GRAPHITE ONE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2026

As of August 13, 2026

Graphite One

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The Management's Discussion and Analysis ("**MD&A**") of the financial position and results of operations for Graphite One Inc. (the "**Company**" or "**Graphite One**") (TSXV: GPH and OTCQX: GPHOF) should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2026, and the related notes thereto ("**Financial Statements**"). These Financial Statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"), including IAS 34 Interim Financial Reporting. For further information on the Company, reference should be made to its public filings on SEDAR+ at www.sedarplus.ca.

This MD&A is prepared by management and approved by the Board of Directors as of August 13, 2026. The information and discussion provided in this MD&A is for the three and six months ended June 30, 2026, and where applicable, the subsequent period up to the date of this MD&A. All dollar amounts in this MD&A and the Financial Statements are expressed in United States dollars. Reference to "$" in this MD&A is the US dollar and reference to "CA$" is the Canadian dollar.

Cautionary Statement on Forward-Looking Statements

This MD&A contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical facts, are forward-looking statements and are based on expectations, estimates and projections as of the date of this MD&A. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. Accordingly, there can be no assurance that forward-looking information will prove to be accurate, and forward-looking information is not a guarantee of future performance. Readers are advised not to place undue reliance on forward-looking information.

In this MD&A, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with regulatory and permitting considerations, financing of the Company and its activities, exploration, development and operation of mining properties and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information.

Forward-looking statements are based on certain assumptions that the Company has made in respect thereof as of the date of this MD&A regarding, among other things: economic and operating conditions, including commodity prices, interest rates, tariff rates, exchange rates, and inflation; the changes in market activity and growth will be consistent with industry activity in Canada and the U.S. and growth levels in similar phases of previous economic cycles; anticipated sources of funding being available to the Company on terms favourable to the Company; the success of the Company's operations and growth prospects; the Company's competitive position, operating costs remaining substantially unchanged; that counterparties comply with contracts in a timely manner; the Company's plans to submit a financing application with Export-Import Bank of the United States and the prospects of successfully securing financing on acceptable terms, or at all; that there are no unforeseen events preventing the performance of contracts; that there are no unforeseen material costs in relation to the Company's operations; that prevailing regulatory, tax and environmental laws and regulations apply or are introduced as expected, and the timing of such introduction; increases to the Company's share price and market capitalization over the long term; the Company's ability to repay debt, if any, and return capital to shareholders; the Company's ability to obtain and retain qualified personnel (including those with specialized skills and knowledge), technology and equipment in a timely and cost-efficient manner; the Company's ability to access capital and insurance; operating and borrowing costs, including costs associated with the acquisition and maintenance of equipment and property; an increased focus on environmental, social and governance ("**ESG**"), sustainability and environmental considerations in the mining industry; the impacts of climate-change on the Company's business; the current business environment remaining substantially unchanged; future acquisition and maintenance costs; the Company's ability to develop and implement ESG and sustainability initiatives and practices and the costs associated therewith; and other risks and uncertainties described from time to time in filings made by the Company with securities regulatory authorities.

It is important to note that:

- unless otherwise indicated, forward-looking information in this MD&A describes the Company's expectations as of the date of this MD&A;
- readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other facts affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize; and
- the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or any other reason except as required by law.

Investors are urged to read the Company's filings with the Canadian securities regulatory agencies which unless specifically incorporated herein are not part of this MD&A; these filings can be viewed online at the Company's profile on SEDAR+ at www.sedarplus.ca.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Mining Risks" and "Business Risks".

Nature of Operations

The Company is focused on developing its Graphite One Project (the "**Project**"), aimed at establishing a vertically integrated North American supply chain for both synthetic graphite ("**SG**") and natural graphite ("**NG**") active anode materials ("**AAM**") integrated with a graphite resource. The Project is envisioned to integrate the mining and processing of NG with the manufacturing of SG and NG AAM primarily for the electric vehicle battery and energy storage system markets. Management's current plan is for graphite to be mined from the Company's Graphite Creek Property (the "**Property**"), situated on the Seward Peninsula about fifty-five (55) kilometers (37 miles) north of Nome, Alaska, and to be processed into concentrate at a mineral processing plant located adjacent to the mine (the "**Graphite Creek Project**"). The resulting graphite concentrate is expected to supply a planned NG secondary treatment plant ("**STP**"), where NG AAM and other value-added graphite products would be manufactured. In parallel with advancement and permitting of the Graphite Creek Project, the Company is pursuing development of a phased SG AAM manufacturing facility in Ohio, USA (the "AAM Facility"), initially through a finishing and blending facility using third-party precursor and graphitized materials, followed by expansion into graphitization and precursor production capabilities.

The Graphite Creek Project's updated mineral resource and reserve estimates were released on March 27, 2025 and the full Feasibility Study (the "**FS**") entitled "Graphite Creek Project – NI 43-101 Technical Report and Feasibility Study, Seward Peninsula, Alaska" prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**") was filed on the Company's profile on SEDAR+ at www.sedarplus.ca on April 23, 2025.

Highlights

New Site Identified for SG AAM Facility

On May 19, 2026, the Company entered into a license of occupation agreement with Bessemer and Lake Erie Railroad Company, a subsidiary of Canadian National Railway ("**CN Rail**"), for a site located in Conneaut, Ashtabula County, Ohio, USA. The license of occupation agreement provides the Company with access to the site for the purpose of conducting due diligence activities and assessing site feasibility for the Company's proposed AAM facility. Subject to satisfactory completion of the Company's due diligence activities, the parties may proceed with formalizing a lease agreement for the site.

The site provides several strategic advantages, including direct access to Lake Erie and the Great Lakes shipping corridor, multi-line rail connectivity through CN Rail, existing power infrastructure, including an on-site substation, and capacity for future expansion and scaling.

Given this new opportunity and the challenges associated with establishing the necessary power infrastructure at the Company's previously proposed Ohio site within the planned construction timeline, the Company terminated its lease for that site to focus its efforts on the Conneaut location.

Graphite One Secures Key Engineering Contract for Planned Ohio AAM Facility

On June 22, 2026, the Company executed an engineering contract with a leading anode production facility engineering firm to support the detailed design and optimization of the Ohio AAM Facility's manufacturing systems. The engagement advances the project from planning to detailed engineering and is expected to support equipment integration, construction readiness, commissioning efficiency, and overall project risk mitigation. The engineering firm brings specialized expertise in complex, high-temperature industrial processes and integrated production line design – capabilities essential for ensuring all major production systems operate as a seamless, optimized manufacturing platform capable of producing consistent, specification-grade commercial-scale AAM. The planned work will focus on throughput optimization, energy efficiency, product quality, and design for future expandability.

Graphite Creek EIS Pathway Confirmed

On July 9, 2026, the Company announced that, following discussions with the U.S. Army Corps of Engineers ("**USACE**"), the Graphite Creek Project will proceed through the Environmental Impact Statement ("**EIS**") process. The Company has conducted permitting work to EIS standards from the outset and does not anticipate any impact to its targeted 2029 production startup. The EIS process is expected to align with the State of Alaska permitting timeline while providing a comprehensive review and expanded opportunities for stakeholder engagement.

Ohio Environmental Protection Agency Acceptance of Air Permit Application for Planned Ohio AAM Facility

On July 16, 2026, the Company announced that its air permit application for the planned AAM Facility has been accepted by the Ohio Environmental Protection Agency ("**Ohio EPA**") and has advanced to the technical review stage. Acceptance into technical review confirms that the Ohio EPA has determined the application contains all of the required information to proceed with a detailed technical evaluation, representing an important step toward issuance of the air permit.

Graphite Creek Update

Permitting of the Graphite Creek Project began in the third quarter of 2025 with the submission of an application for a USACE Section 404 Permit for the dredge and fill of materials in wetlands. During the quarter, the USACE advised the Company that the Graphite Creek Project will proceed through an EIS process under the National Environmental Policy Act. The Company has completed its environmental baseline studies and permitting work to EIS standards from the outset and does not anticipate any impact to its targeted 2029 project startup. The EIS process is expected to more closely align with the State of Alaska permitting timeline while providing a comprehensive environmental review and expanded opportunities for stakeholder engagement.

The results of all prior environmental baseline work and project design have been incorporated into the comprehensive Environmental Evaluation Document and submitted to the USACE in support of the ongoing permitting process.

In July, the Company completed aquatic baseline surveys, surface and groundwater sampling, hydrology surveys, meteorological station maintenance, and minor wetlands mapping. A second round of these environmental baseline activities is planned for September to capture seasonal conditions. Additionally, the Company completed a geotechnical drilling program to confirm access road material sites and bridge abutment conditions along the proposed access road.

Graphite Creek Expenditures

The following table summarizes the feasibility study, permitting and other project related expenditures for the six months ended June 30, 2026:

Site Preparation and Camp Operations	$	402,559
Project Management and Administration		1,299,068
Environmental & Permitting		1,072,387
Engineering		744,662
Capitalized Depreciation		183,401
Exploration, Sampling and Analysis		50,212
Capitalized Share-Based Payments		217,187
Community Consultation and Meetings		303,719
Land management and advanced royalties		46,778
Total Graphite Creek Expenditures	**$**	**4,319,974**

AAM Plant Development Update

The AAM plant development represents the second stage of the Company's integrated supply chain solution where SG AAM and other value added products are manufactured. In 2024, the Company entered into a Technology Licensing Agreement and a Consulting Agreement (collectively, the "**Chenyu Agreements**") with Chenyu Fuji New Energy Technology Co. Ltd ("**Chenyu**") whereby Chenyu provides advisory services in connection with the design, construction, commissioning, and operations of an SG AAM plant for agreed upon fees, including additional payments upon achieving certain milestones. SG AAM manufacturing consists of precursor preparation, graphitization, and final finishing and blending. Subject to securing project financing, the Company's initial development phase is focused on the construction of a 10,000 tpy finishing and blending plant to produce synthetic graphite anode materials from purchased graphitized precursor materials.

The planned facility in Ohio is designed to support the final finishing and blending stage, where, initially, purchased graphitized SG materials are processed into finished AAM products tailored to customer specifications. Engineering design and equipment specification activities are ongoing, with initial equipment quotations received. The Company has engaged TRC Environmental Corporation to support permitting and site development activities and has confirmed with FirstEnergy of Ohio that the new site in Conneaut has the power supply requirements for the 10,000 tpy finishing and blending plant.

The Company incurred development expenses associated with the planned manufacturing plant as follows:

	Three months ended June 30,		Six months ended June 30,	
Project Development	**2026**	2025	**2026**	2025
Engineering	**$ 321,250**	$ 31,208	**$ 409,504**	$ 31,422
Permitting & environmental	**18,809**	-	**6,192**	-
Personnel and administrative costs	**282,667**	70,785	**580,414**	75,166
Lease expense	**100,421**	111,348	**236,052**	122,497
Amortization	**26,250**	10,000	**52,500**	26,667
	$ 749,397	**$ 223,342**	**$ 1,284,661**	$ 255,751

Overall Performance and Results of Operations

The Company has generated no operating revenue to date. The Company relies on the issuance of Common Shares, debt, and government grants, to carry out work on the Project, including permitting requirements, and environmental studies and providing general operating working capital. Project expenditures are reflected in the Financial Statements as exploration and evaluation property and project development expense.

Selected Financial Information

The following tables summarize selected financial information as at and for the six months ended June 30, 2026, and December 31, 2025.

As at	June 30, 2026	December 31, 2025
Current assets ($)	24,960,946	8,930,205
Exploration and evaluation property ($)	72,003,631	67,683,657
Total assets ($)	98,904,810	78,452,108
Current liabilities ($)	2,225,653	3,663,917

Six months ended	June 30, 2026	June 30, 2025
Net loss ($)	6,447,066	3,445,301
Basic and diluted loss per share ($)	0.03	0.03
Weight average number of common shares outstanding	201,388,770	132,750,632
Exploration and evaluation cash expenditures ($), excluding grants	4,165,775	4,334,657

Results of Operations

The net loss for the three months ended June 30, 2026 was $3,414,819, an increase of $1,532,815 compared to a $1,882,003 net loss for the same period in 2025. The increased net loss was due primarily to: (i) a $1,181,887 increase in online marketing campaigns as part of the Company's strategy to raise the profile of the Company and its projects to European and U.S. investors and (ii) a $526,056 increase in project development expenses for the planned synthetic graphite plant in Ohio. These increases were partially offset by a $280,172 foreign exchange gains primarily from period-end re-valuation of U.S. dollar cash balances held by the CA$-functional parent and $244,017 in interest earned on cash and short-term investments.

The net loss for the six months ended June 30, 2026 was $6,447,066 an increase of $3,001,765 compared to a $3,445,301 net loss for the same period in 2025. The increased net loss was due primarily to: (i) a $2,154,495 increase in online marketing campaigns as part of the Company's strategy to raise the profile of the Company and its projects to European and U.S. investors (ii) a $1,028,910 increase in project development expenses for the planned synthetic graphite plant in Ohio and (iii) $471,055 increase in management fees and salaries. These were partially offset by a $627,362 of foreign exchange gains primarily from period-end re-valuation of U.S. dollar cash balances held by the CA$-functional parent and $350,949 in interest earned on cash and short-term investments.

Operating Expenses

	Three months ended June 30,		Increase	Six months ended June 30,		Increase
	2026	2025	(decrease)	2026	2025	(decrease)
Project development, net of grant	$ 749,397	$ 223,341	$ 526,056	$ 1,284,661	$ 255,751	$ 1,028,910
General and administration						
Management fees, salaries and benefits	655,969	504,234	151,735	1,402,826	931,771	471,055
Marketing and investor relations	1,339,149	157,262	1,181,887	2,448,296	293,801	2,154,495
Consulting and advisory fees	325,845	132,860	192,985	596,365	222,288	374,077
Office and administration	148,277	198,034	(49,757)	292,727	296,413	(3,686)
Professional fees	122,681	123,164	(483)	181,915	177,785	4,130
Share-based payments	694,993	647,561	47,432	1,318,962	1,418,837	(99,875)
Total general and administration	3,286,914	1,763,115	1,523,799	6,241,091	3,340,895	2,900,196
Total operating expense	$ 4,036,311	$ 1,986,456	$ 2,049,855	$ 7,525,752	$ 3,596,646	$ 3,929,106

Project Development, net of grant

Project development costs, net of grant reimbursements, for the three months ended June 30, 2026 increased $526,056 to $749,397 compared to $223,341 for the same period in 2025. The increase was attributable to $290,042 of engineering and consulting fees associated with the design, layout, and equipment specifications for the graphitization and finishing and blending plants and $211,882 of personnel costs.

Project development costs, net of grant reimbursements, for the six months ended June 30, 2026 increased $1,028,910 to $1,284,661 compared to $255,751 for the same period in 2025. The increase was attributable to $505,248 of personnel costs, including a one-time $60,000 recruiting fee for the recently hired project manager, and $378,081 of engineering and consulting fees associated with the design, layout, and equipment specifications for the graphitization and finishing and blending plants.

Management fees, salaries, and benefits

Management fees, salaries, and benefits ("**Employee Costs**") for the three months ended June 30, 2026 increased $151,735 to $655,969 compared to $504,234 for the same period in 2025. This increase was primarily driven by changes in the allocation of Employee Costs between corporate activities and project expenditures. In the prior year, $44,009 of Employee Costs that were allocated to the projects were recovered under government grants.

Management fees, salaries, and benefits for the six months ended June 30, 2026 increased $471,055 to $1,402,826 compared to $931,771 for the same period in 2025 due primarily to higher allocation of Employee Costs from corporate to project activities and a $82,246 true-up of 2025 short-term awards over prior estimate. In the prior year, $241,865 of Employee Costs that were allocated to the projects were recovered under government grants.

Marketing and investor relations

Marketing and investor relations for the three months ended June 30, 2026 increased $1,181,887 to $1,339,149 compared to $157,262 for the same period in 2025. The increase was due to the Company spending $622,297 to expand its European digital marketing campaign aimed at raising the profile of the Company and its projects to European investors and $593,721 on a new marketing campaign aimed at the U.S. investor market. This was partially offset by reduced spend on other forms of advertising.

Marketing and investor relations for the six months ended June 30, 2026 increased $2,154,495 to $2,448,296 compared to $293,801 for the same period in 2025. The increase was due to the Company spending $1,429,797 to expand its European digital marketing campaign aimed at raising the profile of the Company and its projects to European investors and $744,009 on a new marketing campaign aimed at the U.S. investor market.

Consulting and advisory fees

Consulting and advisory fees for the three months ended June 30, 2026 increased $192,985 to $325,845 compared to $132,860 in 2025. The increase was due primarily to $66,324 in fees related to offtake agreement advisory services and grant consulting. The increase also reflects a change in presentation, with executive compensation consulting fees of $64,886 being classified within Consulting and advisory fees in the current period rather than Office and administration, where they were reported in the prior period. In addition, the prior year comparative figure included a net recovery of $60,000 of consulting fees allocated to the government-supported feasibility study, of which 75% were reimbursed under the $37.3 million Department of Defense-funded feasibility study.

Consulting and advisory fees for the six months ended June 30, 2026 increased $374,077 to $596,365 compared to $222,288 in 2025. The increase was due primarily to $105,249 in fees related to offtake agreement advisory services and grant consulting. The increase also reflects a change in presentation, with executive compensation consulting fees of $112,821 being classified within Consulting and advisory fees in the current period rather than General office, where they were reported in the prior period. In addition, the prior year comparative figure included a net recovery of $125,000 of consulting fees allocated to the government-supported feasibility study, of which 75% were reimbursed under the Company's $37.3 million Department of Defense-funded feasibility study.

Office and administration

Office and administration for the three months ended June 30, 2026 decreased $49,757 to $148,277 compared to $198,034 for the same period in 2025. The decrease was due primarily to the reclassification of executive compensation consulting fees to Consulting and advisory fees in the current year, $64,886, partially offset by higher annual general meeting expenses of $20,588.

Office and administration for the six months ended June 30, 2026 decreased $3,686 to $292,727 compared to $296,413 for the same period in 2025. The decrease was due primarily to the reclassification of executive compensation consulting fees to Consulting and advisory fees in the current year, $112,821, partially offset by higher filing fees of $44,233, increased annual general meeting expenses of $20,588, and accounting software costs of $23,506.

Professional Fees

Professional fees for the three and six months ended June 30, 2026 were relatively flat compared to the same period in 2025.

Share-based payments

Share-based payments for the three months ended June 30, 2026 increased $47,432 to $694,993 compared to $647,561 for the same period in 2025. The increase was due to increased number of awards issued as part of the 2026 long-term incentive plan.

Share-based payments for the six months ended June 30, 2026 decreased $99,875 to $1,318,962 compared to $1,418,837 for the same period in 2025. The decrease was primarily due to the timing of award issuances.

Summary of Quarterly Results

The following table is a summary of quarterly results for the Company for the eight most recently completed quarters:

Quarter ended	June 30 2026	Mar 31 2026	Dec 31 2025	Sept 30 2025
Net loss ($)	3,414,819	3,032,248	3,379,099	2,318,411
Basic and diluted loss per share ($)	0.02	0.02	0.02	0.02

Quarter ended	June 30 2025	Mar 31 2025	Dec 31 2024	Sept 30 2024
Net loss ($)	1,882,003	1,563,298	2,450,269	1,490,976
Basic and diluted loss per share ($)	0.01	0.01	0.02	0.01

The net loss for the second quarter of 2026 increased $382,571 to $3,414,819 compared to a $3,032,248 net loss for the first quarter of 2026. The increase in net loss was due primarily to increased spending of $443,434 on U.S. marketing campaigns and $214,132 on engineering and consulting fees associated with the design, layout, and equipment specifications for the graphitization and finishing and blending plants. These increases were partially offset by $134,995 of interest earned on its cash and short-term investments.

The net loss for the first quarter of 2026 decreased $346,852 to $3,032,248 compared to a $3,379,099 net loss for the fourth quarter of 2025. The decrease was due primarily to $352,761 of foreign exchange gains compared to a $56,446 of foreign exchange losses for the prior quarter. The foreign exchange volatility was due to the weakness in the Canadian dollar as a result of Canada/U.S. trade tensions and a significant portion of the Company's U.S. dollar cash balances were held with the CA$-functional parent.

The net loss for the fourth quarter of 2025 increased $1,060,688 to $3,379,099 compared to a $2,318,411 net loss for the third quarter of 2025. The increase in net loss was primarily due to commencement of digital marketing campaigns in the fourth quarter to raise the profile of the Company and its projects to European investors.

The net loss for the third quarter of 2025 increased $436,408 to $2,318,411 compared to a $1,882,003 net loss for the second quarter of 2025. The variance was primarily driven by higher non-cash stock-based compensation expense of $328,288, largely driven by amortizing the fair value of 2025 equity awards granted in the third quarter.

Liquidity, Capital Resources and Going Concern

The Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for at least twelve months from June 30, 2026.

As of June 30, 2026, the Company had a cash balance of $14,215,817 (December 31, 2025: $8,367,893) and working capital (current assets less current liabilities) of $22,735,293 (December 31, 2025: $5,266,288). The increase in cash and cash equivalents was due to the February 18, 2026 closing of a marketed public offering of 20,002,000 units for aggregate gross proceeds of CA$35,003,500 ($25,642,000) and from the exercise of 8,128,747 common share purchase warrants for proceeds of CA$8,550,699 ($6,242,700).

The Company has incurred losses since its inception and has not generated any cash inflow from the operations. Cash used in operating activities for the period ended June 30, 2026 increased $7,372,514 to $9,351,629 compared to $1,979,115 in 2025. The increase was due to settlement of $1,620,260 of withholding tax payments on vested share units, $1,916,450 settlement of prior year's short-term incentive awards, and increased corporate expenses primarily on: (i) a $2,154,495 increased spending on marketing campaigns, as described above (ii) $1,028,910 of project development expenses for the AAM Facility, in particular, lease payments, engineering consultants, and project salary costs, and (iii) $241,855 of reimbursable personnel costs that were allocated to projects from government grants.

On May 19, 2026, the board of directors of the Company had approved the annual grant of 968,016 restricted share units ("**Director RSUs**") to the directors and 525,000 stock options ("**Options**") to employees and consultants pursuant to the terms of the Company's Omnibus Plan. Each Director RSU will convert into one common share of the Company on each vesting date as follows: 50% vest on May 18, 2027, 25% vest on June 30, 2027, and 25% on September 30, 2027. The Options have an exercise price of CA$1.13 per share being the closing price of the Company's shares on the TSX Venture Exchange on May 15, 2026. The Options vest one-third (1/3) on the first, second, and third anniversary of the grant date and will expire on May 19, 2031.

On June 26, 2026, the board of directors of the Company approved the grant of 2,809,979 restricted share units ("**RSU**") and 2,809,979 performance share units ("**PSU**") to officers and 1,000,000 RSUs ("**Consultant RSUs**") to a consultant pursuant to the terms of the Company's Omnibus Plan. Each RSU will convert into one common share of the Company on each vesting date as follows: one-third (1/3) vest on June 26, 2027, and one-third (1/3) vest on May 19, 2028 and one-third (1/3) on May 19, 2029. Each PSU will convert into one common share of the Company on the May 19, 2029 vest date subject to the achievement of certain corporate share price performance criteria. All the Consultant RSUs vest on June 26, 2027.

February 2026 Marketing Public Financing – Planned vs. Actual Use of Proceeds

In February 2026, the Company completed a public financing for gross proceeds of CA$35.0 million ($25.6 million), resulting in net proceeds of approximately $23.7 million after commissions, fees and other offering costs. The financing was intended primarily to support equipment purchases and engineering activities related to the Company's SG AAM initiatives, as well as general corporate purposes and working capital.

	in Canadian Dollars		US Dollars
February 2026 Financing	**Planned Raise**	**Actual Raise**	**Actual Raise**
Gross proceeds	$ 30,000,000	$ 35,003,500	$ 25,642,206
Less:			
Selling commissions & fees	(1,800,000)	(2,010,210)	(1,472,602)
Other offering costs	(350,000)	(591,836)	(432,861)
Total	$ 27,850,000	$ 32,401,454	$ 23,736,743

Use of Funds	**Planned**	**Revised**	**Revised**
Expenditures related to equipment purchases	$ 22,700,000	$ 22,700,000	$ 16,628,818
Engineering and other related expenditures	3,400,000	3,400,000	2,490,660
General and administrative expenses	1,400,000	1,400,000	1,025,566
Expenses of the Offering	350,000	591,836	432,861
Working capital	-	4,309,618	3,158,838
Total	$ 27,850,000	$ 32,401,454	$ 23,736,743

As at June 30, 2026, the Company had incurred approximately $4.9 million primarily on settlement of accounts payable and accrued liabilities of $3 million, $1 million on engineering and related expenditures, $0.5 million on general and administrative expenses, and $0.4 million on offering expenses. The remaining proceeds are expected to be utilized by Q1 2027 in accordance with the intended use of proceeds outlined in the financing.

Actual Use of Funds (US$)	**Planned**	**Spend to date**	**Unspent Balance**
Expenditures related to equipment purchases	$ 16,628,818	$ -	$ 16,628,818
Engineering and other related expenditures	2,490,660	992,344	1,498,316
General and administrative expenses	1,025,566	456,622	568,944
Expenses of the Offering	432,861	432,861	-
Working capital	3,158,838	3,042,550	116,288
Total	**$ 23,736,743**	**$ 4,924,377**	**$ 18,812,366**

Going Concern

As at June 30, 2026 the Company had a cash balance of $14,215,817 (December 31, 2025: $8,367,893), working capital of $22,735,293 (December 31, 2025: $5,266,288), and an accumulated deficit of $70,318,054 (December 31, 2025: $63,870,989). The Company has incurred losses since inception and does not generate any cash inflows from operations. For the six months ended June 30, 2026, cash used in operating activities totaled $9,351,629 (2025: $1,979,115) and $4,165,775 (2025: $4,334,657) were spent on project related expenditures, excluding grant proceeds.

The Company's ability to continue to meet its administrative expenses, permitting expenditures, and advance the design and engineering of the proposed synthetic graphite manufacturing facility in Ohio is uncertain, and is dependent upon the continued financial support of its shareholders and on securing additional funding to operate as a going concern. Based on the forecasted administrative and project expenditures for the next twelve months, the Company will require additional financing. There can be no assurance that the Company will be successful in securing additional financing to carryout its operating and capital expenditures for the next twelve (12) months, which gives rise to material uncertainty that may cast significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. The Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements, including arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Related Party Transactions and Balances

Relationships	Nature of the relationship
Huston and Huston Holdings Corp.	Huston and Huston Holdings Corp. is a private company controlled by Anthony Huston, an officer and director of the Company which provides director and management services to the Company.
Rockford Resources LLC	Rockford Resources LLC is a private company controlled by Patrick Smith, a director of the Company which provides Patrick Smith's services as a director to the Company.
SSP Partners LLC	SSP Partners LLC is a private company controlled by Scott Packman, a director of the Company which provides Scott Packman's services as a director to the Company.
Taiga Mining Company, Inc.	Taiga Mining Company, Inc. is a private mining company that owns approximately 20% of the common shares of Graphite One.

		Three months ended June 30,		Six months ended June 30,	
Related Party	**Nature of Transaction**	**2026**	2025	**2026**	2025
Huston & Huston Holdings Corp.	Management fees	**$ 140,000**	$ 155,675	**$ 280,000**	$ 283,175
Rockford Resources LLC	Director fees	**7,500**	7,500	**15,000**	15,000
SSP Partners LLC	Director fees	**7,500**	7,500	**15,000**	15,000
		$ 155,000	$ 170,675	**$ 310,000**	$ 313,175

Amounts owing to related parties are non-interest bearing and unsecured and relates to short-term incentive award obligations. As of June 30, 2026, the Company accrued $280,000 of short-term incentive awards (December 31, 2025 - $1,106,600) to related parties.

As of June 30, 2026, Taiga holds approximately 20% of the Company's outstanding Common Shares.

Key management and directors' compensation

Key management are those personnel having the authority and responsibility for planning, directing, and controlling the Company and includes the President and Chief Executive Officer, Executive Chair, Chief Financial Officer, and Chief Operating Officer. A portion of key management compensation was allocated to exploration and evaluation assets and project development in accordance with the Company's accounting policies.

Compensation paid to key personnel, which includes the fees referenced in the related party transactions table above, is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Management fees and other personnel costs[1]	**$ 295,044**	$ 297,802	**$ 764,000**	$ 589,627
Director fees	**30,000**	30,000	**60,000**	60,000
Salaries and short-term benefits	**430,420**	338,094	**989,642**	715,585
Share-based payments	**656,433**	779,188	**1,241,392**	1,474,970
	$ 1,411,897	$ 1,445,084	**$ 3,055,035**	$ 2,840,182

Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objective of the Company's risk management processes is to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and receivables.

The Company has assessed its exposure to credit risk on its cash and cash equivalents and has determined that such risk is minimal. To minimize counterparty risk, the Company holds most of its cash with financial institutions that have a long-term credit rating of at least A from Standard & Poor's or an equivalent rating agency.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure. Further discussion on liquidity is outlined in note 2 of the Financial Statements. There can be no assurance that the Company can obtain additional financing on terms acceptable to the Company or at all.

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 had $14,215,817 in cash and cash equivalents as at June 30, 2026, which earn variable rates of interest. Accordingly, the Company is exposed to interest rate risk; however, given the short-term nature of these holdings, management considers this exposure to be limited, with changes in interest rates primarily impacting interest income.

Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. At June 30, 2026 the Company has certain monetary items denominated in Canadian dollars. Based on these net exposures, a 10% appreciation or depreciation of the United

States Dollar against the Canadian Dollar would result in an increase or decrease in the Company's net loss by $174,300 (December 31, 2025: $95,583).

Fair Values

The carrying values of cash and cash equivalents, amounts receivable, short-term investments, deposits, and trade and other accounts payable approximate fair values due to their relatively short-term maturities.

Critical Accounting Estimates and Judgments in Applying Accounting Policies

Critical accounting estimates and judgments that have the most significant effect on the amounts recognized in the Financial Statements are disclosed in Note 4 of the audited December 31, 2025 Financial Statements.

Outlook

The Company's goal is to become a vertically integrated producer of both SG and NG AAM and other advanced graphite products by creating an integrated North American domestic supply chain. The ability of the Company to achieve this is dependent on the Company's ability to secure the capital required to advance these initiatives.

The Company continues to work towards submitting the following major State of Alaska permits and authorizations for the Graphite Creek Project:

Alaska Department of Environmental Conservation:

- Section 401 Clean Water Act water quality certification
- Alaska Pollution Discharge Elimination System permit
- Stormwater Pollution Prevention Plan
- Solid waste management permit
- Air quality control construction permit
- Air quality control operation permit

Alaska Department of Natural Resources:

- Water rights permit

The Company plans to commence construction of the NG secondary treatment plant once the Graphite Creek project is permitted and NG offtake agreements are in place. The Company's strategy is to first develop the SG facility while the Graphite Creek mine is being permitted. The SG facility will be built in phases using a phased, downstream-to-upstream approach. Subject to the Company securing project financing, the initial phase involves permitting and constructing a 10,000 tpy finishing and blending plant for processing synthetic graphite anode materials. Upon successful commissioning and initial revenue generation, this facility will be expanded to 25,000 tpy, and the Company will begin construction of the graphitization plant. The graphitization plant will initially process purchased precursor materials and the graphitized material is fed through the finishing and blending plant to produce SG anode materials that meet customer specifications. The final phase for the SG facility is to construct a precursor plant, utilizing domestically sourced materials and proprietary precursor formulations. The material produced from the precursor plant is fed through the graphitization plant and the graphitized material is fed through the finishing and blending plant to produce for the SG anode material.

In May 2026, the Company entered into a License of Occupation Agreement with Bessemer and Lake Erie Railroad Company, a subsidiary of CN Rail to secure access to a proposed site in Conneaut, Ohio to conduct due diligence and site feasibility activities related to the proposed AAM Facility. During the quarter, the Company commenced environmental due diligence, geotechnical drilling and permitting activities to support the evaluation of the site for a long-term lease. The Company believes the site is well-positioned to support the phased development strategy, including access to existing infrastructure and power availability required for the initial phase of the proposed AAM Facility.

The Company is actively pursuing government funding opportunities in both the United States and Canada as opportunities arise, to support advancement of its strategy, including development, pilot-scale activities, and future expansion. The Company is evaluating potential financing options, including EXIM-supported financing, as well as additional sources such as joint ventures, equity financing, and debt financing to support the design and construction of the AAM facility.

Risk Factors

Readers of this MD&A should consider the information included or incorporated by reference in this document and the Financial Statements and related notes for the six months ended June 30, 2026. For further details of risk factors, please refer to the AIF filed on SEDAR+ at www.sedarplus.ca, the Financial Statements, and the below discussions.

This section does not describe all the risks applicable to the Company, its industry, or its business, and is intended only as a summary of certain material risks of significance to this MD&A. If any of the risks or uncertainties set out in the AIF or this MD&A actually occur, the Company's business, financial condition, operating results or share price could be harmed substantially and could differ materially from the plans and other forward-looking statements discussed in this MD&A.

Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. 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 statements relating to the Company.

Mining Risks

The Company is subject to risks typical in the mining business including uncertainty of success in exploration and development; unusual and unexpected geological formations, possible flooding and other conditions involved in drilling and removal of material, mitigation of possible environmental impacts, and the occurrence of other unexpected hazards. Risks also include the possibility that intended drilling schedules or estimated costs will not be achieved and unexpected fluctuations in the price of materials, supplies, and currency exchange rates. The aggregate effect of these factors is impossible to predict with any degree of certainty.

Mineral Processing Risks

The Company is subject to the risks typical in the mineral processing business, including uncertainty that intended schedules, timelines, process performance criteria or estimated capital and operating costs will be achieved. There are risks beyond the Company's control, including: currency exchange rates; inflation; levels of interest rates; costs and availability of skilled workers, materials, and supplies; global or regional political, economic, and banking crises; and transportation and distribution disruptions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

Uninsurable Risks

Mining processing operations involve a high degree of risk. Exploration, development, and production operations on mineral properties involve numerous risks, including but not limited to, unexpected or unusual geological operating conditions, seismic activity, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, and political and social instability, any of which could result in damage to, or destruction of life or property, environmental damage, and possible legal liability. Although the Company believes that appropriate precautions to mitigate these risks are being taken, exploration field activities are subject to hazards such as equipment failure or failure of structures, which may result in environmental pollution and consequent liability. It is not always possible to obtain insurance against all such risks, and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate the Company's future profitability and result in increasing costs and a decline in the value of the Common Shares. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or be excluded from coverage. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, thereby adversely affecting the Company's business and financial condition.

Business Risks

Natural resources exploration, project development, processing, and transportation; and product development, processing, production, and marketing all involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, market, financial and regulatory risks.

Operational risks include finding and developing reserves economically; processing minerals competitively into successful products; product deliverability uncertainties; availability of goods and services including electricity in a cost effective and timely manner; changing governmental law and regulation; hiring and retaining skilled employees and contractors; and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks; however, the Company is not fully insured against all risks nor are all such risks insurable.

Operational risks also include the timing and successful completion of the permitting, construction, and start-up.

Market risks include the demand and prices for graphite and graphite products not achieving expectations and disruptions in transportation and distribution. These and other factors are beyond the Company's control, including levels of inflation and interest rates, the demand for commodities, global or regional political, economic, and banking crises and production rates in competitive producing regions.

Financial risks include the timely availability of capital and changes in commodity prices, interest rates, inflation, wages and salaries, taxation, and foreign exchange rates, all of which are beyond the Company's control.

Regulatory risks include delays in regulatory approvals for developments and transactions that the Board of Directors believe to be in the best interest of the Company, increased fees for filings, and the introduction of ever more complex reporting requirements, the cost of which the Company must meet to maintain its exchange listing.

Supply chain risk includes the sourcing of graphite concentrate in the open market as feed stock for the STP while the Company completes the construction of the Graphite Creek Mine to produce graphite concentrate for the STP. Potential tariffs and countervailing duties because of protectionist measures and trade wars threatened by United States, China and other countries that could increase the capital cost of the Project and cost of feed stock, adversely impacting overall profitability.

Supply chain risk also includes a risk the NG or SG manufacturing facility does not produce the quantity and/or quality of the graphite products in the time anticipated.

Natural disasters, geopolitical instability or other unforeseen events

In addition to the outbreak of infectious disease or occurrence of pandemics, such as the outbreak of COVID-19, natural disasters, forest fires, terrorism or other unanticipated events, in any of the areas in which the Company operates could cause interruptions in the Company's operations. These and other unforeseen events could negatively affect project development, operations, labour supply and financial markets, all or any of which could have a material adverse effect on the Company's business, financial condition, operational results or cash flows. Negative Operating Cash Flow and Dependence on Third Party Financing

The Company has no source of operating cash flow and there can be no assurance that the Company will ever achieve profitability. Accordingly, the Company is dependent on third party financing to continue exploration, environmental and permitting activities on the Company's properties, maintain capacity and satisfy contractual obligations. Accordingly, the amount and timing of expenditures depend on the Company's cash reserves and access to third party financings. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's Graphite Creek Project and the planned AAM facility or require the Company to sell the Project (or an interest therein).

Uncertainty of Additional Financing

As stated above, the Company is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining the required financing in the future or that such financing will be available on terms acceptable to the Company. The Company's access to third party financing depends on a number of factors including the price of graphite, the results of environmental and permitting activities, a claim against the Company, a significant event disrupting the Company's business or graphite industry generally, or other factors may make it difficult or impossible to obtain financing through debt, equity, or other means on favorable terms, or at all. As previously stated, failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's Graphite Creek Project and the planned AAM facility or require the Company to sell one or more of its properties (or an interest therein).

Reliance upon Key Management and Other Personnel

The Company relies on specialized skills of management in the areas of mineral exploration, geology and business negotiations and management. The loss of any of these individuals could have an adverse effect on the Company. The Company does not currently maintain key-man life insurance on any of its key employees. In addition, as the Company's business activity continues to grow, it will require additional key financial, administrative, and qualified technical personnel. Although the Company believes that it will be successful in attracting, retaining, and training qualified personnel, there can be no assurance of such success. If it is not successful in attracting, retaining, and training qualified personnel, the efficiency of the Company's business could be affected, which could have an adverse impact on its future cash flow, earnings, results of operation and financial condition.

Imprecision of Feasibility Study and Mineral Resource Estimates

The results of the Feasibility Study and the mineral resource figures are estimates, and such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that its mineral resource estimate is well established and reflects management's best estimates, by their nature, mineral resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may prove unreliable. Should the Company encounter mineralization or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted.

Other Risks

These are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. 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 statements relating to the Company. For a comprehensive list of the risks and uncertainties facing the Company, please see "Risk Factors" in the Company's most recent AIF available on SEDAR+ at www.sedarplus.ca.

Outstanding Share Data

The following table summarizes the Company's outstanding share data as of August 13, 2026:

Common shares issued and outstanding	208,967,736
Restricted share units	8,207,985
Performance share units	7,683,251
Stock options outstanding (weighted average exercise price CA$1.09)	10,705,738
Warrants outstanding (weighted average exercise price CA$1.62)	41,802,404
Broker warrants outstanding (weighted average exercise price CA$1.00)	121,733
Fully diluted	**277,488,847**

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("**NI 52-109**") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the Financial Statements and MD&A.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Other Information

Additional information related to the Company is available for viewing at the Company's profile on SEDAR+ at www.sedarplus.ca and on the Company's website at www.graphiteoneinc.com.