through the Company's statements of loss and comprehensive loss. As at October 31, 2018, the fair market value of these shares was \$26,250.
- SJC entered into an offtake agreement to provide the Company with a first right of refusal to purchase up to 10,000 metric tons per year for the life of the Lochaber mine.

- Payment of \$425,000 cash payable in four yearly installments of \$106,250 with the first payment due on May 7, 2018 and the following three installments on May 7, 2019, May 7, 2020 and May 7, 2021. The Company recorded this receivable at its net present value of \$319,792. To date, the Company has not received first installment payment payable under the agreement. As the timing and ultimate collectibility of the amounts receivable under the terms of the contract are uncertain, the Company recorded a \$319,792 loss on impairment of this receivable.

The Company has recognized a loss on disposal of its Lochaber property of \$69,123.

Matheson Micronization Facility Use Agreement

On March 11, 2015, the Company entered into a facilities use agreement with Northfil Resources Limited (“NRL”) for the use of the plant and certain equipment located at the plant owned by NRL on Vimy Ridge Road, Matheson, Ontario for the purpose of micronizing graphite (the “Agreement”).

On May 3, 2017, the Company announced a mutual agreement with Northfil Resources Limited to conclude all contractual arrangements stated in the Facilities Use Agreement for the use and operation of the Matheson Micronization Facility. As a result of this agreement, the Company concluded operations at the Matheson Facility, resulting in a write-down of leasehold improvements of \$822,964.

PRO Partnership

The Company announced on June 12, 2015 it has formed a technology partnership with Process Research ORTECH of Mississauga, Ontario to commercialize its graphite purification process. PRO recently filed a Notice of Invention to protect the intellectual property that underpins the proprietary process of purifying flake graphite to 99.9%. The partnership agreement calls for Great Lakes Graphite and PRO to complete development work on the purification process, with a view towards high technology commercial applications.

The main objective of the partnership is to develop a purification process to achieve a graphite product of +99% purity. The proposed development program will consist of the following:

- A. Chemical analysis and determination of impurities present
- B. Physical beneficiation tests involving a combination of flotation and comminution to remove any gangue material adhered to the graphite flake and produce a high grade graphite concentrate.
- C. Chemical leaching with PRO’s proprietary purification process to remove residual metal and oxide impurities to produce a high purity (+99%) graphite product.
- D. Chemical analysis and particle size analysis at selected points in the purification program

Beneficiation of graphite concentrate to a 99%-plus purity level is a requirement for use in lithium-ion batteries and for other high technology applications. For example, semiconductor technology demands constant innovation and ultra-high-purity materials from suppliers. Products made from high-purity fine-grain graphite meet these requirements. Development of materials for wafer production processes and coatings enhance the purity of the next semiconductor generation, while extending the service life of materials at the same time.

Process Research ORTECH Inc was formed in January 1999 to take over the Process Technologies division of ORTECH Corporation (Formerly Ontario Research Foundation) under the privatization scheme of the Ontario Government. The mandate of this company is to continue the research and development work carried on by this division of ORTECH Corporation for the past 70 years, and to explore innovative solutions in this area to better serve the needs of Canadian industries as well as international companies.

Convertible Note Receivable

On November 27, 2017, the Company entered into a USD\$75,000 (\$96,270) convertible promissory note with a vendor for working capital purposes. The convertible promissory note bears interest at a rate of 12%, compounded annually and is secured by a commercial security agreement. This note was fully repaid during the period with interest earned of \$3,240.

Private Placement and Financings

Convertible Debenture #1

On June 25, 2015, the Company entered into an agreement with F2 Capital of Lincoln, Massachusetts to provide project funding for the recommissioning of the Matheson Graphite Micronization Facility. The financing has been structured as a debenture that provides the Company with debt financing of \$750,000.

The terms of Note 1 with F2 Capital are: an interest rate of 8.5% per annum, for a term of four years; a 4% Gross Overriding Royalty on the gross sales price received by the Company on the first 30,000 tons produced from the micronization plant; the option of either the Company or the lender to convert the principal amount under Note 1 into common shares of GLK at a conversion price of \$0.10. The Company also has the option to convert the interest into common shares of the Company. In addition, the lender has also been issued 1,875,000 warrants, with each warrant exercisable into a common share of the Company at an exercise price of \$0.10 per share for a period of four years. As at October 31, 2018, the Gross Overriding Royalty was assigned a fair value of \$nil (October 31, 2017 - \$nil). Operations at the Matheson facility were discontinued during fiscal 2017, at which time it had not reached the point where it was commissioned.

As the debenture was considered to be an equity instrument, the face value of \$750,000, less costs of \$11,752 and \$137,813 allocated to warrants, has been allocated to the conversion option and is included in shareholders' equity in the Company's statement of financial position. During the year ended October 31, 2018, the Company recorded interest expense of \$79,026 (2017 - \$63,750) which is included in accounts payable and accrued liabilities.

In connection with this financing, 1,875,000 warrants, issued under the terms of the agreement were assigned an aggregate fair value of \$137,813 using the Black-Scholes valuation model with the following assumptions: share price \$0.08 dividend yield 0%, expected volatility 178.78%, risk-free rate of return 0.68% and expected life of 4 years.

On October 20, 2015, the Company closed a convertible debenture financing to provide project funding for the recommissioning of the Matheson Graphite Micronization Facility. The financing raised gross proceeds of \$933,631.

The convertible debentures have the following terms: maturity date of September 15, 2019; an interest rate of 8.5% per annum, which will be accrued and become payable on maturity of the Note; 4% Gross Overriding Royalty on the first \$90,000,000 in revenues produced from the Matheson Micronization Facility; and, the option of the lenders to convert the principal amount under Note 2 into common shares of GLK at a conversion price of \$0.10. In addition, the convertible debenture holders have been issued a total of 2,334,078 warrants with each warrant

exercisable into a common share of the Company at an exercise price of \$0.10 per share until September 15, 2019. In addition, the Company incurred costs of issue of \$10,775 and issued 70,000 finder's warrants, with each warrant exercisable into a common share of the Company at an exercise price of \$0.10 per share for a period of two years. As at July 31, 2018, the Gross Overriding Royalty was assigned a fair value of \$nil (October 31, 2017 - \$nil). Operations at the Matheson facility were discontinued during fiscal 2017, at which time it had not reached the point where it was commissioned.

As the debenture was considered to be a compound financial instrument, the liability component and the equity components (the conversion right and the warrants) were presented separately, as determined at October 20, 2015 (date of issue), using the residual method. The liability component was determined by discounting the future stream of interest and principal repayments at the prevailing market rate of 32.5% for a comparable liability that does not have an associated equity component. The balance of \$502,280 was allocated to the conversion option and warrants using their relative fair values and are included in shareholders' equity in the Company's statement of financial position. A deferred tax liability of \$107,497 was recorded on the conversion option on the date of issue.

The debenture is being accreted to its face value at maturity over the term of the debt, plus accrued and unpaid interest by way of a charge to interest expense.

Shareholder Loan Payable

During the nine months ended July 31, 2018, Mr. Frank Ferguson, a shareholder of the Company, advanced \$657,074 to the Company for working capital purposes. The loan is non-interest bearing, due on demand, and has no fixed terms of repayment.

Debenture Payable

On November 10, 2017, the Company closed an interest-bearing secured non-convertible debenture for US\$2 million (\$2,550,190) to fund the Company's operations and expansion plans. The debenture bears interest at 10% per annum and matures May 10, 2019 and is subordinate to any and all other indebtedness of the Company, current or contemplated, but remains senior to any future debt of the Company.

The Company granted 3,386,667 warrants to the Lender, a face value equal to 10% of the aggregate amount of the loan. The warrants shall be exercisable by the holder thereof, for a period of 36 months from the Closing Date to purchase one common share at \$0.075 per share. During the year ended October 31, 2018, accretion of \$107,533 and interest of \$250,367 were recorded in the Company's statement of operations.

In connection with this financing, 3,386,667 warrants, issued under the terms of the loan were assigned an aggregate fair value of \$177,461 using the Black-Scholes valuation model with the following assumptions: share price \$0.075 dividend yield 0%, expected volatility 117.68%, risk-free rate of return 1.51% and expected life of 3 years.

NOHFC Loan Facility

On December 31, 2016, the Company received approval for financial assistance from the Northern Ontario Heritage Fund Corporation ("NOHFC") for an aggregate of \$412,360 provided by way of:

- a) a term loan of \$288,652; and
- b) a conditional contribution in an amount not to exceed \$123,708

The total amount of the financial assistance may not exceed 50% of the actual eligible project costs related to the refurbishment of the Company's Matheson facility.

A General Security Agreement, ranking in first priority with respect to prior encumbrances has been provided in favour of the NOHFC on all property, except consumer goods.

The term loan is pre-payable in whole or in part at any time, bearing interest at a rate of 3.7% per annum. The Company is required to make interest-only monthly payments on the outstanding principal balance of the loan until such time as the loan is fully drawn down, after which the Company was required to make 108 consecutive monthly blended payments of \$3,146.

On May 3, 2017, the Company announced a mutual agreement with Northfil Resources Limited to conclude all contractual arrangements stated in the Facilities Use Agreement for the use and operation of the Matheson Micronization Facility. As a result of this agreement, the Company concluded operations at the Matheson Facility, resulting in a write-down of leasehold improvements of \$822,964, and has accrued \$140,000, due on settlement.

On October 10, 2017, the Company and the NOHFC entered into a forbearance agreement conditional upon the Company making three payments of \$100,000 on November 15, 2017, December 15, 2017 and February 15, 2018, followed by a final payment of \$96,485 to be made on April 15, 2018. During the year ended October 31, 2018, the Company remitted the first two installments as stipulated in the agreement. The February 15, 2018 and the April 15, 2018 installments have not been paid to date, leaving the Company in default of the agreement. The Company was granted forbearance to December 31, 2018 under two separate forbearance agreements dated June 14, 2018 and October 26, 2018 and has undertaken negotiations with the NOHFC with respect to extending the term of forbearance as the Company remains in default of its final two payments.

Private Placements

On November 7, 2017, the Company granted 5,450,000 options to officers, directors, consultants and service providers. 3,550,000 of these options were granted to directors and officers of the Company, and the balance of 1,900,000 options were granted to consultants and service providers. Each option has a three year term and is exercisable at \$0.075 per share.

On November 7, 2017, the Company received an interest-bearing secured non-convertible loan from for up to US\$2 million to fund the Company's operations and expansion plans. The Company granted 3,386,667 warrants to the Lender, a face value equal to 10% of the aggregate amount of the loan. The warrants shall be exercisable by the holder thereof, for a period of 36 months from the Closing Date to purchase one common share at \$0.075 per share.

On May 13, 2017, the Company closed a non-brokered private-placement offering for a total of 2,212,500 units of Company equity. The private placement consisted of an offering of 2,212,500 units (a "Unit") at a price of \$0.08 per Unit, for gross proceeds of \$177,000. Each Unit consisted of one common share of the Company and one common share-purchase warrant (the

"Warrants"); each Warrant entitles the holder to purchase one additional common share at a price of \$0.10 for a period of twenty-four (24) months after the closing of the Offering.

The Warrants are subject to an acceleration provision that states if, at any time, the Company's common shares have a closing price on the Exchange at or above a price of \$0.14 per share for a period of 10 consecutive trading days, the Company may give notice by news release that expiration of the warrants will be accelerated to 21 days from the date of providing such notice.

The 2,212,500 warrants were ascribed a fair value of \$66,818 using the Black-Scholes pricing model with the following assumptions: share price of \$0.07; expected dividend yield of 0%; expected volatility from 98.45%; a risk-free interest rate of 1.31% and an expected life of 2 years.

On November 24, 2016, the Company closed a non-brokered private placement consisting of 5,882,352 Flow-through shares at a price of \$0.085 per share, for gross proceeds of \$500,000. A finder's fee of \$40,000, equal to a cash commission of 8% of the aggregate gross proceeds from the Shares sold was paid to the finder, in addition to 470,588 finder's warrants (the "Finder's Warrants"). The Finder was also paid a \$5,000 settlement fee. Each Finder's Warrant will entitle the holder to purchase one additional Great Lakes common share at a price of \$0.085 for a period of twenty-four (24) months after the closing of the Offering. All securities issued by the Offering were subject to a hold period of four months plus one day.

The 470,588 finder's warrants were ascribed a fair value of \$14,918 using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 118.50%; a risk-free interest rate of 0.68% and an expected life of 2 years.

On June 24, 2016, the Company completed a private placement, issuing 8,419,333 flow-through shares at a price of \$0.075 per flow-through unit ("Flow-through share") for gross proceeds of \$631,450. Also on June 24, 2016, the Company completed two additional tranches of this private placement, issuing an aggregate of 4,505,000 non flow-through common shares and 3,160,000 non flow-through units ("Non Flow-through unit"). Each Non-Flow-through unit consists of one common share and one common share purchase warrant (the "Warrant"); each Warrant entitles the holder to purchase one additional common share at a price of \$0.10 for a period of 24 months after closing. Aggregate gross proceeds raised in connection with all three tranches of this financing was \$1,168,000. As part of the financing, the Company recorded a flow-through premium of \$42,097.

In connection with the private placement, the Company paid fees of \$64,464 and issued 454,880 finders warrants, with 406,880 exercisable for a period of 36 months from closing at \$0.075 per finder warrant, and 48,000 exercisable for a period of 24 months from closing at \$0.10 per finder warrant.

On December 29, 2015, the Company completed a private placement, issuing 3,253,570 flow-through units at a price of \$0.07 per flow-through unit ("Flow-through unit") for gross proceeds of \$227,750. Each Flow-through unit consists of one flow-through eligible common share and one common share purchase warrant (the "FT Warrant"); each FT Warrant entitles the holder to purchase one additional common share at a price of \$0.10 for a period of 24 months after closing.

In connection with the private placement, the Company paid fees of \$18,220 and issued 260,826 finders warrants exercisable for a period of 24 months from closing at \$0.10 per finder warrant.

Warrant Extension

During the fiscal year 2017, the Company extended the expiry date of an aggregate of 14,389,255 common share purchase warrants issued to subscribers (the "Subscriber Warrants") pursuant to the Company's private placement financing, which closed on April 14, 2015.

The expiry dates of 14,389,255 Subscriber Warrants issued pursuant to the private placement have been extended from April 17, 2017 until April 17, 2019.

During the extension period, the Warrants will be subject to an acceleration provision that states if, at any time, the Company's common shares have a closing price on the Exchange at or above a price of \$0.14 per share for a period of 10 consecutive trading days, the Company may give notice by news release that expiration of the warrants will be accelerated to 21 days from the date of providing such notice.

The exercise price of \$0.10 and all other terms of the Subscriber Warrants and Subscriber Flow-Through Warrants remain unchanged for the extended exercise period.

Shares issued for Debt

On June 6, 2016, the Company issued 250,000 common shares ascribed a value of \$15,000, and paid USD\$35,000 (CDN\$45,905) in facilitation fees in connection with an equity financing agreement with Global Corporate Finance LLC through which up to USD\$4,000,000 is being made available to the Company over a two-year period. The facility is intended to provide access to working capital to fund operations of the Company. Aggregate facilitation fees paid during the period of \$63,405 have been recognized as financing fees in the Company's statement of operations. As of October 31, 2018, the Company had not drawn upon the underlying facility.

RESULTS OF OPERATIONS

At this time, the Company is not anticipating profit from operations. To date, graphite sales have primarily been made at or below cost as the Company builds its customer network. Until such time as the Company is able to realize profits from the production and marketing of commodities from its graphite sales, the Company will report an annual deficit and will rely on its ability to obtain equity or debt financing to fund on-going operations.

Exploration Operations

October 31, 2018

| | Balance, beginning of period | Acquisition | Exploration | Impairment | Disposal | Balance, End of period |
|--------------------|---------------------------------|-------------|-------------|-------------|--------------|---------------------------|
| Quebec Lochaber | \$ 342,665 | \$ - | \$ 53,733 | \$ (53,733) | \$ (342,665) | \$ - |

October 31, 2017

| | Balance, beginning of period | Acquisition | Exploration | Recoveries of tax credits and credit on duties | Impairment | Balance, End of period |
|--------------------|---------------------------------|-------------|-------------|--|----------------|---------------------------|
| Quebec Lochaber | \$ 2,458,219 | \$ - | \$ 5,137 | \$ - | \$ (2,120,691) | \$ 342,665 |

Results from exploration work are contained in press releases found on SEDAR at www.sedar.com as well as on the Company's website at www.greatlakesgraphite.com.

SELECTED ANNUAL INFORMATION

| | Year Ended Oct. 31, 2018 \$ | Year Ended Oct. 31, 2017 \$ |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Total assets | 108,818 | 382,720 |
| Total liabilities | 7,300,629 | 4,285,325 |
| Working capital (deficiency) | (7,191,811) | (3,515,247) |
| Expenses | 3,565,725 | 2,777,592 |
| Net (loss) | (4,180,609) | (6,082,995) |
| Net loss per share, basic and diluted | (0.03) | (0.05) |

Year ended October 31, 2018 vs Year Ended October 31, 2017

The Company incurred a net loss of \$4,180,609 for the year ended October 31, 2018, compared with a loss of \$6,082,995 for the prior year ended October 31, 2017. The variance over the comparative period is primarily driven by an increase of \$550,496 in management and consulting fees, as the Company engaged third party strategic and industry consultants, including the Doonbeg Group, a maritime project finance, metals and mining consulting group, as well as increasing the compensation for key executives over the comparative period. Of the \$1,397,274 incurred in management fees during the year ended October 31, 2018, \$716,361 pertained to senior management and consultants of Novocarbon as it added to its ranks. (2017 - \$nil). Of the \$4,172,609 loss for the current year, \$1,159,727 pertains to the operations of the Company's wholly owned subsidiary, Novocarbon. (2017 - \$nil)

Professional fees have declined from \$298,924 to \$177,204 driven by legal costs in association with the OGL claim, and general corporate matters. The current year figures are net of a \$35,000 reduction in costs provided for to settle the OGL claim, partially mitigating the current period expense. Of the \$298,924 incurred, \$141,793 pertained to Novocarbon, for general corporate matters. (2017 - \$nil)

During the year ended October 31, 2018, the Company saw nominal graphite sales as it focused its efforts on repositioning the Company within the market and securing the necessary finances to do so. Graphite is being sourced from third party facilities and shipped to the clients. Previously, the Company's sales were limited to synthetic graphite products, upon which negative margins are achieved. The Company is focusing upon establishing and developing its client base.

During the year ended October 31, 2018, \$53,733 in property costs were incurred and written down. The property was written down by \$2,120,691 in the prior year, to the fair value, less costs of disposal of the term sheet signed in the fourth quarter of fiscal 2017 for the sale of the Company's Lochaber property. The property was sold during the year ended October 31, 2018. See page 3 for details of the transaction. As a result of this transaction, the Company recorded a loss on disposal of \$69,123.

Corporate development and administration increased to \$392,022 from \$273,455 during the comparative year ended October 31, 2017. While the Company saw a decline in costs associated with the closure of the Matheson operation over the comparative period, the incorporation and commencement of business activity in the Company's wholly owned Delaware based subsidiary during Q1 2018, Novocarbon Inc., served to increase administrative costs. Of the \$392,022 incurred, \$182,063 pertained to Novocarbon. (2017 - \$nil)

During the period, the Company sold its interest in its Lochaber property. See page 3 for details of the transaction.

SUMMARY OF QUARTERLY RESULTS

| | Fourth Quarter Oct. 31, 2018 | Third Quarter July 31, 2018 | Second Quarter April 30, 2018 | First Quarter Jan. 31, 2018 |
|----------------------------|---------------------------------------|--------------------------------------|--|--------------------------------------|
| Graphite Sales | \$0 | \$0 | \$0 | \$486 |
| Interest income | \$0 | \$0 | \$0 | \$0 |
| Net loss | \$459,198 | \$1,053,997 | \$810,378 | \$1,857,036 |
| Net loss per share (basic) | \$0.00 | \$0.01 | \$0.01 | \$0.01 |
| | Fourth Quarter Oct. 31, 2017 | Third Quarter July 31, 2017 | Second Quarter April 30, 2017 | First Quarter Jan. 31, 2017 |
| Graphite Sales | \$18,009 | \$34,301 | \$105,010 | \$144,851 |
| Interest income | \$0 | \$0 | \$0 | \$0 |
| Net loss | \$3,672,442 | \$434,172 | \$1,360,045 | \$616,336 |
| Net loss per share (basic) | \$0.02 | \$0.00 | \$0.01 | \$0.01 |

Three Months Ended October 31, 2018 vs Three Months Ended October 31, 2017

The Company incurred a net loss of \$459,198 for the three months ended October 31, 2018, compared with a loss of \$3,672,442 for the comparative three months ended October 31, 2017. The variance over the comparative period is primarily driven by a fourth quarter 2017 impairment charge of \$1,981,558 on the Company's Lochaber property.

Management and consulting fees increased to \$318,461 during the three months ended October 31, 2018 from \$273,162 for the three months ended October 31, 2017 as the Company engaged third party strategic and industry consultants, including the Doonbeg Group, a maritime project finance, metals and mining consulting group, as well as increasing the compensation for key executives over the comparative period. Of the \$318,198 incurred in management fees during the three months ended October 31, 2018, \$169,344 pertained to senior management and consultants of Novocarbon as it added to its ranks. Of the \$459,198 loss for the current period, \$303,003 pertains to the operations of the Company's wholly owned subsidiary, Novocarbon. (three months ended October 31, 2017 - \$nil)

Professional fees have declined from \$193,210 to \$62,748, driven by comparative period legal costs in association with the OGL claim, general corporate matters, and offset by a current period \$35,000 lower than initially provided for cost of settling the OGL dispute. Of the \$62,748 incurred, \$48,266 pertained to Novocarbon, for general corporate matters, with the remaining balance pertaining to the parent company for audit fees and legal matters of a general nature (three months ended October 31, 2017 - \$nil)

During the quarter ended October 31, 2018, the Company saw no graphite sales as it focused its efforts on repositioning the Company within the market and securing the necessary finances to do so. Graphite is being sourced from third party facilities and shipped to the clients. Previously, the Company's sales were limited to synthetic graphite products, upon which negative margins are achieved. The Company is focusing upon establishing and developing its client base.

During the three months ended October 31, 2018, \$nil in property costs associated with the Company's Lochaber property were incurred and written down. The property was sold during the three months ended July 31, 2018. See page 3 for details of the transaction. During the comparative period, the Company recorded an impairment charge of \$1,981,558 as it wrote down its Lochaber property in the 4th quarter of fiscal 2017.

Corporate development and administration increased to \$111,544 from \$55,072 in the comparative three months ended October 31, 2017. The prior period recovery was driven by foreign exchange gains realized during the three months ended October 31, 2017. Furthermore, the Company has seen an increase in corporate development and administrative costs in fiscal 2018, reflective of the commencement of business activity in the Company's wholly owned Delaware based subsidiary, Novocarbon Inc. in Q1 2018. Of the \$111,544 incurred, \$26,934 pertained to Novocarbon. (three months ended October 31, 2017 - \$nil)

Status of Current Projects

The Company has three fundamental project streams in its business plan, procurement, processing and sales.

- Great Lakes Graphite Inc. (GLK) is an industrial minerals processing company with the mandate to supply high value graphite products to North American hi-tech customers
- GLK predicted that graphite would move to the forefront of the industrial mineral world as a critical mineral required for industrial use and as a major component in the development of new technologies particularly with the advancement of battery storage, mobile battery systems and alternative energy infrastructure.
- As a result the business plan expanded into other graphite asset holdings to diversify feedstock resource while making investments in the processing, micronization, purification and spheronization of graphite for commercial and battery grade materials markets

The updated GLK business plan involved sourcing material instead of mining/producing it to enable the Company to focus exclusively on upgrading and distributing the material which substantially expedited the path to cash flow.

Processing: The Company started developing relationships with industry partners (Shamokin Carbons, Ashland Advanced Materials, NanoSpire Inc., Chasm Advanced Materials and SRG Graphite) and discussions have lead to memorandum of understanding and/or agreements with each entity over the last 24 months.

- **Sales:** In November 2015, GLK initiated more than a dozen qualification and sampling programs with North American customers where testing periods occur over many months, even years.
- **Sales:** The Company formed a sales, marketing and operations team in Boston in May, 2016. A press release was sent out to explain the importance of this sales office.
- **Procurement:** The Company secured its principal supplier of flake graphite feedstock from Nacional de Grafite in Brazil and has the ability to expand the feedstock as demand requires.
(<http://www.greatlakesgraphite.com/2017/03/15/great-lakes-graphite-places-purchase-order-for-2320-tonnes-of-graphite-from-its-brazil-supplier/>)
- **Sales:** By mid 2016 GLK was able to fulfill the delivery of its' first purchase order for synthetic graphite product through tolling arrangements with industry partners (<http://www.greatlakesgraphite.com/2016/02/16/great-lakes-graphite-announces-receipt-of-initial-purchase-order/>)

- **Sales** : The following customers have approved GLK's processed graphite products for purchase:
 - Halliburton
 - Newpark
 - Bestolife
 - Redflow
 - Tesla

- **Sales:** The following customers are in advanced stages of qualifying GLK's products and are representative of the target prospect:
 - East Penn
 - Quaker Oil
 - XALT
 - X-Energy
 - General Motors

Plan Forward

- GLK continues to finalize Processing agreements with industry partners as previously announced
- Sales : GLK will continue to qualify material with customers to eventually lead to sales in 2019 of approximately US\$2.5 million
- GLK established a US wholly owned Delaware C-Corp subsidiary in the third quarter of 2017 to capitalize on a number of different initiatives including NY State funding, US Department of Defense and Department of Energy financing programs as well as graphite purchase orders. This entity, named NovoCarbon Inc. USA, is a Delaware listed C-Corp focused primarily on the processing of material in the US.

The Company will not need to change its management or its board of directors to accomplish the mandate set out in the GLK business plan. The company will however change its name to NovoCarbon Inc. which will be more representative of the company it has become over the last 2 years.

| Summary of Completed Activities | Amount Spent - during Fiscal 2018 | Total Amount Spent (Rounded) (A) | Plans for the Project | Expected Remaining Spend to Sept. 2021 (Rounded) (B) |
|--|-----------------------------------|----------------------------------|---|--|
| Procurement of Brazilian Graphite | | \$ 320,000 | Major supplier moving forward as sales dictate | \$ 3,500,000 |
| Graphite Qualification Program with 40 End Users | 42,297 | 162,297 | Sampling and qualification in multiple industries | 157,703 |
| Ashland agreement/continuous furnace development | 10,000 | 17,000 | Continue to develop cost data | 9,000 |
| Spheronization development with Vendor 1 | 400 | 4,800 | Continue to develop qualified product | 6,200 |
| Spheronization development with Vendor 2 | 200 | 6,700 | Completion of project - funds permitting | 29,800 |
| Spheronization development with Vendor 3 | 900 | 4,900 | Product qualified - purchase equipment | 659,100 |
| Continued battery development work with Coulometrics | | 19,000 | Continue to develop - funds permitting | 30,000 |
| Department of Defense Carbon Initiatives | | 40,000 | | 50,000 |
| SRG Graphite supply agreement LOI | | 11,500 | | 36,000 |
| Subtotal | | \$ 586,197 | | \$ 4,477,803 |
| TOTAL (A) +(B) | | | | \$ 5,064,000 |

Significant Accounting Policies

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the audited financial statements the year ended October 31, 2018. Please refer to these financial statements on SEDAR.

Future Accounting Changes

The following standard was adopted during year:

IFRS 9 – Financial instruments (“IFRS 9”) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value through profit or loss and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting. However, there is no impact to the Company from these amendments as it does not apply hedge accounting. On February 1, 2018, the Company adopted these amendments. The new hedge accounting guidance had no impact on the Company's consolidated financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's consolidated financial statements.

- (ii) In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.
- (iii) Leases In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined.
- (iv) IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”), was issued in May 2014, and replaces IAS 11, “Construction Contracts”, IAS 18, “Revenue Recognition”, IFRIC 13, “Customer Loyalty Programmes”, IFRIC 15, “Agreements for the Construction of Real Estate”, IFRIC 18, “Transfers of Assets from Customers”, and SIC-31, “Revenue – Barter Transactions Involving Advertising Services”. IFRS 15 provides a single,

principles-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17 “Leases”; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, “Consolidated Financial Statements”, and IFRS 11, “Joint Arrangements”. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard’s requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity’s ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The adoption of IFRS 15 will not have an impact on the Company’s consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

As of October 31, 2018, the Company had \$14,440 in restricted cash compared to \$21,150 in restricted cash and funds in trust as of October 31, 2017. The cash is classified as restricted as the Company is committed to spend \$1,498,323 (October 31, 2017 - \$1,031,450), being the remaining proceeds of flow-through share issuances from private placements. Furthermore, as of October 31, 2018 Company has recorded an accrual of \$1,174,868 (October 31, 2017 - \$650,616) for Part XII.6 tax, interest, penalties and potential indemnifications of shareholders.

The Company had a working capital deficiency of \$7,191,811 as of October 31, 2018 as compared to a working capital deficiency of \$3,515,247 as of October 31, 2017.

The Company is actively seeking sources of additional liquidity. Additional financing will be required to execute the Company’s business plan and fund operations.

In prior periods, the Company began to generate revenue through initial graphite sales and a negative margin. Margins are expected to become positive as the Company moves to the sale of higher grade products. In order to manage this risk the Company monitors its cash requirements and expenditures to maintain sufficient liquidity.

Short-term liabilities at October 31, 2018 consist of short-term trade payables, QST payable, flow-through share premium, shareholder loan, convertible debentures, debentures payable, NOHFC loan payable and various accrued liabilities, representing \$7,300,629 in aggregate. (October 31, 2017 - \$3,555,302).

The Company undertook a number of financing and liquidity initiatives, as described on page 4, “Financing and Corporate”. The Company will need to raise additional financing in the near term to continue to finance operations and pay for ongoing administration of the Company. Alternative sources of capital include but are not limited to funding from capital markets and/or other industry partners. There can be no assurances that this capital will be available in amounts or on terms acceptable to the Company, or at all.

LIQUIDITY OUTLOOK

While the financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, there are events and conditions that cast significant doubt on the validity of that assumption. The Company has incurred losses since inception and has an accumulated deficit of \$18,723,538 at October 31, 2018 (October 31, 2017 - \$14,542,929). The Company will need to raise sufficient funds in order to finance ongoing exploration and administrative expenses. Though it has been successful in the past the Company has no

assurance that future financing will be available or be available on favorable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its various projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity.

The financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

The Company was committed to spend \$500,000 in regard to the November 2016 flow-through private placement consisting of 5,882,352 flow through units at \$0.085 per unit by December 31, 2017. The Company was committed to spend \$631,450 in regard to the June 2016 flow-through private placement consisting of 8,419,333 flow through units at \$0.075 per unit by December 31, 2017. As at October 31, 2018, the Company had an unspent amount of \$1,031,458.

The Company was committed to spend a total of \$522,750 in regard to the April 2015 flow-through private placement consisting of 7,700,000 flow through units at \$0.05 and the December 2015 flow-through private placement consisting of 3,253,570 flow-through units at \$0.07 per unit by December 31, 2016. The Company had an unspent amount of \$466,865.

As of October 31, 2018, Company has recorded an accrual of \$1,174,868 (2017 - \$650,616) for Part XII.6 tax, interest, penalties and potential indemnifications of shareholders, of which \$409,958 is included in the consolidated statement of operations for the year ended October 31, 2018 (2017 - \$502,825).

There is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-bank Rule, in accordance with Canadian taxation authorities flow-through regulations. When applicable, this tax is accrued as Part XII.6 expense until paid.

SHAREHOLDERS' EQUITY

As at October 31, 2018 and the date of this document, the Company had 132,656,830 common shares issued and outstanding.

PROPOSED TRANSACTIONS

The Company has not entered into any significant transaction, nor is it currently reviewing any such transaction, that has not been discussed within this MD&A.

OFF-BALANCE SHEET ARRANGEMENTS

As at October 31, 2018, the Company does not have any off-balance sheet arrangements.

CONTINGENCIES AND COMMITMENTS

- i) In September 2015 the Company was advised of a financial contribution of up to \$30,000 from the National Research Council of Canada Industrial Research Assistance Program (NRC-IRAP) to help support graphite purification research and development at Process Research ORTECH, located in Mississauga,

Ontario. In January 2016, the Company received \$9,751, net of \$6,000 in grant issuance costs, of the proceeds associated with this financial contribution.

- ii) The Company was named as a defendant, along with Mike Coscia and Jerry Janik in a claim filed in the Ontario Superior Court in May 2015, and amended in September 2015, whereby Ontario Graphite Limited ("OGL") seeks from the Company damages of \$1,000,000, punitive and exemplary damages of \$1,000,000 and disgorgement of profits from the Company. OGL alleged that, in relation to the OGL's position that Mike Coscia and Jerry Janik breached certain non-solicitation, non-competition, and confidentiality clauses of their employment agreements with their former employer, OGL.

On February 19, 2016, the Ontario Superior Court of Justice (the "Court") released its decision regarding certain interlocutory injunctive relief that had been requested by Ontario Graphite Ltd. ("OGL") in its legal action against Mike Coscia, Jerry Janik and the Company. The legal claim was brought by OGL based on, among other things, non-compete agreements that existed with Mike Coscia and Jerry Janik when they were employed in management positions with OGL. In its decision, the Court found that the Company and OGL are competitors and thus granted injunctive relief with respect to Mr. Coscia and Mr. Janik's involvement with the Company. Specifically, the Court ordered that Mike Coscia, the Senior Vice President of Sales of the Company's Innovations division, not work for the Company for six (6) months and that Jerry Janik, the COO of the Company's Innovations division, not work for the Company for one (1) year. No injunction was granted against the Company prohibiting its activities at the Matheson facility and the Company is therefore allowed to continue all of its activities at the Matheson Micronization Facility. This is a provisional order only, and not finally decisive of the case.

On June 13, 2018, the Company announced a settlement, whereby it issued 7,000,000 common shares to OGL. The Company has issued the shares and at an ascribed fair value of \$280,000. As at October 31, 2017, the Company had recorded an initial provision of \$315,000, resulting in a \$35,000 recovery charged to professional fees for the year ended October 31, 2018.

CASH FLOWS

Cash flows used in operating activities were \$2,946,711 for the year ended October 31, 2018 as compared to cash flow used in operations of \$460,494 during the comparative year ended October 31, 2017. The increase in cash used is primarily attributable to the working capital variances experienced over the comparative period, and the increase in accounts payable in the comparative period driven by reduced liquidity.

Cash flows used in investing activities were \$47,023 for the year ended October 31, 2018 as compared to \$183,243 during year ended October 31, 2017. The prior period saw higher balances in both restricted cash and leasehold expenditures on the Company's former Matheson facility.

Cash flows from financing activities were \$2,993,734 for the year ended October 31, 2018 as compared to \$643,737 during the comparative year ended October 31, 2017. The cash flows relate to proceeds received from debt issuances and private placements completed during the respective periods.

TRANSACTIONS WITH RELATED PARTIES

The following related party transactions occurred and were reflected in the financial statements during the years ended October 31, 2018 and 2017

| | 2018 | 2017 |
|---|---------------------|-------------------|
| Management fees charged by the Chief Financial Officer | \$ 24,491 | \$ 24,562 |
| Management fees charged by a company controlled the Chief Executive Officer | 180,000 | 180,000 |
| Consulting fees charged by the former Chief Marketing Officer who is a Director | 231,678 | 144,000 |
| Consulting fees paid to the former Chief Operating Officer | 137,763 | - |
| Consulting fees charged by a company controlled by the Senior Vice-President of sales | 231,678 | 261,422 |
| Stock-based compensation | 274,927 | 113,762 |
| | \$ 1,080,537 | \$ 723,746 |

As at October 31, 2018, accounts payable and accrued liabilities include \$514,038 (2017 - \$775,067) owing to related parties of the Company.

The Company's key management personnel has the authority and responsibility for planning, directing and controlling the activities of the Company and consists of its Directors, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Sr. VP of Sales. Total compensation paid to the Company's key management personnel during the year ended October 31, 2018 amounted to \$1,080,537 (2017 - \$723,746).

During the year ended October 31, 2018, the Company accrued or paid \$129,229 (2017 - \$nil) in consulting fees to a Company with which a Director is managing partner. As at October 31, 2018, \$nil was included in accounts payable and accrued liabilities (2017 -\$nil)

During the year ended October 31, 2018, the Company expensed \$94,439 (2017 - \$91,846) to Marrelli Support Services Inc. ("Marrelli Support") for:

- (i) Robert D.B. Suttie, Vice President of Marrelli Support, to act as Chief Financial Officer "CFO" of the Company;
- (ii) Bookkeeping and office support services;
- (iii) Regulatory filing services
- (iv) Corporate secretarial services

The Marrelli Group is also reimbursed for out of pocket expenses.

As of October 31, 2018, the Marrelli Group was owed \$64,467 (2017 - \$88,588). These amounts are included in accounts payable and accrued liabilities.

During the year ended October 31, 2018 the Black-Scholes fair value of stock-based compensation granted to officers and directors amounted to \$274,927 (2017 - \$272,314).

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

CRITICAL ACCOUNTING ESTIMATES

The preparation of its financial statements requires the Company to use estimates and assumptions that affect the reported amounts of assets and liabilities as well as revenues and expenses.

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with International Financial Reporting Standards. The Company's significant accounting policies are contained in Note 3 to the financial statements for the year ended October 31, 2018 and changes in those policies. Certain of these policies involve critical accounting estimates because they require us to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

The following section discusses the critical accounting estimates and assumptions that management has made and how they affect the amounts reported in the financial statements. We consider these estimates to be an important part of understanding our financial statements.

Asset Impairment

The Company reviews the carrying values of its machinery and equipment as well as its non producing mining properties, deferred exploration and development expenditures and deposit and deferred expenditures whenever events or changes in circumstances indicate that their carrying values may exceed their estimated recoverable amounts determined by reference to estimated undiscounted future cash flows.

The recoverability of amounts shown is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to finance the development of the properties, and on the future profitable production or proceeds from the disposition thereof. An impairment loss is recognized when the carrying value of those assets exceeds its estimated net recoverable amount.

Stock-based Compensation

The Company uses the fair value method to account for stock options granted to directors, officers, employees and non-employees. Accordingly, the fair value of the options at the date of grant is either charged to operations or capitalized to exploration of development expenditures, as appropriate, with an offsetting credit to contributed surplus, over the vesting period of the option. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital.

Warrants

The Company uses the relative fair value method to account for warrants issued pursuant to proceeds from unit private placements. The fair value of the warrant is determined using the Black-Scholes option pricing model, while fair value of the share is based on the quoted market price on the date the shares are issued. Proceeds from the issuance of units in private placement are allocated on the relatively to the proportion of the fair value of warrant and fair value of share.

Exploration and evaluation assets

The Company capitalizes mining property acquisition costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's mineral property is reviewed by

management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at fair value less costs to sell.

Going Concern

The Company's financial statements were prepared in accordance with International Financial Reporting Standards and on the basis of a going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. 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. Management is aware, in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company currently does not own, hold or have any material interest in, or liability associated with, any derivative instruments.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present all material respects the financial condition, results of the operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate which 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 MI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer 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
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. 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 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 MI 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.

RISK MANAGEMENT

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's exposure to credit risk is on its restricted cash, funds in trust, accounts receivable, and credit on duties receivable, and convertible note receivable. Restricted cash consists primarily of cash bank balances held with a Canadian chartered bank. Accounts receivable consists of funds owed to the company from graphite sales. The Company manages the credit exposure related to cash by holding its funds with reputable financial institutions, and closely managing its customer base. As of October 31, 2018, the Company's maximum credit exposure amounts to \$14,440 (October 31, 2017 - \$21,150).

Liquidity Risk

Liquidity and funding risk is the risk that the Company will not have sufficient capital to meet short-term operating requirements, after taking into account the Company's holdings of restricted cash.

As at October 31, 2018, the Company had a working capital deficiency of \$7,191,811 (October 31, 2017 – a deficiency of \$3,515,247). In the case of cash deficits arising from commitments and general operating budgets, the Company will have to seek debt or equity financing. There is no assurance that such financing will be available on terms acceptable to the Company.

The Company determined that it will require additional capital in order to meet short-term business requirements, after taking into account the Company's holdings of restricted cash. The Company is actively looking to raise cash funds from private placements. The Company's restricted cash balance is invested in business accounts as of October 31, 2018.

Market risk – Market risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge their obligation.

Foreign currency risk – The Company has exposure to fluctuation in USD/CAD foreign exchange rates related to its purchase and sale of graphite and graphite products, debenture payable denominated in USD, and the translation of the operations of its US subsidiary. A fluctuation of 10% in exchange rates would result in approximately a \$2,410 variance in other comprehensive income and a \$280,630 variance in foreign exchange expense.

Interest rate risk – Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company's exposure to interest rate risk is limited due to the fixed rate nature of its financial instruments.

CAPITAL MANAGEMENT

The Company considers its capital to include components of shareholders' equity, which is comprised of share capital, equity component of debt, units and shares to be issued, reserve for warrants, reserve for share-based payments, contributed surplus and deficit, which as at October 31, 2018 amounted to a deficiency of \$7,191,811 (October 31, 2017 – a deficiency of \$3,902,605).

The Company's objectives in managing capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue investments and new projects of merit; and to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the current period. The Company is not subject to externally imposed capital requirements other than flow-through expenditure requirements.

INDUSTRY, ECONOMIC AND ENVIRONMENTAL RISK FACTORS AFFECTING PERFORMANCE

The Company's performance is affected by a number of industry and economic factors and exposure to certain environmental risks, and other regulatory requirements.

Risk Factors

Fluctuation of Graphite Prices: The prices of graphite as experienced significant movement over short periods of time and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for graphite is affected by various factors, including political events, economic conditions and production costs in major producing regions.

General economic conditions: The recent unprecedented events in global financial markets have had a profound 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 profitability. Specifically:

- the global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity
- the volatility of graphite prices may impact the Company's potential future revenues, profits and cash flow
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs
- the devaluation and volatility of global stock markets impacts the valuation of the Company's common shares, which may impact the Company's ability to raise funds through the issuance of equity securities

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

Share Price Volatility: During the past year, worldwide securities markets, particularly those in the United States and Canada, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines 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 an unprecedented 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 significant 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.**

Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Financing Risks: The Company has limited financial resources, has (to date) only a limited source of operating cash flow from initial graphite sales and has no assurance that additional funding will be available to it for further its initiatives or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of operations.

Insufficient Financial Resources: There is no assurance that the Company will be successful in obtaining the required financing for operations. Failure to raise the required funds could result in the Company's inability to capitalize upon business opportunities.

Dilution to the Company's existing shareholders: The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

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 processing operations, 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.

Government Regulation: Any processing activity carried on by the Company, will be subject to government legislation, policies and controls relating to production, environmental protection, taxes and labour standards. In addition, the profitability of any operation is affected by the market for graphite which is influenced by many factors including changing production costs, the supply and demand for graphite, the rate of inflation, the inventory of graphite producing corporations, the political environment and changes in international investment patterns.

Environmental Restrictions: The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Certain

types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement. Fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Foreign Countries and Political Risk: The Company's operations are in the US and Canada. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in the country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, and environmental legislation.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including the ability to attract and retain additional key personnel in graphite processing, marketing, and finance. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

Regulatory Requirements: The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its business there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from its initial limited sales of graphite, or the sale of its common shares. While the Company may generate additional working capital through further equity offerings, there can be no assurance that any such funds will be available on favorable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Conflict of Interests: Certain of the directors and officers of the Company are directors or officers of, or have significant shareholdings in, other public companies and, to the extent that such other companies may participate in ventures in which the Company may participate or may wish to 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 any such conflict of interest arises, a director or officer who has such a conflict will disclose the conflict to a meeting of the directors of the Company and, if the conflict involves a director, the director will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

OTHER MD&A REQUIREMENTS

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The following represents a breakdown of the Company's corporate development and administration expense for the year ended October 31, 2018 and 2017:

| | 2018 | 2017 |
|----------------------------|------------|------------|
| Bookkeeping and Accounting | \$ 49,048 | \$ 36,967 |
| Travel and Entertainment | 38,169 | 86,788 |
| Office and General | 62,664 | 325 |
| Rent Expense | 79,414 | 108,462 |
| Product Development | 39,931 | - |
| Corporate Secretarial | 21,114 | 22,817 |
| Foreign Exchange | 71,511 | 18,096 |
| Promotion | 17,506 | - |
| Sundry Equipment | 12,665 | - |
| | \$ 392,022 | \$ 273,455 |

Bookkeeping and accounting consists of administration of the company's financial records and the periodic financial reporting function. Period over period variances are primarily driven by Novocarbon accounting costs and parent company accounting accruals.

Travel and entertainment consists primarily of executive travel. The period over period decline is driven primarily by reduced executive travel in fiscal 2018.

Office and general consists of sundry consumables, miscellaneous fees and expenditures. Balances are cyclical in nature.

Rent Expense pertains, in the prior period, to rent paid on the former Matheson facility. With the facility agreement terminated in the prior fiscal year, rent in the current period relates to month by month rental space associated with the Company's Novocarbon subsidiary.

Product development relates to research activity occurring in the Company's Novocarbon subsidiary as it works with developers to advance graphite spherization techniques. There were no such expenses in the comparative period.

Corporate secretarial expenses are consistent with the comparative year ended October 31, 2017.

Foreign exchange is related to cyclical fluctuations in exchange rates between us and Canadian currency. The decline in expenditure is driven primarily by comparative rate fluctuation.

Promotional activity includes attendance at conferences, advertising and general corporate awareness initiatives. The current period saw an increase in these initiatives over the prior period.

OUTLOOK

The Company will require financing in the future primarily through further equity financing, as well as through other means. There can be no assurance that the Company will succeed in obtaining additional financing, nor or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation.

APPROVAL

The Board of Directors of the Company has approved the disclosures contained in this MD&A upon recommendation of the Audit Committee.

EVENTS AFTER THE REPORTING DATE

As of the date of this document, there are no events occurring after the reporting date which have not already been disclosed herein.

DISCLOSURE OF OUTSTANDING SECURITIES

Outstanding common shares: 132,656,830
Share purchase and finders warrants: 23,247,968
Stock options: 11,560,000

OFFICERS AND DIRECTORS

As of the date hereof the current officers and directors of the Company are:

Paul Ferguson – CEO and Director
Robert D. B. Suttie – CFO
Michael Coscia – Vice President of Sales
Brett Clark – Director
Bruce Reading – Director
Richard Baxter - Director
Andrew Todd – Corporate Secretary

FORWARD LOOKING STATEMENTS

This report may contain forward-looking statements that involve a number of risks and uncertainties including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, aboriginal challenges, delays in or failure to obtain governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation

to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors which affect this information, except as required by law.

ADDITIONAL INFORMATION

Additional information may be found on SEDAR at www.sedar.com as well as on the Company's website; www.greatlakesgraphite.com.