# MASON GRAPHITE INC.

**MANAGEMENT DISCUSSION & ANALYSIS**

## For the three and nine-month periods ended March 31st, 2021 and 2020

The following Management's discussion and analysis ("MD&A") relates to the audited financial statements of Mason Graphite Inc. ("we", "our", "us", "Mason Graphite", ''Mason'' or the "Company") for the three and nine-month periods ended March 31, 2021 and 2020 ("Financial statements"). This MD&A reports on our activities through May 27, 2021 unless otherwise indicated. The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company has consistently applied the accounting policies used in the preparation of its IFRS financial statements, including the comparative figures.

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

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Even with the completion of the Preliminary Economic Assessment and a positive feasibility study, there are no assurances that the Lac Gueret Project and the Value-added product Project will be placed into production. Factors that could affect the outcome include, among others: the actual results of development activities; project delays; inability to raise the funds necessary to achieve the milestones or complete development; general business, economic, competitive, political and social uncertainties; future prices of metals; availability of alternative graphite sources or substitutions; actual graphite recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future cost of capital to the Company; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, the COVID-19 epidemic being declared as a pandemic by the World Health Organisation during the year 2020, as well as those factors discussed in the section entitled "*Risk and uncertainties*". Such forward-looking statements are also based on a number of material factors and assumptions, including: the availability of financing at rates and on terms and conditions otherwise acceptable to the Company; future graphite prices; permitting and development consistent with the Company's expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed timeframes; that the current tax credit receivable from the Quebec government is collected in a timely manner; that on-going contractual negotiations will be successful and progress and/or be completed in a timely manner; and that no unusual geological or technical problems occur. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Qualified persons consent

Jean L'Heureux, Eng., M. Eng., Chief Operations Officer for Mason Graphite, is a Qualified Person, as defined by NI 43-101, for Mason Graphite. He was responsible for verifying the scientific and technical data herein and has read and approved this MD&A.

The Mineral Reserves and the "In-Pit" Mineral Resources are included in the total Measured and Indicated Mineral Resources of 65.5 Mt grading 17.2% Cg (19.0 Mt of Measured Resources grading 17.9% Cg and 46.5 Mt of Indicated Resources grading 16.9% Cg) that were reported in the Company's press release dated December 5th, 2018. The Mineral Reserves are the basis of the 25-year Mine Life of the Feasibility Study published on September 25th, 2015 (amended on February 29th, 2016 and updated on December 12th, 2018) and are not included in the "In-Pit" Measured and Indicated Mineral Resources of 58.0 Mt grading 16.3% Cg (which have an equivalent drilling definition). The reference point for the Mineral Reserves estimate is the mill feed. Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability and were not included in the mine life or the economics of the Feasibility Study. Environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues may materially affect the estimate of Mineral Resources. In addition, there can be no assurance that Mineral Resources in a lower category may be converted to a higher category, or that Mineral Resources may be converted to Mineral Reserves.

## 1. DESCRIPTION OF BUSINESS AND OVERVIEW

Mason Graphite is engaged in the development of its 100% owned Lac Gueret graphite property located in Québec, Canada. The Company's main focus is developing this property. The Company has a National Instrument 43-101 compliant technical report for its mineral reserve and resource estimate and for a feasibility study on the Lac Gueret property. In parallel the Company is also developing value-added products, based on the Lac Guéret graphite concentrates.

### A) CORPORATE

On December 29, 2020, at the Annual General Meeting, a new Board of Directors was elected. The new members are: Mr. Simon Marcotte, Mr. Nav Dhaliwal, Mr. Roy McDowall and Mr. Tayfun Eldem. These are in addition to Mr. Fahad Al-Tamimi and Mr. Peter Damouni who were already in place.
Mr. Fahad Al-Tamimi was nominated as Chairman of the Board and Mr. Peter Damouni and Mr. Simon Marcotte were appointed as Executive Directors of the Company.

### B) LAC GUÉRET PROJECT – FIRST TRANSFORMATION

Mason Graphite has a 100% interest in the Lac Guéret graphite property located in the Côte-Nord region in northeastern Quebec. The Lac Guéret project consists in the construction and operation of: an open-pit mine in Lac Guéret, 285 km North of Baie-Comeau, and a concentrator located in Baie-Comeau. The total projected capacity of graphite concentrate is 52,000 tonnes per year. The graphite produced will be sold to various applications such as refractories, automotive friction parts, flame retardants, thermal management, etc.

## C) VALUE-ADDED PRODUCTS – SECOND TRANSFORMATION

In parallel to the first transformation project, the Company is developing value-added products, based on the concentrate from the first transformation. The value-added products are used in more advanced applications, have more stringent specifications, and have higher sales prices and profitability.

The main product of the value-added products line is the Coated Spherical Purified Graphite ("CSPG"). This material is used to manufacture the anodes of Lithium-ion Batteries ("LIB"), used to power electric vehicles, mobile phones and other portable devices as well as stationary storage of energy.

The CSPG was developed using Mason Graphite's own fine natural graphite concentrate (< 106 µm, produced through pilot production of the Lac Guéret ore) as feed material and meet the following industry's requirements:

- Tap density higher than 1 g/cm$^3$;
- Purity above 99.95% carbon;
- Reversible capacity of 355 to 365 mAh/g (milliamperes-hour per gram, for which the theorical maximum capacity is 372);
- Adequate particle size distribution from 10 to 30 µm;
- Appropriate form factor (shape, size and volume of the particles); and
- Specific surface area less than 3 m$^2$/g.

Microphotographs of Mason Graphite's CSPG grades can be seen at:
http://www.masongraphite.com/projects/photo-gallery/default.aspx

### Pilot plant, scaling and process reproducibility

Mason Graphite operates a pilot plant for micronization, spheronization and classification. This pilot plant, located in the Quebec City region, is used to produce spherical graphite samples in large quantities for potential customers with whom the Company is in discussion. This plant allows significant reduction of sample delivery times and tailoring of product specifications to users' highly diverse specifications.

Since the beginning of the project, the Company incurred the following expenditures:

| | Value-added graphite products ($) | | |
|---|---|---|---|
| | **Expenditures** | **Government assistance** | **Net** |
| For the year ended June 30th, 2015 | 229,246 | 41,000 | 188,246 |
| For the year ended June 30th, 2016 | 30,552 | 9,000 | 21,552 |
| For the year ended June 30th, 2017 | 1,107,683 | 290,936 | 816,747 |
| For the year ended June 30th, 2018 | 1,068,132 | 334,366 | 733,766 |
| For the year ended June 30th, 2019 | 1,816,527 | 280,813 | 1,535,714 |
| For the year ended June 30th, 2020 | 1,903,437 | 204,853 | 1,698,584 |
| For the nine-month period ended March. 31, 2021 | 1,220,915 | 155,580 | 1,065,335 |
| | **8,206,428** | **1,469,003** | **6,737,425** |

## D) LAC GUÉRET PROJECT – ENGINEERING, PROCUREMENT, CONSTRUCTION AND MANAGEMENT

Pending the completion of the construction financing for the mine and concentrator project, all major construction activities related to the first transformation have been put on hold. The management of Mason Graphite will resume the project as soon as the financing is completed. Under the leadership of the new Board of Directors, the Company reaffirmed its commitment to reaccelerate the development of the first transformation project, while keeping the same strategy of creating shareholder value with the advancement of its second transformation business. The objective is to create value and to limit the equity dilution resulting from the financing of the construction of its first transformation project.

Mason Graphite has decided to utilize the "Owner's Built" construction model after thorough review of all options available. This approach relies on an integrated Owner team which manages the project, including construction. This execution strategy maintains the control of the project within the Company while reinforcing the project team spirit. Since its creation, this total and direct implication approach for the project has always been a trademark of the Mason Graphite identity.

**Engineering and Construction:**

- Montreal, QC based BBA Inc., as lead engineering firm, complemented by Soutex Inc. of Québec, QC (Process Engineering), Groupe TDA Construction Inc. of Baie-Comeau, QC (Forest Road and Mining Camp Engineering) and WSP of Quebec and Baie-Comeau, QC (mine engineering) have mostly completed the engineering related to the following disciplines: mining, concentration process, civil works, concrete, structure and mechanical. Overall engineering progress (all disciplines) has reached 76% completion (approximately 65,000 hours).

- The Company holds all the necessary permits to start the construction of the concentrator.

- On December 12th, 2018, Mason Graphite issued a press release reporting that it had completed and filed the technical report NI 43-101.

- The six grinding Mills, which are major equipment at the Process Plant, were delivered in Baie-Comeau in February 2019. The two Press Filters have also been delivered in Baie-Comeau in May 2019 and the manufacturing of the 3 thickeners was completed in Baie-Comeau.
- Research and development projects on the management of waste rock and tailings, which potentially generate acid drainage, have been launched and are continuing with several partners.

In April 2019, Mason Graphite proceeded with the acquisition of the land in Baie-Comeau to install its future concentrator, which makes the Company a corporate citizen of Baie-Comeau.

## E) SOCIAL ACCEPTABILITY AND FIRST NATIONS RELATIONS

The Lac Guéret project enjoys strong social acceptability and support from the local communities.

The Company and the Innu Council of Pessamit signed the Mushalakan Agreement in June 2017, an Impact Benefit Agreement ("IBA") for the construction and operation of the Lac Guéret project (Lac Guéret mine and Baie-Comeau concentrator). Under this agreement, both parties commit to develop a specific training and employment strategy for the Pessamiuilnut (members of the Innus of Pessamit community). Additionally, this agreement will allow the Innus of Pessamit to participate in the Project concretely, through contracting opportunities and will ensure fair and equitable financial and socio-economic benefits.

(Expressed in Canadian dollars)

## 2. OPERATIONAL RESULTS

**For the three-month period ended March 31, 2021 compared with the three-month period ended March 31, 2020**

The Company's loss totaled $2,224,634 for the three-month period ended March 31, 2021. This compares with a loss of $39,857,871 for the three-month period ended March 31, 2020 for a variance of $37,633,237. You will find the following significant variations:

| | **Three-month period ended March 31, 2021 $** | **Three-month period ended March 31, 2020 $** | **Variance $** | |
|---|---|---|---|---|
| Salaries and consulting fees | 263,248 | 520,845 | (257,597) | During the quarter ended March 31, 2020 an end-of-contract compensation was paid. |
| Professional fees | 382,101 | 74,710 | 307,391 | The company was engaged in a proxy fight which resulted in legal fees and several special advisors. |
| Share-based compensation | 917,943 | 2,875 | 915,068 | During current period, 6,925,000 options were issued. |
| Value-added graphite products expenses | 390,979 | 576,300 | (185,321) | As expected, the Company incurred less expenses for value-added graphite products during the three-month period compared to the three-month period ending 2020. |
| **Impairment charge** | - | 38,863,710 | (38,863,710) | As of March 31, 2020, following the impairment test of its assets, the Company recorded an impairment charge of 39M$ since its book value exceeded its estimated recoverable value. |
| Care and maintenance for Lac Guéret project | 87,919 | - | 87,919 | In the three-month ending March 2021, all costs related to maintaining the Lac Gueret project are now recorded as expenses compared to the three months prior period 2020, when they were capitalized in the fixed assets. |
| Government assistance | - | (139,459) | 139,459 | The Company did not receive any government assistance during the current quarter. Compared to the corresponding quarter of 2020, the Company had received its mining tax credit for the year 2019 and its R&D credit for 2020. |
| Other expenses and revenues | 223,093 | 185,447 | 37,646 | Non-significant variances in other expenses and revenues items. |
| Total | 2,224,634 | 39,857,871 | (37,633,237) | |

(Expressed in Canadian dollars)

**For the nine-month period ended March 31, 2021 compared with the nine-month period ended March 31, 2020**

The Company's loss totaled $5,711,157 for the nine-month period ended March 31, 2021. This compares with a loss of $22,147,532 for the nine-month period ended March 31, 2020 for a variance of $16,436,375. You will find the following significant variations:

| | **Nine-month period ended March 31, 2021 $** | **Nine-month period ended March 31, 2020 $** | **Variance $** | |
|---|---|---|---|---|
| Salaries and consulting fees | 612,777 | 1,162,205 | (549,428) | For the nine-period month period ended March 31, 2021, no compensation for the position of President and CEO was paid for a period of 6 months over 9 months. In addition, the number of employees is reduced if we compare to the corresponding period of 2020. |
| Professional fees | 1,959,497 | 346,589 | 1,612,908 | The company was engaged in a proxy fight which resulted in legal fees and several special advisors. |
| Share-based compensation | 917,943 | 24,438 | 893,505 | During current period, 6,925,000 options were issued. |
| Care and maintenance for Lac Guéret | 851,718 | - | 851,718 | In the nine-month period ending March 31, 2021, all costs related to maintaining the Lac Gueret project are now recorded as expenses compared to the nine-month prior period 2020, when they were capitalized in the fixed assets. |
| Impairment charge | - | 38,863,710 | (38,863,710) | As of March 31st, 2020, following the impairment test of its assets, the Company recorded an impairment charge of 39M$ since its book value exceeded its estimated recoverable value. |
| Share of loss of an associated business | - | 374,015 | (374,015) | The Company disposed of its investment in NanoXplore on September 9, 2019. |
| Net loss (net gain) on financial assets | - | (261,000) | 261,000 | Since March 2020, the Company no longer holds any warrants. For the six-month period of 2019, the Company exercised its warrants as of August 2, 2019. |
| Net financial expenses | (131,823) | (397,834) | 266,011 | The decrease in cash combined with the decrease in interest rates explains the reductions in financial products between the two nine-month periods ended March 31, 2021 and March 31, 2020 |

(Expressed in Canadian dollars)

| | | | | |
|---|---|---|---|---|
| Profit from the dilution of an associated business | - | 583,600 | (583,600) | On September 9, 2019, the Company disposed of its investment in NanoXplore. |
| Net gain on disposition of investment in associate | - | (20,057,682) | 20,057,682 | During the nine-month period ending March 31, 2020, the Company sold its interest in NanoXplore, generating a gain on disposition of an interest in an associated business of approximately $20 million. |
| Other expenses and revenues | 1,501,045 | 1,509,491 | (8,446) | Non-significant variances in other expenses and revenues items. |
| Total | 5,711,157 | 22,147,532 | (16,436,375) | |

## 3. SUMMARY OF THE THREE-MONTH PERIOD RESULTS

| | March 31, 21 | Dec 31, 20 | Sept 30, 20 | June 30, 20 |
|---|---|---|---|---|
| | Q3 | Q2 | Q1 | Q4 |
| | (note 1) | (note 2) | | (note 3) |
| Loss (income) for the period | $2 224 634 | $2 434 278 | $1 052 245 | $4 306 422 |
| Loss (income) per share (basic and fully diluted) | $0,02 | $0,02 | $0,01 | $0,03 |

| | March 31, 20 | Dec 31, 19 | Sept 30, 19 | June 30, 19 |
|---|---|---|---|---|
| | Q3 | Q2 | Q1 | Q4 |
| | (note 4) | | (note 5) | (note 7) |
| Loss (income) for the period | $39 857 871 | $1 105 799 | ($18 816 138) | $1 910 361 |
| Loss (income) per share (basic and fully diluted) | $0,29 | $0,01 | ($0,14) | $0,01 |

**Note 1:** The loss is explained by the fees incurred for the proxy fight and the issuance of options which generated exceptionally high expenses.

**Note 2:** The loss is explained by the fees incurred for the proxy fight and the costs of maintenance and maintaining the mining property.

**Note 3:** The postponement of the first transformation project resulted in Mason Graphite conducting a non-financial asset impairment charge. The lost in the three-month period of 2020 was due to this impairment charge of $3,098,083. For the three-month period ending March 31, 2020, the impairment charge was undervalued of $1,315,968 as property, plant and equipment and tangible assets were undervalued by the same amount as of March 31, 2020. In the year ended June 30, 2020, the impairment charge is properly assessed.

**Note 4:** The postponement of the first transformation project resulted in Mason Graphite conducting a non-financial asset impairment test that resulted in an impairment charge. The loss was due to this impairment charge of $38,863,710.

**Note 5:** Earnings were primarily due to the sale of $22,188,333 common shares of NanoXplore for a total net consideration of $28,137,803. This transaction resulted in a net gain on disposal of $20,057,682. After this sale, Mason Graphite no longer holds any common shares of NanoXplore.

**Note 6:** The loss is explained to a significant planned expense related to the start-up of anew pilot plant in the 2$^{nd}$ transformation project. In addition, the share of NanoXplore's loss represents $800,000.

(Expressed in Canadian dollars)

Each quarter has been prepared in accordance with IFRS as issued by the IASB. The Company has consistently applied the accounting policies used in the preparation of its interim IFRS financial statements. The Company's functional and presentation currency is the Canadian dollar.

## 4. CASH FLOW

| | Nine-month periods ended March | |
|---|---|---|
| **Sources and uses of cash** | **2021** | **2020** |
| | **$** | **$** |
| Cash used for operations prior to changes in working capital | (4 770 678) | (2 600 010) |
| Changes in non-cash working capital | 478 885 | 407 968 |
| Cash used in operating activities | (4 291 793) | (2 192 042) |
| Cash provided by financing activities | 29 738 | - |
| Cash used in investing activities | (1 193 701) | 22 482 275 |
| **Change in cash** | **(5 455 756)** | **20 290 233** |

### Operating Activities

For the nine-month period ended March 31, 2021, cash outflows from operating activities increased by $2,170,668 before changes in non-cash items compared to the same period last year (from $2,600,010 in 2020 to $4,770,678 in 2021). The variation is mainly explained by a capitalization of expenses of care and maintenance for Lac Guéret in 2020 vs no capitalization in 2021 and costs incurred by the proxy fight.

For the nine-month periods ended March 31, 2021 and 2020, non-cash working capital increased by $478,885 in 2021 and increased by $407,968 in 2020. The change in non-cash items is significant, but nothing unusual.

### Investing Activities

For the nine-month ended March 31, 2021, cash outflows from investing activities were $1,193,701 compared to inflows of $22,482,275 for the corresponding period last year.

For the nine-month period ended March 31, 2021, the Company paid over $1,193,701 of accounts payable and accrued liabilities that were in tangible fixed assets for production equipment.

For the nine-month period ended March 31, 2020, cash inflows from investing activities amounted of $22,482,275; the Company sold its investment in NanoXplore for $28,137,802.

(Expressed in Canadian dollars)

## 5. FINANCIAL POSITION

| | March 31, 2021 | June 30, 2020 |
|---|---|---|
| | $ | $ |
| Cash | 21 182 345 | 26 638 101 |
| Other current assets | 291 744 | 853 691 |
| **Total current assets** | **21 474 089** | **27 491 792** |
| Property, plant and equipment | 5 727 464 | 5 750 000 |
| **Total assets** | **27 201 554** | **33 241 792** |
| **Total liabilities** | **1 735 269** | **3 012 029** |
| **Equity** | **25 466 285** | **30 229 763** |

## 6. LIQUIDITY AND CAPITAL RESOURCES

The Company has no operating income, is mainly dependent on external funding for its development projects. Until now, it has financed its project with cash issuance of equity, borrowing, funds received from the Government of Quebec in the form of a resource-related tax credit and a mining tax credit for eligible exploration expenses and funds obtained from stock warrants and options exercised.

As of March 31, 2021, the working capital of the Company was $19,738,820, its accumulated deficit was $94,407,754 and the net loss amounted to $5,711,157 for the nine-month periods then ended. Working capital includes a cash amount of $21,182,345.

Management believes that the Company has sufficient funds to meets its obligations, operating expenses and some development expenditures for its value-added product project for the ensuing twelve months. The Company's ability to pursue its development activities for its value-added product project and the Lac Gueret project depends on management's ability to obtain additional financing, which it can do in various ways, including through strategic partnerships, joint venture agreements, debt project financing, royalty financing or other options offered by the financial markets. Management continues to assess all of these possibilities. Although management has been successful in securing funding in the past, there can be no assurance that it will achieve such funding in the future, or that such funding sources or measures will be available to the Company or that they will be available on good terms and conditions acceptable to the Company.

## 7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

For a detailed description of the financial instruments and risk management associated with the Company and its activities, please refer to the Note 17 *"Financial Instruments and Risk Management"* in the audited financial statements for the years ended June 30, 2020 and 2019. The Company is not aware of any significant changes to financial instruments, nor any management risk presented on those dates.

## 8. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

For a detailed description of the critical accounting judgments and estimates associated with the Company and its activities, please refer to the Note 3 *"Critical accounting judgments and estimates"* in the audited financial statements for the years ended June 30, 2020 and 2019. The Company was not required to make significant judgments, estimates and assumptions in areas other than those mentioned in the audited financial statements for the years ended June 30, 2020 and 2019.

## 9. NEW SIGNIFICANT ACCOUNTING POLICIES

For a detailed description of the significant accounting policies, please refer to the Note 2 *"Summary of significant accounting policies"* in the audited financial statements for the years ended June 30, 2020 and 2019.

## 10. OUTSTANDING SHARE DATA

As of May 27, 2021, the Company has:

a) 136,292,585 common shares issued and outstanding.

b) 8,160,000 options outstanding with expiry dates ranging between March 13, 2022, and January 11, 2026 with exercise price from $0.46 to $2.54 (weighted average price: $0.63). If all the options were exercised, 8,160,000 shares would be issued for proceeds of $5,140,800.

On January 12, 2021, the Company issued 6,925,000 stock options to the Company's directors, management, consultants and employees. Each option will entitle its holder to purchase one common share of Mason Graphite at a price of $0.46 until January 11, 2026. One third of the options will vest upon their grant, one third will vest on the first anniversary of their grant and the remainder will vest on the second anniversary of their grant.

## 11. RISKS AND UNCERTAINTIES

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

For a detailed description of the risk factors associated with the Company and its activities, please refer to the "*Risks and Uncertainties*" in the MD&A for the year ended June 30, 2020 and 2019. The Company is not aware of significant adverse change to the risk and uncertainties presented by that date.

## 12. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that the design and implementation of such processes by those responsible for a venture issuer are subject to cost limitation.

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

## 13. APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Audit Committee meets quarterly with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders. The Board of Directors has approved the unaudited condensed interim financial statements for the three and nine-month periods ended March 31, 2021 and 2020 and the disclosure contained in this MD&A.