The following Interim Management's Discussion and Analysis ("MD&A") dated as of August 29, 2025, supplements the financial statements of Canada Carbon Inc. (the "Company") and the notes thereto for the six months ended June 30, 2025 and 2024. The 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 financial statements of the Company for the years ended December 31, 2024 and 2023 together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of August 29, 2025, unless otherwise indicated.

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; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) 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. Additional regulatory filings for the Company can be found on the SEDAR+ website at www.sedarplus.ca. The Company's website can be found at www.canadacarbon.com.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Overview

Canada Carbon Inc. (the "Company" or "Canada Carbon" or "CCB") is a junior natural resource company focused on the acquisition and exploration of natural resource properties. The Company was incorporated under the British Columbia Company Act on August 13, 1985, and was continued under the laws of the Province of Ontario on September 19, 2007. The Company is currently traded on the TSX Venture Exchange under the symbol "CCB", the Pink Sheets as BRUZF and the Frankfurt Exchange under the symbol "U7N".

Overall Performance

The Company incurred a net loss of $1,115,899 for the six months ended June 30, 2025 compared with a net loss of $531,164 for the prior period.

On March 14, 2025, the Company announced a non-brokered private placement of 35,000,000 units at a price of $0.02 per unit for aggregate gross proceeds of $700,000. Each unit is comprised of one common share and one share purchase warrants. Each warrant entitles the holder to acquire one common share in the capital of the Company at a price of $0.06 per share for a period of 60 months from the date of issuance. In connection with the non-brokered private placement, the Company will pay a cash finder's fees equal to 8% of the gross proceeds and finder's warrant equal to 8% of the units issued. Each finder's warrants shall entitle to acquire one common share of the Company at a price of $0.06 per share for a period of 60 months from the date of issuance. On June 2, 2025, the Company announced it has been granted a 30 day extension at a price of $0.02 per Unit for aggregate gross proceeds of $700,000. The Company did not complete the placement within the 30 day extension period and will seek approval for revised placement terms at a future date.

Overall Performance (Continued)

In June 2025, the Company received approval to continue drilling on it's Asbury Graphite Mine ("Asbury") located in Notre Dame du Laus ("NDDL"). The approval was granted pursuant to an application filed in September 2024, when the Company initiated the process of consultation and filed an application with the MNR, seeking permits for it's plan to drill approximately 5,200 meters of core across 26 drill holes. This plan will cover the entire length of the geophysical anomaly. This total length will be the longest drill campaign undertaken by the Company on the Asbury mine, and results will help to confirm graphitic mineralization across the entire trend, as well as to inform plans for additional infill and expansion drilling going forward. In line with the requirements of the revised Mining Act, the Company has completed consultation with the Kitigan ZB First Nation and will continue said consultation, as required, throughout the process of developing the Asbury Graphite Mine.

The results of the aforementioned drill program will allow the Company to revised and expand the size of it's resource as reported in its maiden NI 43-101 report. In addition, completion of the program will form the basis of the Company's pre-feasibility study on Asbury. The scope of work on both of the aforementioned report has already been agreed to with SGS Lakefield and approved by the Company.

In March 2024, the Company completed a National Instrument 43-101 ("NI 43-101") by the independent firm SGS Canada Inc. ("SGS") of Blainville, Quebec. The Maiden Resource Estimate consists of an inferred resource of 4.14 Mt with an average grade of 3.05% Cg, within the boundaries of an optimized open pit model. A Technical Report supporting the Resource Estimate will be filed to SEDAR within 45 days, as required by NI 43-101. In May 2024, the Company filed on SEDAR National Instrument 43-101 ("NI 43-101") of the maiden Mineral Resources Estimate for its 100% owned Asbury Graphite Project in NNE of Gatineau, near Notre-Dame-du-Laus, Quebec.

The Company has thus far completed sufficient diamond drilling and bedrock channel sampling to result in a resource estimation with a maximal depth of the pit at 135 vertical meters. Geological modeling based on the drill results, surface trenching and mapping indicates that the deposit remains open at depth and on both strike extensions. The geological model also provides multiple exploration targets with the potential to further expand the graphite mineral resources. The portion of the Asbury Project which is the subject of the Resource Estimate occupies only about 7 % of the geophysical anomaly on the Asbury claim area held by the Company.

In December 2023, in conjunction with the Municipality of Notre-Dame-du-Laus (NDL), the Company announced the creation of a Community Advisory Committee (the "Committee") to support the Company's efforts in the development of the Asbury graphite mine. This Committee will serve as a formal means of information exchange and follow-up between CCB and the residents of NDL. It will promote collaboration between citizens and the Company and will optimize the development of the project as we seek to benefit the entire community and the regional economy.

The mandate of the Community Advisory Committee will be to make recommendations to Canada Carbon in order to influence the mine development process, ensure best practices, propose community-centered solutions and maximize socio-economic benefits. Aware of the multiple impacts that such a project can have on the local community and the region, the Company is keen to ensure that it incorporates the perspectives of those who will be most affected by the project: the citizens of NDL.

In July 2024, the Company held the first meeting of the Committee in NDL. The Company provided an update to the Committee on it progress with all geophysical, geotechnical and other de-risking activity. It was an opportunity for the Committee to provide feedback on consideration which the Company may incorporate into the mining planning process as it proceeds with licensing and permitting activities.

In September 2023, the company filed permit applications to continue exploration drilling on Asbury. The Company planned approximately 4,200 meters of drilling across 26 drill holes focused primarily on the northeastern quadrant of the claim area. This program was undertaken to further inform the results obtained from the Company's fall 2022 drilling and assay program and provide additional data for its NI 43-101 statement currently in process with SGS. Additionally, the Company has agreed with SGS on the parameters of a bulk sample program, the results of which will help determine the existence of a consistent geochemical signature across all 5 kilometers of the Asbury claim area.

In November 2023, the Company completed a total of 13 diamond drill holes ("DDH") covering 2,457 metres. Interpretation of the results indicates significant graphitic mineralization(see table below):

Overall Performance (Continued)

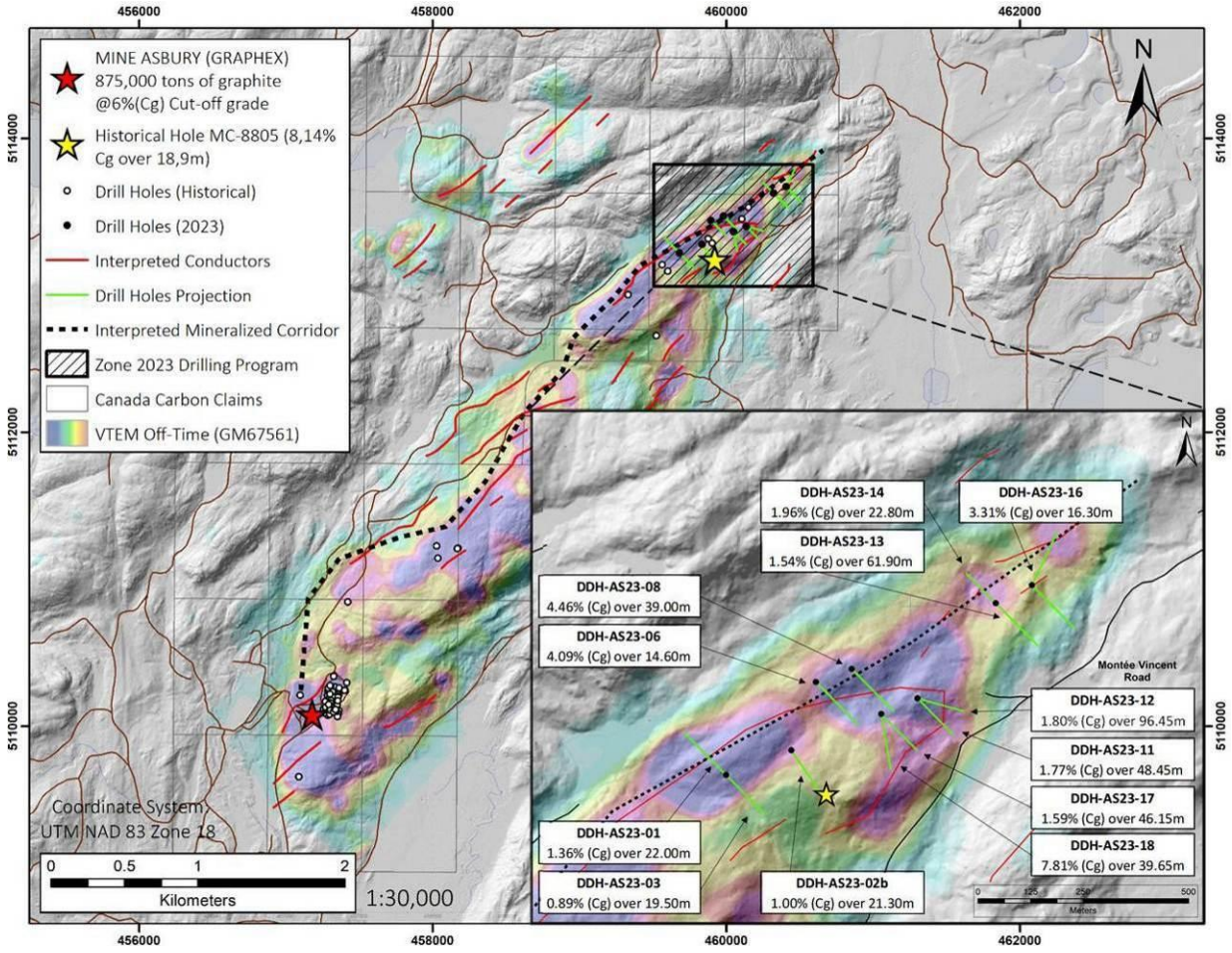
Drill Hole Id	From (m)	To (m)	Interval*	Average Results % (Cg)	True Thickness**
DDH-AS23-01	140.5	162.5	22	1.36	17.10
including	147.35	158	10.65	1.66	8.28
DDH-AS23-02b	176.7	198	21.3	1	20.45
DDH-AS22-03	49.5	69	19.5	0.89	8.33
including	48	62.6	14.6	4.09	6.24
including	48	51.55	3.55	9.59	1.52
DDH-AS23-08	21	60	39	4.46	30.06
including	26.85	32	5.15	9.26	3.97
including	39.3	43	3.7	14.73	2.85
including	51.35	52.5	1.15	18.4	0.89
DDH-AS23-11	104.7	153.15	48.45	1.77	37.35
including	127.2	133.2	6	4.38	4.63
DDH-AS23-12	78.85	175.3	96.45	1.8	50.8
including	121.65	129.8	8.15	5.2	42.38
including	161	169	8	5.24	41.92
DDH-AS23-13	27	88.9	61.9	1.54	47.72
including	54.55	58	3.45	3.15	2.66
DDH-AS23-14	20.1	42.9	22.8	1.96	13.68
including	13.5	25.1	11.6	1.53	10.04
including	38.45	39.85	1.4	14.3	0.84
DDH-AS23-16	113.5	129.8	16.3	3.31	12.57
including	115.45	119.6	4.15	8.54	3.20
DDH-AS23-17	128.25	174.4	46.15	1.59	38.49
including	132.3	141.85	9.55	4.94	7.96
DDH-AS23-18	78.85	118.5	39.65	7.81	20.84
including	80.4	87.75	7.35	19.58	3.86

***** *Assay intervals reported are core lengths;*

*** True thickness have been modelized by SGS following the review of the geological model and vary between 43% and 96% of the true intersects.*

Overall Performance (Continued)

The drill program aimed to test depth and lateral extensions of known mineralization in the north-eastern area of the Property and to probe the new conductor anomalies found along the interpreted mineralized corridor that connects the historical Asbury mine site to the current area. The interpreted corridor host multiple conductors and VTEM anomalies (see figure below). This corridor also extends more than 4 kilometres ("km") from the historical Asbury mine to the northeast.



The aforementioned results, combined with those of the Company's Fall 2022 drill program, will form the basis of the company's Initial Resource Estimate and accompanying NI 43-101 report on Asbury. This work has already been commissioned through SGS Lakefield.

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

In May 2023, the Company submitted a revised application for review of the Miller Project, to the Commission de protection du territoire agricole ("CPTAQ"). This was in line with the Settlement Agreement as defined below. As part of this application, the Company revised the proposed mine plan for the Miller Project, deferred any development of it proposed marble quarry project, improved and enhanced proposed remediation plan for any potential maple sugar bush impacts, and conducted extensive hydrogeological drilling and testing in support of water use analysis and to ensure zero impact on the aquifer. As part of the application filed with the CPTAQ, GSLR was forced to acknowledge that Canada Carbon's Miller Graphite Mine is a mining project subject to Section 246 of the RLUPD and that CPTAQ may proceed with analysis of the Company's application.

In October 2023, the Company received a negative preliminary orientation from the CPTAQ on its revised application. In response, the Company requested a public hearing during which it intends to expound on all of the measures taken to amend its preliminary mine plan in order to address any potential impacts on the mine site. The CPTAQ has granted the request for a public hearing. This was originally scheduled for February 28th, 2024 but has subsequently been rescheduled for a yet-to-be-determined date in July 2024.

The CPTAQ subsequently confirmed that it was prepared to hold a hold a public hearing on May 23rd. That hearing was subsequently postponed to July 23rd 2024. The July hearing was itself postponed to October 23rd, 2024, without explanation. The October 23rd 2024 meeting was, itself been postponed to December 18th 2024.

The Company presented its case for the approval of its application by the CPTAQ at a hearing on December 18th 2024. The CPTAQ then requested that the Company submit certain supplemental data in writing to the CPTAQ by December 21st, 2024. The CPTAQ indicated that interested parties had until January 31st to respond to said supplemental data, subsequent to which, the CPTAQ would render it's decision in due course.

On March 18, 2025, the CPTAQ issued a negative ruling against the Company's Miller project. The CPTAQ refused to authorize the development of the project citing, among other items the following:

- potential negative impact on its general interest of protecting the land and agricultural activities;
- concern about the economic benefits anticipated by the project (contrary to the results of the company' PEA);
- concern that authorization would be unfavorable to certain local agricultural businesses that actively contribute to municipal economic development (the noted business is recreational, not agricultural; it also, with the white zone, an area outside the purview of the CPTAQ);

In addition to the deeply flaw analysis used to justify its conclusions, the Company believes that the CPTAQ made serious errors in law in reaching its decision. We believe that the following errors in law provide ample grounds for appeal:

- CPTAQ is bound by the Mining Act and has a legal obligation to take it into account when analyzing applications for authorization under the Act respecting the protection of land and agricultural activities;
- Since mineral substances to be exploited are often found in agricultural land, when a project concerns mineral substances covered by the Mining Act, CPTAQ has the legal obligation to attempt to harmonize the mining activity with agricultural activities;
- CPTAQ erred in law in concluding that it should not take into account Canada Carbon's request for inclusion on the neighbouring lot in its analysis;
- CPTAQ erred in law in concluding that it did not have to take into account the rarity of the material covered by the authorization application (the Miller Graphite Mine is one of only two deposits of its kind in the world);
- CPTAQ erred in concluding that the CC project will have the effect of altering the homogeneity of the agricultural zone;
- CPTAQ erred in law in concluding that section 98 LPTAA prevails over the Mining Act and authorizes CPTAQ to disregard it and not consider it in the context of the analysis of authorization applications;

The Company filed its appeal of the CPTAQ decision to the Tribunal Administrative du Quebec (TAQ) on April 17, 2025.

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

In February 2022, a tri-party out-of-court settlement ("Settlement Agreement") between Canada Carbon, GSLR and CPTAQ was reached. Under the terms of the settlement, all current outstanding legal proceedings were abandoned.

For its part, GSLR recognizes that the "marble quarry" component of the Miller Project complied with its zoning by-law, when CCB's request was filed with CPTAQ on December 14, 2016, and that Canada Carbon's rights regarding the "marble quarry" component crystallized at that time. It also recognizes that any subsequent zoning by-law changes are not enforceable against the "marble quarry" component of the Miller Project.

GLSR recognizes that CCB has the right to proceed with the Miller project because GSLR does not have jurisdiction over the "graphite component" of the Miller Project. It also acknowledges that the notice of compliance, signed March 16, 2017, was admissible.

Canada Carbon and GSLR agree to present all the factual information relating to the Miller project, as well as its various impacts on the environment and the community, in the framework of forums made available to the public. Both parties agree to act reasonably, in good faith and in the public interest. The parties have also agreed to initiate dialogue on the Miller project and put forward a process applicable to this end, with the assistance of the Ministry of Energy and Natural Resources (MERN), insofar as the latter agrees to act in this capacity. As part of the process to initiate dialogue and put forth a process for dialogue, Canada Carbon will collaborate with GSLR in carrying out any necessary studies that will aid GSLR with understanding, analyzing or participating in improving the Miller Project for the purpose of social acceptability.

Canada Carbon will hold public consultations in GSLR on all aspects of the Project. Canada Carbon will ensure that it adheres to the noise and dust limitations set out by Regulation.

Canada Carbon has agreed to enter into cost sharing agreements with various stakeholders to pay its proportionate share of the cost of the modification of municipal roads in GSLR which are directly affected by our planned trucking activity. The Company has also agreed to limit its blasting and crushing activities within certain hours on weekdays.

Subsequent to the signing of the Settlement Agreement, CPTAQ reopened and commenced its review of the CCB Miller file. On July 20, 2020, the CPTAQ delivered a conditional positive preliminary orientation for the Miller Project. The document which includes the list of conditions is accessible on the CPTAQ website and on the Company's website. In February 2021, the CPTAQ set March 31, and April 1, 2021 as the dates for the public hearings. GSLR filed an injunction application to stop the CPTAQ hearings and suspend the review process until its experts conducted additional work, including drilling, on the Miller site. The hearing was held in Superior Court on March 30, 2021 and the injunction was denied. The CPTAQ public meeting was held on March 31 and April 1, 2021. Parties were required to submit certain documents to the CPTAQ by April 14, 2021.

On July 21, 2021, the CPTAQ notified parties of a change in preliminary orientation. The decision allowed for a further 30 day period for any interested parties to make written submissions. While CCB submitted a comprehensive file to the CPTAQ, the application was based on preliminary pit designs and infrastructure layout. CPTAQ appears to want to base their ultimate decision on CCB's final pit design and hydrogeology tests. In its decision the CPTAQ indicated that it is prepared to authorize the exploration on 57.88 hectares of the Miller Project for a period of two years. The two year exploration period is intended to allow CCB the opportunity to gather additional information and resubmit its application. This preliminary orientation explicitly approves the reactivation of exploration work on the Miller Property. On September 16, 2021, the CPTAQ rendered its final decision which was the same as its change in preliminary orientation. Accordingly, Canada Carbon is preparing a work program for the additional drilling required to finalize the pit design.

In addition to satisfying CPTAQ requirements, the additional information to be obtained from the exploration program will enable Canada Carbon to gather the detailed data required by Ministry of Mines and Ministry of Environment as part of their review processes, and will form part of the Miller Project Feasibility Study.

On December 21, 2021, Canada Carbon completed 3,024m of drilling in 32 holes varying in depth between 30 and 180 metres drilling program on the Miller Property. The primary objective of the drilling program, the results of which were published in a press release dated August 3rd, 2022, was to better define and connect the area located between the two pits (Western and Eastern pits) of the Project as defined in its PEA of March 2016.

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

The total length makes this program the largest drill campaign completed to-date on the Miller Property. The drilling was conducted by Downing Drilling based in Calumet at GSLR. SL Exploration Inc, a mineral exploration service company based in Acton Vale provided the geologists and technicians to complete the program. Core logging and sampling was completed in February 2022 and assays results were fully returned by July 2022. Generally, samples were taken every 1.5-meter interval throughout the core and were assayed for graphitic carbon (Cg) content by an independent laboratory while higher grade mineralization was sampled in smaller intersections to better identify the specific grade.

The Miller property host widespread graphite mineralization that allowed the Company to define two pits for the Miller Project. Previous calculated cut-off grade of 0.50%Cg (see news release dated December 14th, 2016) indicate that some material from the current drill program will likely be incorporated into a new model for the Miller mineralisation. A subset of intersections is shown in the table below:

Drill Hole ID		From (m)	To (m)	Interval Length (m)	Average Result (%Cg)
DDH21-219		3	64.8	61.8	0.78
	Including	*3*	*37.5*	*34.5*	*0.91*
DDH21-217		46.5	100.8	54.3	0.61
DDH21-214		3.57	40.5	36.9	0.64
DDH21-219		96.2	102.2	6.0	3.59
DDH21-222		38.4	57.5	19.1	0.94
DDH21-223		20.5	45.7	25.2	0.62

The Company completed an updated Mineral Resource Estimate for the Miller Property on November 16th, 2022. The Resource Estimate was prepared pursuant to Canadian Securities Administrators' National Instrument 43-101 ("NI 43-101") by the independent firm SGS Canada Inc. ("SGS") of Blainville, Quebec. The updated resource estimate includes an indicated resource of 3.34Mt ("million tonnes") with an average grade of 0.75% Cg, and an inferred resource of 10.48Mt with an average grade of 0.72% Cg, within the boundaries of an optimized open pit model. The new pit constrained graphite resources have increased by 27% compared to what was reported in the Company's Miller Project Resource Update Technical Report, dated January 23rd, 2017. A summary of the results are outlined below:

Cut-off Grade (%Cg)	Resource Category	Tonnage* (Mt)	Average Grade (%Cg)	Contained Graphite (t)
0.50	Indicated	3,338,000	0.75	25,200
0.50	Inferred	10,478,000	0.72	75,400

*Rounded to the nearest thousand

1) The classification of the current Mineral Resource Estimation into Indicated and Inferred is consistent with current 2014 CIM Definition Standards – For Mineral Resources and Mineral Reserves
2) A fixed density of 2.81 t/m3 was used to estimate the tonnage from block model volumes.
3) Resources are constrained by the pit shell and the topography of the overburden layer.
4) The results from the pit optimization are used solely for the purpose of testing the "reasonable prospects for economic extraction" by an open pit and do not represent an attempt to estimate mineral reserves. There are no mineral reserves on the Property. The results are used as a guide to assist in the preparation of a Mineral Resource statement and to select an appropriate resource reporting cut-off grade.
5) Mineral resources which are not mineral reserves do not have to demonstrate economic viability. Inferred Mineral Resources have a lower level of confidence than the applying to a Measured and Indicated Resources and may not be converted to a Mineral Reserves. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
6) All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding.
7) Effective date November 8, 2022.
8) The estimate of mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

The Company has always been convinced that the process for a dialogue between itself and GSLR, which is required under Section 18 of the Settlement Agreement, should be based on equal contributions from both parties to ensure an outcome with which each party feels comfortable. Accordingly, the Company proposed a co-facilitation process which would be a non-confrontational process, conducted by neutral and mutually accepted parties as a way to initiate the dialogue that was required in the Settlement Agreement. During 2021, Canada Carbon sent several communications to the Municipality of GSLR to begin the dialogue with co-facilitators. In the Company's communications with GSLR, it was made clear that CCB would be prepared to pay for some portion of the co-facilitator utilized by GSLR and would also be prepared to fund some portion of the reports that would be determined by both parties to be necessary.

GSLR chose not to begin the co-facilitation process at this time and decided to proceed with the counter-expertise studies on their own. In good faith, Canada Carbon provided GSLR's consultants with the source data from our independent consultants so that they could conduct their analysis.

On March 30, 2021, Canada Carbon was informed that GSLR filed another legal proceeding against the Company and the CPTAQ with the Superior Court. GSLR is asking the Court to rule on the interpretation of Sections 16, 18 and 19 of the Settlement Agreement, as the Municipality believes, based on their interpretation of these sections, that Canada Carbon is in breach of the Settlement Agreement based on its refusal to allow drilling on the Miller Property.

The Settlement Agreement that was signed in February 2020 had two key paragraphs at issue in this proceeding.

- Section 18 states that, "*GSLR and CCB agree to enter into a dialogue on the Miller Project and to put forward a process for that purpose with the assistance of the MERN, to the extent that the MERN agrees to act in that capacity*."
- Section 19 states that, "*As part of this process, CCB agrees to collaborate with GSLR in the conduct of any study that GSLR may require, if necessary, on the recommendation of a professional under the Professional Code, in order to enable it to understand, analyze or participate in improving the Miller Project in terms of its social acceptability*."

The Company feels GSLR is interpreting Section 19 in isolation despite the fact that it is clear from the language and intent of Article 18, that dialogue and protocols are required beforehand. The purpose of these two sections was to ensure that, through dialogue, both parties would jointly determine what additional analysis would be required and that the collection of this additional information would be done jointly by both parties on a scientific, efficient and transparent basis.

At the time GSLR filed their lawsuit, management of Canada Carbon and the Mayor and councilors of GSLR had not met nor had there been any constructive dialogue regarding the Miller Project since the new council took office in November 2017, despite repeated requests by the Company to do so. The exchanges between the parties can be found on the Miller Project website in the document library under the Agreement with GSLR tab.

In the absence of co-facilitation, both parties developed their own draft protocols for dialogue. The protocols developed by Canada Carbon were based on what the Company considers to be best practices. Both parties have had a chance to review each other's protocols. The first meeting between Canada Carbon's management and representatives from GSLR was held on July 27, 2021 in GSLR to discuss the protocols. To the extent that GSLR is interested in the same information that will be submitted to CPTAQ, Canada Carbon has agreed to invite GSLR's experts to observe the field work required for its future CPTAQ submission. In addition, input from GSLR's experts will be requested. As with all previous studies, the data will be made public and shared with the municipality. Both parties agreed to continue dialogue. In November 2021, GSLR notified the Company that it would not allow its experts to work with, or provide input to, Canada Carbon.

In November 2021, Canada Carbon was informed that GSLR would be deferring their legal proceedings with respect to compliance with the Settlement Agreement.

In August 2022, management met with the Mayor and town council of GSLR with the objective of introducing the new management team and attempting to pave a path forward. Subsequent to the meeting, Management provided to the mayor and council a set of proposed protocols to govern future interaction Additionally, the Company requested that GSLR and the Company set a date on which future discussions could recommence. The Company is still awaiting GSLR's response.

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

In October 2020, the Company announced that it had delivered on the initial order from Analytical Reference Materials International (“ARMI”), a subsidiary of LGC Standards Company (“LGC”), a global leader in the life sciences sector for the development of a Certified Reference Material (“CRM”). Once material is received by LGC it must go through a lengthy certification process which includes testing of the material at 10 to 12 different labs. The results from the various labs ar e then statistically analyzed and the batch is then certified at which point it will become available for sale. While the initial order was intended to meet the requirements of the nuclear sector, discussion are underway with LGC to produce high purity graphite CRMs for other advanced technical applications.

In July 2021, the Company announced that it had acquired 20 additional mining claims, surrounding its two existing claims on the former Asbury Mine site. The total 22 claims (“Asbury claims”) cover 1,205.9 hectares. All the claims are located in zones where exploration and extraction activities are permitted. The Asbury claims are located about 8 kilometers northeast of the municipality of Notre-Dame-Du-Laus in the Laurentides Region of southern Quebec. The Company’s original two claims, totaling 119 hectares, are the location of the former Asbury Graphite Mine, a past producing property. Historical exploration by various companies and subsequent resource evaluations lead to historical production from 1974 to 1988. Open pit mining allowed the historical production of 875,000 metric tons of graphite ore at a cut-off grade of 6% Cg.

Field work, which included prospecting, mapping and sampling, on the Asbury claims was carried out in July 2021. The exploration team used Bm4+ “Beep Mat” electromagnetic detectors to follow multiple conductors found in an historical Heliborne Magnetic and TDEM survey. Grab samples and till samples were taken during the field work and the Company is awaiting the assay results. Based on the field work and analysis of historical data, the Company acquired an additional 3 claims contiguous to its existing claims.

In July 2021, the Company closed a non-brokered flow-through private placement for approximately $500,000. In addition, the Company entered into a definitive agreement (the "Investment Agreement") for a drawdown equity financing facility (the "Facility") of up to CDN$5 million with Alumina Partners (Ontario) Ltd. ("Alumina"), an affiliate of New York-based private equity firm Alumina Partners, LLC. The Investment Agreement provides the Company with a financing facility over a period of 24 months during which time the Company can draw down, subject to certain conditions, through private placement tranches of up to $500,000. Each tranche shall be a private placement of units, to be comprised of one common share and one common share purchase warrant. The units will be issued at a discount of 15% to 25% from the closing market price at the time of each tranche, and the exercise price of the warrants will be at a 25% premium over the closing market price at the time of issuance. There are no finder’s fees or standby charges associated with these investments. Each tranche of units issued will be subject to the acceptance of the TSX Venture Exchange, and the securities issued will be subject to the customary 4-month and one day hold period.

In October 2021, the Company closed another non-brokered flow-through private placement for approximately $400,000.

On December 22, 2021, the Company approved the granting of 2,759,000 options, which 2,259,000 options were issued to a senior officer and 500,000 options to a consultant. Each options carries a 5-year term and exercise price of $0.085, immediately fully vested.

In April 2022 and May 2022, the Company closed a non-brokered private placement in which it issued 11,640,000 and 200,000 units at a price of $0.075 were issued for aggregate gross proceeds of $888,000. Each Unit is comprised of one common share and one share purchase warrant. Each Warrant entitles the holder to acquire on common share at a price of $0.09375 for a period of 60 months from the date of issuance. The Company paid finder fees in cash of $13,904 and the issuance of 185,400 broker warrant (the “Broker Warrant”). Each Broker Warrant entitles the holder to acquire one common share at a price of $0.09375 for a period of 36 months.

In September 2022, the Company closed a non-brokered private placement in which it issued 13,333,300 units at a price of $0.06 were issued for aggregate gross proceeds of $799,998. Each Unit is comprised of one common share and one half share purchase warrant. Each whole Warrant entitles the holder to acquire on common share at a price of $0.10 for a period of 24 months from the date of issuance. The Company accrued finder fees paid in cash of $68,316 and the issuance of 799,998 broker warrant. Each broker warrant entitles the holder to acquire one common share at a price of $0.10 for a period of 24 months.

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

In October 2022, the Company entered into a memorandum of understanding with Irondequoit Carbon Co., LLC providing for a potential future joint venture and the sale of a minimum of 25% of the graphite produced from the Company's Miller deposit located in Grenville-Sur-La-Rouge, Quebec (the "Subject Graphite").Under the terms of the MOU, Irondequoit will have the exclusive right for a period of three years (subject to extension) to conclude binding offtake agreements with certain entities engaged in the aerospace, high performance lithium battery energy storage, and other high margin verticals. Additionally, Irondequoit will assist the Company with its efforts to raise the capital necessary to build a primary processing operation for graphite on the site of its Miller deposit. Finally, the MOU contemplates the formation of a joint venture arrangement with the following primary objectives:

1. Commitment of a minimum of 25% of the Subject Graphite from Miller;
2. Development of a value-added processing operation in the United States (likely in New York State);
3. An economic construct whereby the Company and Irondequoit will share net profits from the joint venture on a 50/50 basis.

Operating Activities- Exploration Properties

Asbury Graphite Property, Quebec, Canada

In August 2012, the Company entered into an agreement with Uragold Bay Resources Inc. ("Uragold" or "UBR") for the purchase of UBR's Asbury mining claims. The past producing Asbury Graphite Mine property consists of two claims and is located approximately 8 km northeast of Notre-Dame-du-Laus and about 120 km north of the Ottawa-Gatineau area.

The Asbury Graphite Mine property is accessible by a good road and a power transmission line runs to the property. Some of the old mill structure still exists.

In December 2012, the Company announced the completion of a NI 43-101 report on the Asbury Graphite Mine. This report describes the exploration potential related to the Asbury Graphite Mine. The data in the report was mostly obtained from historical assessment exploration reports. The report can be found on the Company's website.

The NI 43-101 report noted that historical exploration by various companies and subsequent resource evaluations lead to an historical production by Asbury Graphex from 1974 to 1988. Open pit mining allowed the extraction of 875,000 metric tons of graphite ore at a cut-off grade of 6% on the current property. Historical geophysics (EM) over the property reveals three conductive zones, named A to C, striking north-south and thus conforming to the local bedding. Anomaly A is 825 m long and 30 m wide and is located west of the open pit. Anomaly B is 530 m long and 35 m wide and is located southwest of the open pit. This anomaly was drilled by one diamond drill hole and 40.5m of graphitic rock grading 2.30% C total was encountered, including 4.07% C total over 11.7 m. Anomaly C is 230 m long and 10 m wide and is in the open pit, going toward south. Four less important conductor axes are also present, along with a small part of another EM anomaly.

The presence of distinct graphitic rock units is compatible with the skarn deposit model, which may imply several mineralized lenses of comparable quality. In addition, significant graphite mineralization can also be present along the extensions to the south and at depth from the open pit.

The NI 43-101 report recommended follow up activities including: (1) an exhaustive map compilation of historic drilling and geophysical survey on the property (2) a detailed Max-Min geophysical ground survey to confirm and complete historical data, and, finally (3) a drilling program testing the best targets revealed by the geophysical compilation and the geophysical survey. The report recommended that particular attention should also be applied to the immediate area of the mine pit to test its southern and downward extensions.

In early 2015, the Company began the process of re-permitting the graphite processing mill on the Asbury property. The permits under which the historic mining and milling were conducted on the Asbury Project expired in the year 2000. The Municipality of Notre-Dame-Du-Laus, which is also the owner of the land upon which the mill and its associated tailings ponds are located, had officially approved Canada Carbon's intention to proceed with the redevelopment of the mill complex on the Asbury site.

The Company has completed humid area delimitation on the Asbury property and has also completed the summer season study of flora and fauna. The flora and fauna study was completed during the Autumn season of 2016. Baseline hydrogeological data was also acquired. Work at Asbury was put on hold as the Company focused its attention on the Miller Project.

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

In July 2021, the Company announced that it had acquired 20 additional mining claims, surrounding its two existing claims on the former Asbury Mine site. The total 22 claims ("Asbury claims") cover 1,205.9 hectares. All the claims are located in zones where exploration and extraction activities are permitted, and are not subject to CPTAQ regulations.

The preliminary field prospecting campaign was carried out from July 26, 2021 to July 30, 2021. A nine person team prospected, mapped and sampled the property equipped with two Bm4+ 'Beep Mat' electromagnetic detectors used to follow multiple conductors found in a 2013 Heliborne Magnetic and TDEM survey by Focus Graphite (DUBE,2013). Three geological fold patterns in the conductor anomalies were defined from the 2013 survey. Folding is very significant for graphite exploration since it can allow a thickening and enrichment of the graphitic horizon along the fold hinge. One of these folds is located at the historical Asbury mine, whereas two others had yet to be investigated in detail.

The Property is overlain by one to two metres of glacial till, as is commonly encountered in this part of Quebec. A team using a Beep Mat EM detector attempted to locate the aerial conductors by crossing the surface perpendicular to their strike. When a conductive target was identified, trenching was conducted in an attempt to sample any subcropping mineralization. Other team members scouted the area seeking potential outcrop or mineralized boulders at surface. As the Beep Mat could only detect conductors within one metre of surface, a number of the aerial conductors were not confirmed during this preliminary survey.

A total of 59 grab samples were taken, and were bagged and tagged on site. Additionally, the Company took 42 till samples, located glacially down-ice from the conductive anomalies. These till samples will be assayed to determine whether there may be zones of enriched mineralization not detected in the grab sampling program.

All of the samples were shipped to Actlab in Ancaster, Ontario for graphitic carbon ("Cg") analysis. Both rock and till samples will be prepared using method RX1-Graphitic in which the samples undergo drying, crushing up to 90% passing through a #10 square-mesh screen, riffle splitting (250 gram) and pulverization to 95% passing a 105 um square-mesh screen. Graphitic carbon is then determined by multistage furnace treatment and infrared absorption, with a 0.05% detection limit using analysis package 4F-C-Graphitic.

The Company's next step will be to proceed with a PhiSpy survey (a ground TDEM survey), followed by a second prospecting survey to assay the near-surface conductor anomalies. The review of historical data is still on-going, and will be combined with recent field observations. Based on this field work and analysis of historical data conducted to-date, we recently acquired an additional 3 claims in the area contiguous to our existing claims.

On March 16, 2022, the Company announced its first assay results from the rock samples taken as part the 2021 geochemical survey on its Asbury Property. This survey confirmed that all of the tested conductors bear graphite mineralization while multiple conductors are still to be tested. The confirmed conductors are between 350 and 1,075 metres in length. The 1,075-metre-long conductor contained a grab sample that graded 21.5% Cg and is located in the Northeast section of the Property. This sample is near a potential folding of the graphitic mineralization, which could increase its thickness and provide considerable size. The interpreted fold is also located near the MC-8805 showing, which returned 8.14% Cg over 18.9 metres (St-Pierre, 1988). Historic grab samples in the vicinity of the showing returned 2.67%Cg and 2.31%Cg (Mathieu & Lafrance, 2013). Approximately 250 metres Northeast of the mentioned fold are located two grab samples containing 5.85% Cg and 18.8% Cg.

In October, 2022, the Company received its permits for forest intervention to open access trails, open trenches and prepare drilling pads near the MC-8805 showing on the eastern part of the Asbury Graphite Deposit. The trenching and drilling plan, which has been carefully designed on the basis of historic and recent data, covers extensive VTEM anomalies and/or intersects recently observed mineralization. The table below outlines the trenches, the targets, and the order of priority. The planned trenching program will allow for the observation of the structures, mineralization type and size, host rock geology, apparent thickness, and continuity.

Trenches	Length(m)	Target	Priority
T1	115	Between historical drillholes. Open the mineralization to the west.	2
T2	150	Connect the VTEM anomaly to the historic drillhole.	2
T3	45	Highest graphite value.	1
T4	135	Interpreted fold. Thickest VTEM anomaly.	1
T5	55	Second highest graphite value. Open the mineralization to the east.	1
T6	45	Open the mineralization to the east.	2

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

The work commenced on November 21st, 2022 and was completed on November 30th, 2022. The highlights of the assay results of the trenching and drilling program are outlined below:

Drilling Highlights

- Results for two drillholes testing the conductor to the south (see Figure 1) show consistency with historic drilling and highlight the possible northeast extension of the graphite mineralization reported in showing MC8805 (8.14% Cg over 18.9 m)
- **DDH22-AS-10,**
  - 5.00% (Cg) over 33.5 m including 13.86% (Cg) over 5.05m.
  - 2.73% (Cg) over 18.2 m including 9.53% (Cg) over 1.35m
- **DDH22-AS-07**, 2.21% (Cg) over 58.85 m including 9.21% (Cg) over 7.25m.
- These intercepts confirm that graphite mineralization can explain the VTEM conductor previously identified by Focus Graphite (Dubé, 2013).
- Both holes intercepts confirm the presence of a mineralized graphite body and the probable northeastward extension of the MC8805

Channel Sampling Highlights

- Trenching and channel sampling show mineralization as coarse flake graphite hosted in marbles, skarns and paragneiss, which is consistent with actual and historic drilling observations and descriptions.
- CS-AS22-01,
  - 1.01% (Cg) over 10.0 m including 1.99% (Cg) over 3.0m.
- CS-AS22-02,
  - 0.67% (Cg) over 13.5 m.
- CS-AS22-05a,
  - 4.24% (Cg) over 6.5 m including 9.15% (Cg) over 1.5m.
- All the trenches intercepted graphite mineralization

The planned objective of the survey was to test the northeastern part of a regional trend. The trend is composed of multiple conductors and VTEM anomalies, that connect the Asbury historical mine to the recently worked area (see figure 1). According to Dubé (2013), this trend extends more than 4km from the Asbury deposit to the northeast. Historical mining operations at the Asbury (Graphex) Mine extracted 875,000 metric tons of graphite at a 6%(Cg) cut-off grade (Charbonneau 2012).

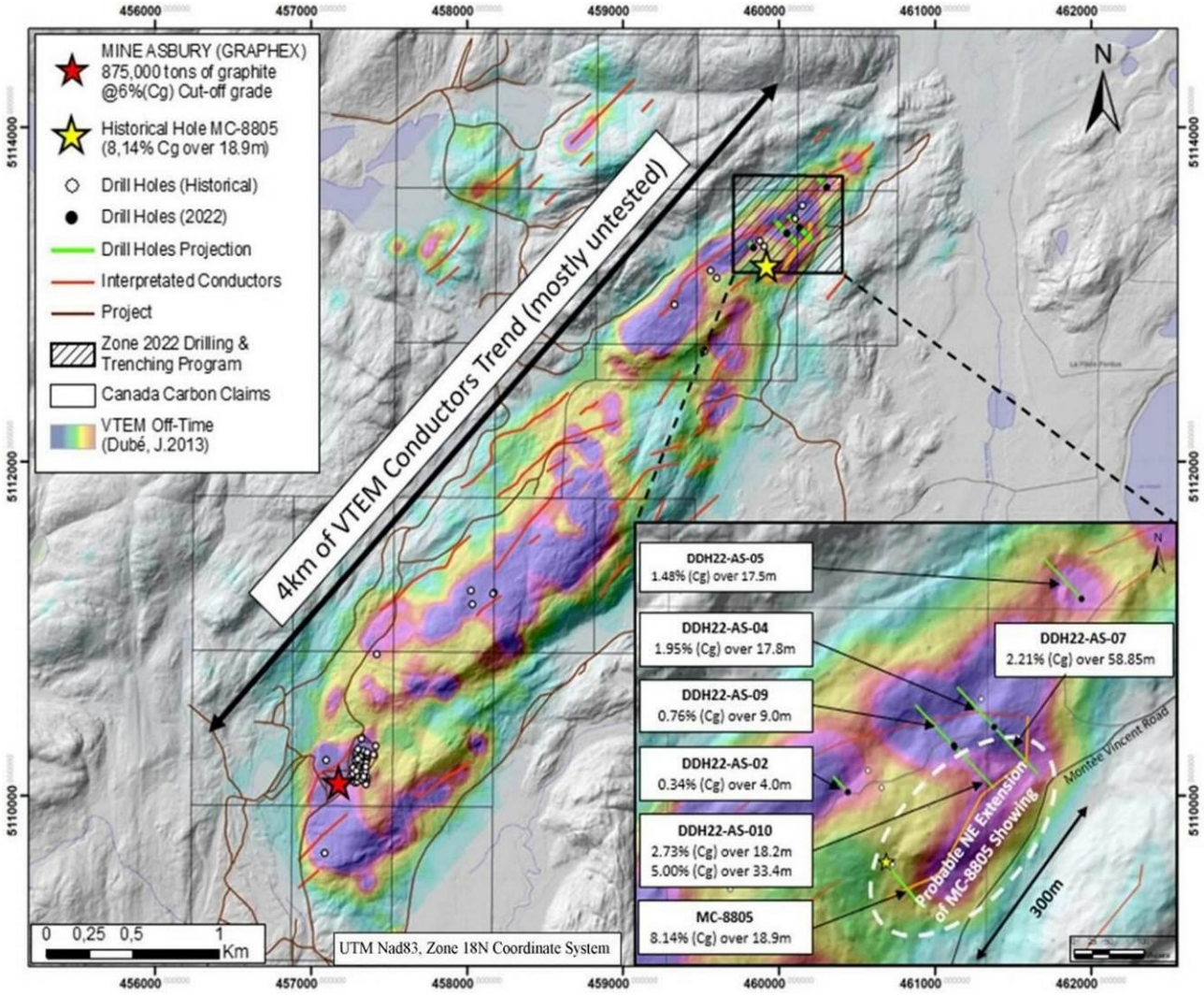
The 2022 program consisted of 6 diamond drillholes “DDH” (previously reported) totaling 830 meters, and 6 trenches which returned over 60.5m of channel samples. The drill program aimed to test some targeted VTEM anomalies and conductors at depth.

The Company next steps will be to send additional samples from unassayed sections, to potentially increase the length of the intersects and to prepare the next drilling phases. The Company is also planning to further test the area with ground geophysics, between the mine and the recently drilled area, where numerous conductors remain untested. This geophysical survey is aimed to better define the conductors where high grade mineralization might be located. Eventually, the Company expects to be able to demonstrate that the whole 4km conductor trend is graphitic in nature, and then start a resource estimate on the discovered mineralization.

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

Figure 1: Overview of Asbury Project & Preliminary Results of Fall 2022 Campaign



Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

Drill Hole Id	From (m)	To (m)	Length (m)	Average Results % (Cg)
DDH22-AS-02	49.7	53.7	4	0.34
including	50.55	52	1.45	1.34
DDH22-AS-04	26.7	44.5	**17.8**	**1.95**
including	32.3	35.15	2.85	9.36
DDH22-AS-05	20.75	30	9.25	1.94
including	25	29	4	3.01
DDH22-AS -05	37	54.5	17.5	1.48
including	40.35	41.73	1.38	10.40
DDH22-AS -07	86.65	145.5	**58.85**	**2.21**
including	137.1	144.35	7.25	9.21
DDH22-AS *-07*	129.5	146.5	17	4.95
including	137.1	143	5.9	10.53
DDH22-AS -09	63.35	72.35	9	0.76
DDH22-AS -10	84.7	102.9	**18.2**	**2.73**
including	95.75	97.1	1.35	9.53
DDH22-AS -10	117.35	130.85	13.5	8.57
including	115	148.35	33.35	5.00

Table 2: Channel Samples Assay results

Channel	From (m)	To (m)	Length (m)	Average Results % (Cg)
CS-AS22-01	3	13.5	10	1.01
includes	4.5	7.5	3	1.99
CS-AS22-02	0	14.5	13.5	0.67
includes				
CS-AS22-02b	0	4	4	0.75
includes				
CS-AS22-04	0	7	7	0.62
includes	4.5	6	1.5	3.87
CS-AS22-05a	0	6.5	6.5	4.24
includes	3.5	5	1.5	9.15
CS-AS22-05b	0	5	5	1.60
CS-AS22-06	0	8	8	0.50
CS-AS22-06b	0	8	8	0.50

QAQC

A QAQC program was conducted during the drilling campaign. It consisted in the introduction of Certified Reference Materials (CRM) standard, either blank material (without graphite) or standardized value. Along the 480 drill core samples and 63 trenches samples, a total of 14 blank and 11 graphite standards were inserted. The total QAQC program represents 4.4% of total analyzed samples.

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

In June 2025, the Company received approval to continue drilling on it's Asbury Graphite Mine ("Asbury") located in Notre Dame du Laus ("NDDL"). The approval was granted pursuant to an application filed in September 2024, when the Company initiated the process of consultation and filed an application with the MNR, seeking permits for it's plan to drill approximately 5,200 meters of core across 26 drill holes. This plan will cover the entire length of the geophysical anomaly. This total length will be the longest drill campaign undertaken by the Company on the Asbury mine, and results will help to confirm graphitic mineralization across the entire trend, as well as to inform plans for additional infill and expansion drilling going forward. In line with the requirements of the revised Mining Act, the Company has completed consultation with the Kitigan ZB First Nation and will continue said consultation, as required, throughout the process of developing the Asbury Graphite Mine.

The results of the aforementioned drill program will allow the Company to revised and expand the size of it's resource as reported in its maiden NI 43-101 report. In addition, completion of the program will form the basis of the Company's pre-feasibility study on Asbury. The scope of work on both of the aforementioned report has already been agreed to with SGS Lakefield and approved by the Company.

In March 2024, the Company completed a National Instrument 43-101 ("NI 43-101") by the independent firm SGS Canada Inc. ("SGS") of Blainville, Quebec. The Maiden Resource Estimate consists of an inferred resource of 4.14 Mt with an average grade of 3.05% Cg, within the boundaries of an optimized open pit model. A Technical Report supporting the Resource Estimate will be filed to SEDAR within 45 days, as required by NI 43-101. In May 2024, the Company filed on SEDAR National Instrument 43-101 ("NI 43-101") of the maiden Mineral Resources Estimate for its 100% owned Asbury Graphite Project in NNE of Gatineau, near Notre-Dame-du-Laus, Quebec.

The Company has thus far completed sufficient diamond drilling and bedrock channel sampling to result in a resource estimation with a maximal depth of the pit at 135 vertical meters. Geological modeling based on the drill results, surface trenching and mapping indicates that the deposit remains open at depth and on both strike extensions. The geological model also provides multiple exploration targets with the potential to further expand the graphite mineral resources. The portion of the Asbury Project which is the subject of the Resource Estimate occupies only about 7 % of the geophysical anomaly on the Asbury claim area held by the Company.

In September 2023, the company filed permit applications to continue exploration drilling on it's Asbury Graphite Mine project ("Asbury"), located in Notre Dame du Laus ("NDDL"). The Company intends to complete approximately 4,200 meters of drilling across 26 drill holes focused primarily on the northeastern quadrant of the claim area. This program will further inform the results obtained from the Company's fall 2022 drilling and assay program and provide additional data for it's NI 43-101 statement currently in process with SGS. Additionally, the Company has agreed with SGS on the parameters of a bulk sample program, the results of which will help determine the existence of a consistent geochemical signature across all 5 kilometers of the Asbury claim area.

In November 2023, the Company completed a total of 13 diamond drill holes ("DDH") covering 2,457 metres. The assay work on the drill core was completed by Act Labs, Inc. and the Interpretation of the results indicates significant graphitic mineralization (see table below):

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

Drill Hole Id	From (m)	To (m)	Interval*	Average Results % (Cg)	True Thickness**
DDH-AS23-01	140.5	162.5	22	1.36	17.10
including	147.35	158	10.65	1.66	8.28
DDH-AS23-02b	176.7	198	21.3	1	20.45
DDH-AS22-03	49.5	69	19.5	0.89	8.33
including	48	62.6	14.6	4.09	6.24
including	48	51.55	3.55	9.59	1.52
DDH-AS23-08	21	60	39	4.46	30.06
including	26.85	32	5.15	9.26	3.97
including	39.3	43	3.7	14.73	2.85
including	51.35	52.5	1.15	18.4	0.89
DDH-AS23-11	104.7	153.15	48.45	1.77	37.35
including	127.2	133.2	6	4.38	4.63
DDH-AS23-12	78.85	175.3	96.45	1.8	50.8
including	121.65	129.8	8.15	5.2	42.38
including	161	169	8	5.24	41.92
DDH-AS23-13	27	88.9	61.9	1.54	47.72
including	54.55	58	3.45	3.15	2.66
DDH-AS23-14	20.1	42.9	22.8	1.96	13.68
including	13.5	25.1	11.6	1.53	10.04
including	38.45	39.85	1.4	14.3	0.84
DDH-AS23-16	113.5	129.8	16.3	3.31	12.57
including	115.45	119.6	4.15	8.54	3.20
DDH-AS23-17	128.25	174.4	46.15	1.59	38.49
including	132.3	141.85	9.55	4.94	7.96
DDH-AS23-18	78.85	118.5	39.65	7.81	20.84
including	80.4	87.75	7.35	19.58	3.86

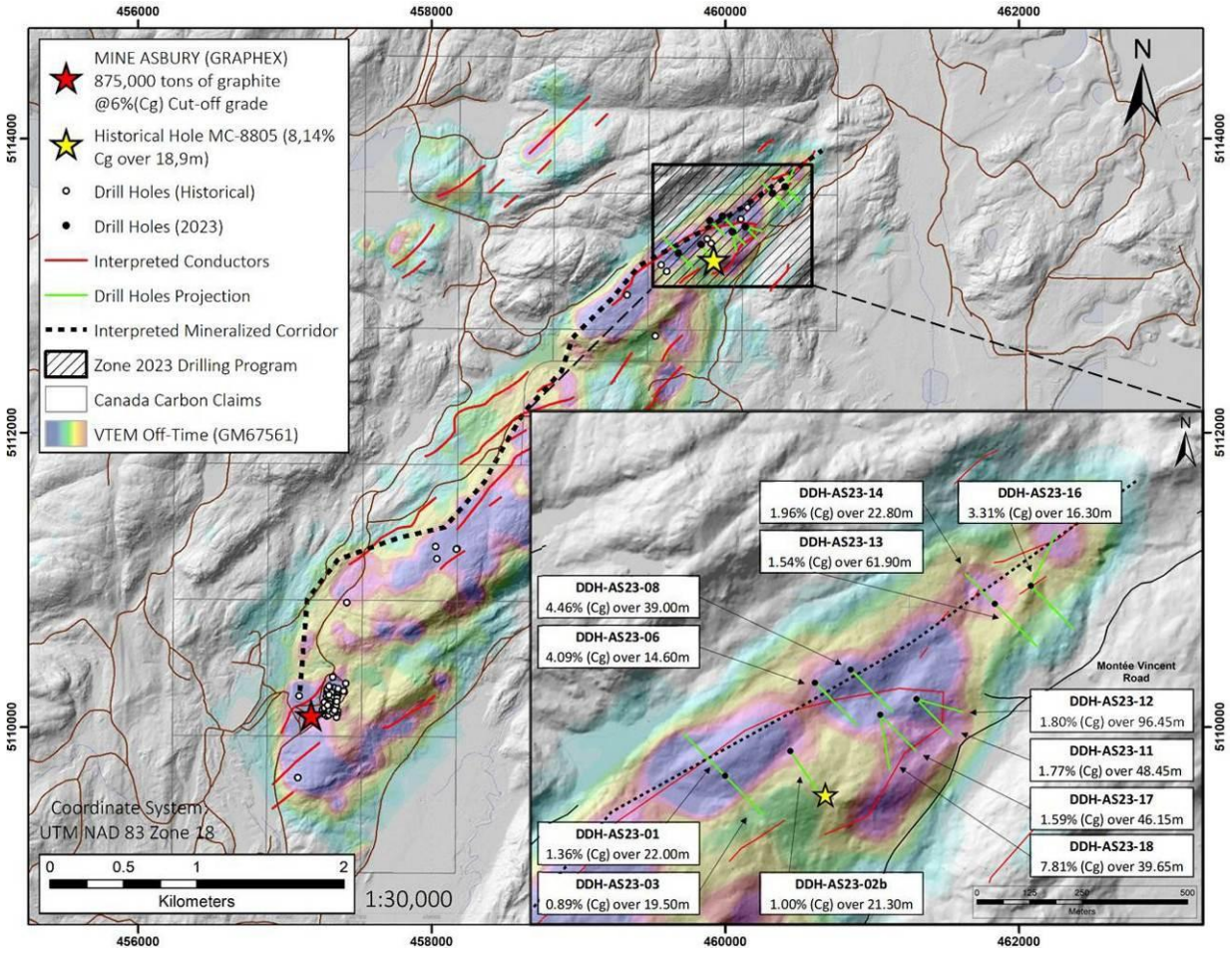
* *Assay intervals reported are core lengths;*

*** True thickness have been modelized by SGS following the review of the geological model and vary between 43% and 96% of the true intersects.*

The drill program aimed to test depth and lateral extensions of known mineralization in the north-eastern area of the Property and to probe the new conductor anomalies found along the interpreted mineralized corridor that connects the historical Asbury mine site to the current area. The interpreted corridor host multiple conductors and VTEM anomalies (see figure below). This corridor also extends more than 4 kilometres (“km”) from the historical Asbury mine to the northeast.

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)



The aforementioned results, combined with those of the Company's Fall 2022 drill program, will for the basis of the company's Initial Resource Estimate and accompanying NI 43-101 report on Asbury. This work has already been commissioned through SGS Lakefield. Additionally, the Company has agreed with SGS on the parameters of a bulk sample program, the results of which will help determine the existence of a consistent geochemical signature across all 5 kilometers of the Asbury claim area.

In December 2023, in conjunction with the Municipality of Notre-Dame-du-Laus (NDL), the Company announced the creation of a Community Advisory Committee (the "Committee") to support the Company's efforts in the development of the Asbury graphite mine. This Committee will serve as a formal means of information exchange and follow-up between CCB and the residents of NDL. It will promote collaboration between citizens and the Company and will optimize the development of the project as we seek to benefit the entire community and the regional economy.

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

The mandate of the Community Advisory Committee will be to make recommendations to Canada Carbon in order to influence the mine development process, ensure best practices, propose community-centered solutions and maximize socio-economic benefits. Aware of the multiple impacts that such a project can have on the local community and the region, the Company is keen to ensure that it incorporates the perspectives of those who will be most affected by the project: the citizens of NDL.

In July 2024, the Company held the first meeting of the Committee in NDL. The Company provided an update to the Committee on it progress with all geophysical, geotechnical and other de-risking activity. It was an opportunity for the Committee to provide feedback on consideration which the Company may incorporate into the mining planning process as it proceeds with licensing and permitting activities.

Yann Camus, served as independent Qualified Person as defined by National Instrument 43-101 guidelines for the Company.

In August 2024, the Company completed the first phase of a Bulk Sample Program for its 100% owned Asbury Graphite Property. The Company competed work in the following critical areas: Head assays; bon ball work index analysis and two flotation test (F01 and F02)

In March 2024, the Company completed a National Instrument 43-101 ("NI 43-101") by the independent firm SGS Canada Inc. ("SGS") of Blainville, Quebec. The Maiden Resource Estimate consists of an inferred resource of 4.14 Mt with an average grade of 3.05% Cg, within the boundaries of an optimized open pit model. A Technical Report supporting the Resource Estimate will be filed to SEDAR within 45 days, as required by NI 43-101. In May 2024, the Company filed on SEDAR National Instrument 43-101 ("NI 43-101") of the maiden Mineral Resources Estimate for its 100% owned Asbury Graphite Project in NNE of Gatineau, near Notre-Dame-du-Laus, Quebec.

TABLE 1: GRAPHITE MINERAL RESOURCES

Cut-off Grade (%Cg)	Resource Category	Tonnage (Mt)	Average Grade (%Cg)	Contained Graphite (t)
1.00	Inferred	4.14	3.05	126,000

1) *The classification of the current Mineral Resource Estimation into Inferred is consistent with current 2014 CIM Definition Standards – For Mineral Resources and Mineral Reserves*
2) *A fixed density of 2.80 t/m^3 was used to estimate the tonnage from block model volumes.*
3) *Resources are constrained by the pit shell and the topography of the overburden layer.*
4) *The results from the pit optimization are used solely for the purpose of testing the "reasonable prospects for economic extraction" by an open pit and do not represent an attempt to estimate mineral reserves. There are no mineral reserves on the Property. The results are used as a guide to assist in the preparation of a Mineral Resource statement and to select an appropriate resource reporting cut-off grade.*
5) *Mineral resources which are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resources has a lower level of confidence than that applying to a Measured and Indicated Resources and must not be converted to a Mineral Reserves. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.*
6) *All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding.*
7) *Effective date March 28th 2024.*
8) *The estimate of mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.*

Operating Activities- Exploration Properties (Continued)

Asbury Graphite Property, Quebec, Canada (continued)

The Company has thus far completed sufficient diamond drilling and bedrock channel sampling to result in a resource estimation with a maximal depth of the pit at 135 vertical meters. Geological modeling based on the drill results, surface trenching and mapping indicates that the deposit remains open at depth and on both strike extensions. The geological model also provides multiple exploration targets with the potential to further expand the graphite mineral resources. The portion of the Asbury Project which is the subject of the Resource Estimate occupies only about 7 % of the geophysical anomaly on the Asbury claim area held by the Company.

The Mineral Resources were estimated using the following geological and resource block modeling parameters which are based on geological interpretations, geostatistical studies and best practices in mineral estimation:

TABLE 2: PARAMETERS USED TO MODEL OPTIMIZED GRAPHITE RESOURCES

Parameters	Value	Unit
Mining Cost – Mineralized Material	5.00	CDN$/t mined
Mining Cost – Waste	4.00	CDN$/t mined
Mining Dilution	5	%
Mining Recovery	95	%
Processing + G&A Costs	13.65	CDN$/t milled
Metal Price	2,500.00	CDN$/tonne
Concentration Recovery	90	%
Pit Slopes	50	degrees
Density of Mineralized Material	2.80	t/m3
Density of Waste	2.80	t/m3

In October 2024, the “Company reports that it has completed the Bulk Sample Program for its 100% owned Asbury Graphite Project located 80 kilometers (“km”) NNE of Gatineau, near Notre-Dame-du-Laus, Québec. Working with SGS Lakefield, the Bulk Sample Program consisted of work to complete a full scope of analysis in the following areas:

- Head assays
- Bond Ball Work Index Analysis
- Flowsheet optimization

Qualified Person

Mr. Yann Camus, P.Eng., from SGS Geological Services, an independent Qualified Person as defined by National Instrument 43-101 guidelines and has reviewed and approved the technical related content of this news release.

During the three and six months ended June 30, 2025, the Company incurred $2,362 and $661,176, respectively of exploration and evaluation expenditures on the Asbury claims.

Miller Property, Quebec Canada

The Miller Graphite Mine, located in Grenville Township is a past graphite and mica producer. This mine was worked around 1845 and was likely the first graphite operation in Canada. The quantity of produced graphite is unknown but it is reported that 25 rail cars of lump graphite was shipped from this mine in the year 1900 and sent to the Globe Refining Company of Jersey City, N.J. This yielded thirty-two tons of clean crucible graphite. The Morgan Crucible Company of London and also J.H. Gauthier and Company, Jersey City, used some of this graphite in their crucibles and pronounced it equal to the best graphite known to come from Ceylon (now Sri Lanka).

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

The property acquired from 9228-6202 Quebec Inc. on January 7, 2013 consisted of nine (9) claims covering the past mine and a similar geologic context for more graphite mineralization around the mine site. The property acquired covers 5.4 km^2 of land and is located 80 km west of Montreal. Main roads connect up to 800 m away from the mine site and travel all around the property. A powerline also crosses the property 500 m south of the site, and a bush road goes directly to it, which allows for very easy access.

In April 2013, the Company purchased another 3 claims from a third party covering 1.8 km^2 of land contiguous to the Miller Mine. An additional five contiguous claims were acquired in July 2013.

A sampling program conducted by Canada Carbon in February and March 2013 identified grades as high as 80.1% Cg and assessed the visible graphite veins through a series of new samples taken directly along and into the vein with a chisel and hammer and went to a depth of approximately 30-50mm. The samples were removed directly from the vein.

The purpose of this program was to further confirm the grades encountered within the graphitic zone. Based on subsequent lab analysis conducted by Activation Laboratories ("Actlabs") of Ancaster, Ontario immediately after collecting the samples using the IR process (Leco), the results confirmed the presence of high-quality lump/vein graphite.

Based on the encouraging results of the February and March 2013 sampling, the Company focused its exploration efforts on a work program on the Miller property. A Phase I program consisting of geological mapping of the Miller Graphite Mine pit along with a geophysical survey of the surroundings for the detection of other veins was completed in June 2013.

Multiple electro-magnetic survey methods were applied by Géosig Inc. to compare the conductive response of known graphite veins through an orientation study, including those at the historical Miller Graphite Mine site. The results of the geophysical surveys assisted in establishing high priority drill targets and helped to characterize the known graphite occurrences. Only 1.3 km^2 of the Miller property land package was surveyed at that time.

Instruments used in the Phase I exploration program included the MaxMin II-5, an IMAGEM prototype #2, a Beep-Mat 4+, a TxII 1800W transmitter with ELREC-6 receiver, and an Induced Polarization (“IP”) survey. The MaxMin survey covered a total of 4.3 line-km with readings every 12.5 metres. The IMAGEM survey totaled 2.5 line-kilometres over lines adjacent to the historic Miller pit, and 20 readings per metre. The IP survey was done over 1.3 line-kilometres as a follow-up on IMAGEM anomalies. Within the Miller pit, the main vein at the southeast corner was delineated with the Beep Mat and was found to curve east into a brecciated zone comprising several conductive veins.

The IMAGEM survey identified seventeen new anomalies. The two strongest anomalies occur 100 m west and 20 m east of the mine pit, with weaker but well-defined anomalous peaks to the southeast of the mine pit. The weaker anomalies are found southeast of the pit, and can be correlated from line to line to form a NW-SE trending conductive axis 320 m in length. The axis passes north through the historic pit for 90 m and to the southeast for 230 m, and corresponds to the contact between marble and quartzite mapped in 1991, which is still open to the north. The Beep Mat 4+ tracked the known graphite vein extending southeast from the mine pit, which continues southeast for 25 m, then curves east into an area that generates a broad positive Beep Mat response. The broad response is perpendicular to the IMAGEM conductive axis, and is of particular interest as it is a brecciated zone with several intersecting graphite veins.

The IP survey included three lines as a test of the method over IMAGEM anomalies generated west and east of the Miller pit. Normalized chargeability was used to compensate for background variations linked to overburden thickness. Accordingly, ten IP anomalies were detected and numbered IP-1 to IP-10. Some anomalies are correlated between lines, with IP-1 extending over 145 m in a north-south direction, 100 m west of the mine pit and following a geological contact between marble and quartzite. At one station, the IP-1 conductor is coincident with IMAGEM and Beep Mat anomalies, confirming the presence of a conductive body under shallow overburden. IP-1 appears to follow the southwestern contact of the marble unit with quartzite and is still open in both directions. IP-4 and IP-5 anomalies are found immediately east of the Miller Pit, where a large graphite vein and brecciated zone are known to occur and where the three other methods also returned conductive signals. IP-7, IP-8 and IP-9 are located over a known geological contact between the marble unit and the paragneiss unit on the eastern part of the survey. The IP survey covered only 0.11 km^2 of the Miller property.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

The discovery of a new graphite occurrence resulted from trenching on IP-1, one of the geophysical EM anomalies that were identified. This new occurrence ("VN1") is an irregular vein of semi massive coarse graphite. The graphite vein is exposed along a 12.8 m strike length, having a NW-SE (148°) orientation and sub vertical dip. From SE to NW the vein varies in width between 1 m and 1.7 m for up to 7.9 m. Within that length, the vein maintains a 1.6 m thickness over 2.5 m. Toward the NW, the vein continues beneath a more competent zone in the host rocks for a length of 1.2 m. The vein re-appears on the other side of the competent rock and reaches a thickness ranging from 10 cm to 1 m over a strike length of 3.7 m. Other graphite veins of smaller size can be observed on both sides of the main vein, on available exposures. Finer grained graphite can be locally observed within the surrounding carbonate host rocks. The occurrence is exposed below 1 to 3 m of glacial till. Samples taken from the property during the Phase I work program were sent for analysis. All carbon analyses were performed by SGS and are reported as total carbon ("Ct") by Leco or graphitic carbon ("Cg") employing a roast, followed by a leach and Leco assay of the leach residue.

In July 2013, the results from the first series of beneficiation tests conducted at SGS were released. The results are detailed below:

1) Initial Flotation Test **-** A 2 kilogram (kg) surface sample taken from an exposed vein with a grade of 61.2% Cg (65.1% Ct) was concentrated by grinding and flotation to 79.2% Cg (84.1% Ct). The +48 mesh size (jumbo size) fraction represented 34.3% of the flotation concentrate and was assayed at 93.5% Cg (94.4% Ct). This represents 40.5% of the graphitic carbon in the concentrate. The result was obtained in a single flotation test without process optimization.

2) Leach Test **-** The +48 mesh fraction of the concentrate was subjected to two different hydrometallurgical purification processes. A traditional leach process yielded a concentrate that assayed 99.2% Cg (100 % Ct).

SGS conducted a second two-stage hydrometallurgical purification process. The alternative purification process treated the +48 mesh concentrate with an alkaline roast followed by a conventional acid leach.

The alkaline roast stage increased the purity from 93.5% Cg (94.4% Ct) to 99.1% Cg (100% Ct). The acid leach stage resulted in an exceptional product grade of 100% Cg (100% Ct). A Loss on Ignition (LOI) test was also performed resulting in 100% loss. The presence of impurities in the graphite would have resulted in some ash residue however, according to SGS there was a complete burn.

Further process development commenced at the end of July 2013 to determine the effects of repeated grind and flotation in order to achieve a higher graphitic carbon grade in the concentrate prior to purification. Upgrading the ore through conventional mineral processing technologies including grinding and flotation constitutes a well-established and low-cost upgrading approach. In August 2013, the Company announced the results from the additional milling and flotation test conducted by SGS. The modified protocol yielded a +48 mesh flotation concentrate of 99.1%Cg and 100% Ct. The process subjected a -6 mesh sample to various grinding times and media, each one followed by three to four stages of cleaner flotation. The final cleaner concentrate represented 70.0% of the original feed and contained 93.2% Ct, which is a substantial improvement from the previous test at 84.1% Ct. The concentrate grade of the +200 mesh size fractions was exceptionally high at 98.1% Ct and increased further to 98.7% Ct in the +100 mesh size fractions. The carbon recovery into the final flotation concentrate was increased from 73.4% to 97.2%. A particle size distribution was conducted on this final cleaner concentrate and sieve fractions assayed for Ct and Cg.

In July 2013, the Company contracted Geotech Ltd. (“Geotech”) of Aurora, Ontario to complete a helicopter airborne Versatile Time Domain Electromagnetic (VTEM Plus) and Horizontal Magnetic Gradiometer Geophysical Survey. The VTEM Plus System is excellent for locating discrete conductive anomalies as well as mapping lateral and vertical variations in resistivity. The system offers penetration through conductive covers, spotting of drill targets from the results, excellent resistivity discrimination and detection of weak anomalies. The airborne survey was flown at 100 m line spacing on the property with 50 m line spacing surrounding the 2.3 km^2 of the Miller Mine pit area. The equipment and crew began mobilizing to the historic Miller Graphite mine project in mid-July 2013. Geotech was contracted to generate anomaly picking maps, resistivity depth sections, EM Plate Modeling using EMIT Maxwell and 3D resistivity depth voxels on a detailed grid. Those products would be used to facilitate a detailed interpretation of the results of the survey. In September 2013, the Company received the preliminary VTEM airborne survey results from Geotech. The preliminary results identified multiple anomalies over the 20.7 square km Miller property.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

In January 2015, the Company announced that it has begun the qualification process for obtaining off-take agreements with specialty graphite processors. The Company is participating in a number of off-take qualification processes with various high-tech graphite processors, each at a different stage of progression.

In an effort to better understand the processes leading to the deposition of the Miller graphite mineralization and to better select targets during small and large scale exploration work, the Company initiated cooperative academic research and development programs, partnering with two leading academic institutions in Quebec. Planned mineralogical work included thin section petrology to be done at the University of Quebec at Montreal. Isotopic aging of various rocks and minerals on the property, modeling of the spatial dispersion of wollastonite, and isotopic analysis of oxygen was also planned at McGill University, to develop a model of the hydrothermal fluid flows responsible for the graphitic mineralization. The McGill research uncovered a previously unknown report entitled "Report on the Pointe aux Chenes Plumbago Mines Situated in Grenville, Canada East", dated November 10th, 1867. The author, Charles Bobb, a Mining Engineer, quotes from a site inspection report by Sir William Logan (Director of the Geological Survey of Canada), who had written, "A bed of pure graphite occurs in the Augmentation of Grenville, and has been traced at intervals for a distance of about three miles, running a little east of north." This historical document references specific claim holdings, and includes maps locating the reported graphite occurrences. These same occurrences lie entirely within the Canada Carbon claims. To-date, exploration activities have not focused on the area identified in the Charles Bobb report, however, the Company plans to conduct extensive exploration in the area in the near future. Historical documents such as the Charles Bobb report cannot be relied upon for either content or accuracy of reporting and there are no assurances that the planned exploration activity will result in the discovery of graphite mineralization. Given the length of time required to complete the research with the universities and the fact that some of the research would have to be funded by the Company, the Company decided to put the process on hold.

A ground geophysical survey, employing the TDEM geophysical system, was conducted in the vicinity of the West Block VTEM airborne survey anomaly W3, located approximately 10 kilometers west of the Miller Mine. The PhiSpy results included 21 smaller conductive anomalies, and 3 much larger ones. The large anomalies are, respectively: 120 m by 70 m, 90 m by 49 m, and 43 m by 26 m. Preliminary prospecting using Beepmat technology led to the discovery of graphite blocks in the overburden in the vicinity of the PhiSpy anomalies, including disseminated graphite in marble, and vein graphite, similar to that seen on the East Block. Graphitic marble has also been observed in bedrock exposures. All of the West Block anomalies are at the contact between a marble unit and a paragneiss unit, which is consistent with the East Block graphitic mineralization discovered to date.

In February 2015, the Company announced that it had begun its first diamond drill campaign for 2015 with the objectives of expanding the currently identified VN6 graphite mineralization, and providing resource delineation data to define a Resource Estimate for both marble and graphite on the Miller Property. SGS Geostats of Blainville, Québec was contracted to provide technical advice on the drill program, and to produce a Technical Report which would provide marble and graphite resource estimates based on their findings.

During drilling in the vicinity of the VN3 graphite showing in 2014, wide intersections of white marble were encountered, including 60 m in hole DDH13-10 and 20 m in hole DDH13-13. Each of these holes ended in white marble, with the white marble unit open both at depth and on strike. Consultations with dimensional stone industry representatives revealed that the white marble intersections were continuous enough to warrant further evaluation of the quality and size of the marble unit. The drill campaign was modified to include approximately 1,100 m in a large grid with spacing of 60 m between holes. The Company's objective is to determine the potential economic value of the marble found in association with the graphite mineralization on the Miller property.

As of early May 2015, the Company completed two drill campaigns; totaling 1668.50 metres in 27 holes, to both define the marble units for resource estimation purposes, and to expand the graphite mineralized zones, which remain open on strike and to depth. 432 metres of additional drilling were completed on the northwest extension of the VN6 graphite zone, coincident with the 700 m induced polarization conductive anomaly discussed above.

Additional IP geophysical surveys were completed on both the East and West Blocks. The Company proceeded with additional drilling on the generated anomalies on the East blocks and trenched over anomalies on the West blocks.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

The Company contracted engineering and technical consulting firm Tetra Tech WEI Inc. to complete a Preliminary Economic Assessment on its Miller graphite project, which would incorporate the pilot plant scale flotation concentration flow sheet developed for the Company by SGS (Lakefield) and the resource estimate for graphite and marble by SGS Geostats of Blainville, Québec.

In May 2015, the Company announced that a random sample of its flotation concentrate was directly upgraded to 99.9998% C(t) purity through thermal treatment alone. A randomly selected 10 kilogram ("kg") sample of Miller flotation concentrate was withdrawn from stockpiled material stored at SGS. The sample was dried in an oven, homogenized to ensure uniformity, and then split into four sub-samples of approximately 2.5 kg each. The first of the sub-samples was subjected to a preliminary test using the proprietary thermal upgrading process employed by a commercial processor of synthetic nuclear graphite. This processor has been producing ultra-high purity synthetic graphite for use in the nuclear industry, utilizing customized high temperature furnaces. Their proprietary processes vary to target specific elements and compounds. Contaminant-specific process optimization trials were applied to the remaining three sub-samples.

This thermal process eliminates the use of harsh chemical treatments commonly used to upgrade graphite, such as caustic bake or acid leach, which not only involve strong acids or bases that can chemically damage the graphite crystals, but which also inevitably create hazardous wastes. In addition, most hydrometallurgical processes also involve numerous physical processing steps which can mechanically damage the graphite crystals.

A GDMS assay was conducted on the thermally treated sub-sample by Evans Analytical at their facilities in Liverpool, NY. Ultra-trace amounts of six elemental contaminants were detected: boron 100 parts per billion ("ppb"), sodium 400 ppb, copper 100 ppb, zinc 80 ppb, iron 90 ppb, and silicon 1700 ppb.

In May 2015, the Company reported that Oak Ridge National Laboratory ("Oak Ridge"), along with Idaho National Laboratory and other government agencies were working toward the design and development of high-temperature, gas- cooled, graphite-moderated nuclear reactors, under a program supervised by the U.S. Department of Energy's Office of Nuclear Energy. A series of tests are currently underway to determine the optimal composition of nuclear fuel assemblies for this new generation of nuclear reactors. Decades of research to develop a suitable graphite matrix for the fuel compacts has settled on a mixture composed of natural graphite, synthetic graphite, and binding resin. The specific elemental impurity content in each of these components is a critical criterion. Tests conducted by Idaho National Laboratory have determined that nine elemental contaminants are of special concern, which have been defined in AGR-2 Specification SPC-923. Oak Ridge National Laboratory is charged with determining the best available graphite products to address the specification and accordingly have tested numerous commercial and experimental graphite products (12 synthetic graphite samples and 7 natural graphite samples). Canada Carbon compared the GDMS results from its thermally treated graphite against the data for the purest graphite samples of the 19 submitted, derived from an Oak Ridge report. The results of the comparison indicated that Canada Carbon's thermally treated graphite contained only a small fraction of the Specification SPC-923 elemental contaminants when compared to the best natural graphite assessed by Oak Ridge in 2011 and in fact, the Company's sample had substantially lower contaminant levels than the best synthetic graphite samples tested.

In September 2015, the Company reported that its Miller hydrothermal lump/vein graphite was selected to be fully characterized as a Standard Reference Material for the chemical analysis of nuclear grade graphites and manufactured carbons by the Subcommittee D02.F0 on Manufactured Carbon and Graphite Products of ASTM International, which has a current primary focus on developing internationally recognized test methods for comprehensive characterization of graphite and manufactured carbon materials used in nuclear and other high-technology applications.

The Subcommittee, composed of international experts in specialty graphite and manufactured carbon materials research and development, includes leading scientists, representatives of other international governments and academic institutions, graphite end-users, and producers of specialty carbon products.

The Subcommittee last met in Ft. Lauderdale, Florida in June 2015, at which time it approved changes to the purity threshold for high-purity nuclear graphite, limiting ash content to 50 ppm (total), and an Equivalent Boron Content of 2 ppm, as detailed in ASTM Standard D7219-15: "Standard Specification for Isotropic and Near-isotropic Nuclear Graphites."

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

The very high degree of structural uniformity and extremely low levels of elemental impurities of the Miller graphite prompted the Subcommittee to select it for use during the development of a test method for the chemical analysis of nuclear grade graphites and manufactured carbon materials. Chemical analyses were performed at a number of international laboratories simultaneously. The scientific work to develop a new analytical standard for high-purity nuclear graphite has been completed. The drafting of the required documentation is an exacting and intensive process, and it is well underway. It is anticipated that the Subcommittee may approve the designation of the thermally purified Miller hydrothermal lump/vein graphite as Standard Reference Material ("SRM") for survey chemical analysis of high purity graphites and manufactured carbon materials.

As part of the process for completing a PEA, the Company was attempting to get third party verification for the selling prices in various market segments for graphite with the purity and quality of Canada Carbon's graphite. An experienced third party graphite processor has provided a letter to the Company indicating the selling price for 99.9998% graphite that can be sold in the high-technology electronic device sector. This application of high purity graphite is estimated to require 250 to 350 tonnes per month. The Company is continuing its efforts to obtain pricing for additional market segments.

In October 2015, the Company provided an update on its exploration and market development activities in support of its PEA. Since January 1, 2015, 4,840 drill core samples were submitted for assay. These samples were collected from 84 new diamond drill holes dating back to August 2014, comprising 4,096 metres ("m") total, and also include additional drill core samples collected from drill holes previously reported. Another 174 channel samples were collected and assayed from 68 channels cut into bedrock exposures of graphitic material.

Trenching over exploration targets and excavation associated with preparing drill pads has frequently uncovered graphitic material from historic workings. The excavation process itself also often disturbs bedrock-hosted graphitic material, or exposes graphitic boulders in the overburden. These graphitic materials are being continuously collected, visually sorted by apparent grade, and stockpiled.

During definition drilling for the marble and graphite, extensive zones of disseminated graphite in a white marble host were encountered. In order to provide accurate metallurgical data for the PEA, a composite sample of this material was prepared, and submitted to SGS Canada (Lakefield), for bench scale flotation trials under the optimized conditions developed during the Company's pilot plant scale flotation concentration program. The results of two flotation trials were very similar: Trial 1, 54.6% of the concentrate reported to the +80 mesh (large flake) category, with 34.1% in the +48 mesh category; and, Trial 2, 55.9% of the concentrate was +80 mesh, with 35.3% in the +48 mesh category. The graphite concentrate from both trials was recombined to represent "run of mill" material, and was thermally upgraded by a commercial nuclear graphite processor, using the method previously reported. This yielded graphite of 99.9995% (Ct) purity, with an EBC of 0.917 ppm, as determined by GDMS analysis conducted by Evans Analytical, of Liverpool NY. The GDMS analysis revealed values comparable to those reported for the "run of mill" graphite concentrate from the pilot plant flotation program, which was also thermally upgraded by a commercial processor of nuclear graphite materials. The disseminated graphite in the marble sample processed by SGS at bench scale was composed of quarter-split drill core (NQ size) obtained from 14 diamond drill holes. Up to five samples were collected from each hole, for a total of 45 samples, with a total mass of 38 kg. The samples were collected from widely separated occurrences of disseminated graphite in marble mineralization, with the goal of providing a metallurgical sample with 0.5% graphite content. The 38 kg of material was crushed and homogenized at SGS. The calculated head grade obtained from these low-grade flotation trials was 0.53% graphite. As the post-purification results of the disseminated graphite were similar to those obtained from the pilot plant flotation material with a calculated head grade of 7.63%, the Company is confident that thermal upgrading can yield ultra-high purity graphite over a variety of potential head grade scenarios.

A block of marble weighing approximately one tonne was shipped to an architectural stone processor located in Quebec, for cutting, polishing and assessment. The processor reported that the Miller marble was whiter, less brittle, easier to cut, and polished to a luster not seen in the imported white marble that they currently process. Following a site visit to the Miller Project, the processor requested a further 50 tonnes of marble blocks, to prepare cut and polished samples, and make them available to his clients for their own assessments.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

Subsequent to an independent market assessment of architectural blocks of the Miller marble, the Company has signed a comprehensive agreement to sell 75,000 tonnes of architectural-quality marble material from its Miller high purity graphite project to the processor. The agreed base price for marble blocks or slabs is $14 per cubic foot, which is approximately $184 per tonne. There are additional provisions for price increases above this base price, as well as royalties to be paid on the sale of all value-added marble products. The term of the contract is to run for one year from the date of the acquisition of the required environmental approvals and quarry extraction permit, and is renewable.

A detailed chemical analysis of Miller flotation tailings, composed entirely of crushed marble, has demonstrated that the tailings have calcium, iron, silica, and aluminum levels suitable as feedstock for cement manufacturers. The Miller marble contains low levels of magnesium, which makes it well-suited for certain specific value-added products distributed by the two international cement companies. Once production commences, the Company will be able to provide samples to the cement companies so that they can review the suitability of our product.

On March 4, 2016, the Company announced the results of a positive PEA for its Miller hydrothermal disseminated and lump vein graphite and architectural marble project (the "Project"). The PEA shows a 100.2% pre-tax IRR and 85% post- tax IRR. The Project contemplates the extraction of graphite and marble from three open pits and the planned production of a maximum of 1,500 tonnes of high-purity graphite and 150,000 tonnes of marble blocks per annum. The estimated mineral resources comprise 952,000 tonnes of inferred graphite resources at an average grade of 2.0% Cg within the two proposed graphite pit shells and 1.2 million tonnes of inferred graphite resources at an average grade of 0.53% Cg within the marble pit limits. In addition, the marble mineral resource comprises 1.52 million tonnes of inferred marble with an average probability factor of 0.82. Graphite will be mined for 10 years and marble will be mined for 8 years. Production will begin with marble extraction with the extraction of graphite commencing one year later. The PEA costs assume that the mining and flotation will be conducted at the Miller site while thermal treatment processing will occur at the Asbury site. Initial capital costs are $44.4 million with a payback period of 1.9 years pre-tax and 2.0 years post-tax. The PEA recommended that the Project be immediately advanced to the pre-feasibility stage of development.

The portion of the Miller property which is the subject of the PEA and resource estimate occupies only 0.22km^2 of the Company's approximately 100 km^2 claims package. The Company plans to adopt a rolling resource approach to manage its deposit and accordingly, would continue to explore while in the resources definition and production stages.

The economic analysis contained in the technical report is based on inferred resources (as defined in NI 43-101) and is preliminary in nature. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no guarantee that all of any part of the mineral resource will be converted into a mineral reserve. Inferred resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as mineral reserves (as defined by NI 43-101). Additional trenching and/or drilling will be required to convert inferred mineral resources to measure or indicated. There is no certainty that the reserve's development, production and economic forecasts on which the PEA is based will be realized.

On March 7, 2016, the Company announced that it has begun a Pre-Feasibility Study as recommended in the PEA. The Company completed a 47 hole, 3,380 metre in-fill drill program to provide additional assay data required to upgrade the inferred graphite and marble resources to measured or indicated resources.

The assay results were sent to Actlabs for analysis and were included in the Company's database for the resource calculation.

The Company obtained the results of a test of the acid generation/metal leaching potential of the waste rock, graphite feedstock, and mill tailings. The results indicate that there are no environmental concerns of any kind, and as a result, it is anticipated that the Company will not be required to collect water from the various mineral storage pads, greatly reducing the need for water treatment and associated infrastructure.

In May 2016, the Company performed field exploration activities on the contiguous claims known as the West block, which are centered approximately 10 kilometres ("km") west of the Miller Phase 1 mine development activities. Two grab samples (sample A and sample B) of approximately 20 kg each were extracted from bedrock sites 3.5 km apart, for the purpose of testing the metallurgical performance of the graphite mineralization found on the Miller West property and to compare the results with those from the graphite deposit found at Phase 1 of the Miller Project.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

The two samples were transported to SGS (Lakefield) where they were processed under the supervision and technical guidance of Mr. Oliver Peters to produce a flotation concentrate using the flowsheet and conditions that were developed for the Miller Project in previous laboratory and pilot plant programs. The concentrates produced yielded the coarsest particle distributions of any yet reported, with both samples containing greater than 40% jumbo flake (+48 mesh) graphite crystals.

Both concentrate samples were assessed at Evans Analytical by GDMS before and after thermal treatment. The results are provided in the table below.

Sample	Head Grade (Cg%)	Flotation Concentrate (Ct%)	Post-Treatment (Ct%)
A	0.57	99.3	**99.9992**
B	2.56	99.7	**99.9997**

The Company used the same metallurgical processing parameters developed for the processing of graphite mineralization at Phase I, in order to allow for meaningful comparisons of the analytical results from different sampling locations, based on standardized sample treatments. The results from Sample A and B are substantially equivalent to the results obtained from the thermal upgrading of flotation concentrate from the Company's pilot plant program. The substantial equivalence of the metallurgical upgrading results from these widely separated locations strongly supports the Company's hypothesis for a district-scale marble-hosted hydrothermal graphite depositional event.

Sample A was collected on VTEM target W3, from a bedrock skarn zone at the contact between marble and paragneiss units, similar to the geologic environment and mineralization occurring at VN8 on the Miller East block claims.

Sample B was collected from a pegmatitic skarn in outcrop found during field exploration on the strike extension of the historic Cameron showing, identified from a review of historic documents, approximately 3.5 km SSW of W3. A number of small historic pits can still be seen at Cameron, which lies at the southern end of a 3 mile (5 km) long graphite trend described in the historical record. The northern extremity of this 3 mile long alignment corresponds with the historical McArthur showing, and also to VTEM anomaly W2, which have not yet been the subject of prospecting activities.

The geological modeling for the Miller Project (Phase 1) resource estimate has provided the Company with a validated database suitable for high-level interpretation of geophysical data. When combined with field sampling and prospecting activities, as well as Quebec government geological models, the Company's 2013 VTEM program database can now be used to identify significant structural features as well as rock types. Based on this modelling, the Company has potentially identified a marble unit exceeding 12 km in length, and open on strike in both directions, on the West Block. Marble is the host for the high-purity hydrothermal lump-vein graphite resource defined for the Miller Phase 1 mine development. The historical 3 mile graphitic trend corresponds very well with the Company's model of the marble unit, as do the VTEM anomalies already identified.

A large VTEM anomaly is coincident with a graphitic paragneiss unit on the W3 anomaly. At the contact of the paragneiss is a marble unit that extends to the west, with a skarn unit between the paragneiss and the marble, which is the source of Sample A. The previously completed trenching program at target W3 focused on the large anomalies generated by the paragneiss unit. A seven meter channel sample was collected from the exposed marble unit during the second week of July 2016, to evaluate the marble-hosted graphite found in those trenches. Additional trenching will be conducted to further expose the marble and skarn unit in the W3 target area. The Cameron showing (the source of Sample B) and the adjacent marble unit will be the first new target investigated by prospecting and beep-mat geophysics, with other targets to follow.

In December 2016, the Company reported the results of an updated Mineral Resource Estimate for the Miller Project. The Estimate was prepared by SGS Canada Inc. of Blainville, Quebec. The updated resource estimate includes an indicated resource of 2.65 million tonnes with an average grade of 0.80% graphite and an inferred resource of 7.56 million tonnes with an average grade of 0.77% graphite, within the boundaries of an optimized open pit mine model. The Company has thus far completed sufficient diamond drilling and bedrock channel sampling to result in a resource calculation that would confirm adequate indicated graphite resources to support a minimum 10 year mine life with a maximal depth of a pit at 126 vertical meters. Geological modeling based on the drill results and surface trenching and mapping indicates that the deposit remains open at depth and on both strike extensions. The geological model also provides multiple exploration targets with the potential to further expand the graphite mineral resources.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

During 2015 and 2016, the Company advanced its permitting activities. Canada Carbon hired a land surveyor that is familiar with mining permits to perform a land survey of the lots and of our proposed mining permit limits. The ground survey work that is necessary to obtain the quarry lease and mining permit will be completed in the Spring of 2017.

Prior to production of marble, the Company must obtain authorization from the "Commission de la Protection du Territoire Agricole du Quebec" ("CPTAQ") and Certificates of Authorization from the Ministry of Sustainable Development, Environment and the Fight against Climate Change ("MSDEFCC"). The CPTAQ is an organization that protects farm land. The Company has contracted a number of consultants to confirm the unsuitable nature of the Miller land for agriculture. The consultants have produced the necessary reports to request the authorization from the CPTAQ.

Environmental assessments, including hydrology, hydrogeology, and floral and faunal assessments for the Miller property were completed in January 2018 for the quarry operation while the same assessments for the graphite operation will be completed once final pit design for the graphite operation is known. An impact study report for the quarry was underway in 2018 but was halted due to legal proceedings. Once the report is completed, applications will then be filed and submitted to the MSDEFCC, to obtain Certificates of Authorization to operate a marble quarry as part of Phase 1 of the Miller Project.

In December 2016, the Company received unanimous support from the Grenville-sur-la-Rouge (GSLR) Municipal Council for its application to the CPTAQ to remove the Miller Project lands from provincial agricultural reserves. In February 2017, GSLR Municipal Council informed the Company that it would hold off on its support until board public consultations in GSLR could be held to address questions raised by residents. Two public meetings were held in February 2017 to consult local citizens and to discuss the regulatory and technical aspects of the development proposal. In March 2017, the GSLR Municipal Council reconfirmed its support for the CPTAQ application for the Miller Project.

As of early 2017, the Company held a claim package consisting of 180 claims on the Miller Property, a number of those claims were pending since their acquisition because they overlaid, completely or in part, areas which were restricted in 2014 by Regional County Municipalities in order to protect certain lands from mineral exploration. This temporary restriction was to be revised once new guidelines to define such territories were passed into law by the province of Quebec. Those guidelines were released in January 2017 and since new mining incompatible territories cannot be retroactively applied to existing or pending claims, the pending claims status was removed and active claims were issued to Canada Carbon. The Company has conducted a review of the newly granted claims to ensure that the Company's activities are in line with the Municipality's development plan to the greatest extent possible. The Company has already identified a number of areas where they will not conduct exploration work.

The Company is continuing its market development activities. In June 2016, it reported that it was in the final stages of qualifying its high purity thermally treated graphite as potential feed stock for the production of non-oxide graphene nano-platelets, in partnership with Celtig LLC ("Celtig"), a producer of mechanically exfoliated, high quality graphene products.

The Company's thermally baked graphite did not meet the yield requirements for Celtig and further testing is not anticipated at this time.

Canada Carbon has submitted samples of its thermally upgraded graphite to X-Energy, LLC ("X-Energy") for qualification testing as a component of nuclear fuel compacts ("pebbles") to be used in their high-temperature gas-cooled nuclear reactor development program. On July 5th, 2016, X-Energy signed a five-year US$53 million dollar Advanced Reactor Concept Cooperative Agreement with the US Department of Energy ("DOE"). The DOE Agreement provides funding for reactor design, fuel development, and initial licensing activities for X-Energy's Xe-100 pebble bed nuclear reactor. Each Xe-100 reactor will be fueled by approximately 170,000 pebbles. Each pebble is composed of a central sphere of uranium pellets embedded in a graphite matrix, which is then coated with a durable hard shell. The graphite matrix is comprised of ultra-high purity materials, specifically a blend of 64% natural graphite, 16% synthetic graphite, and 20% graphitizable resin binder. Canada Carbon prepared approximately 12 kg of its thermally upgraded Miller graphite in accordance with X-Energy's specifications, which will then be made into pebbles for testing.

In March 2017, the Company announced that it met the stringent qualifications specifications of a well-known international graphite products supplier for a category of high-technology applications in which they are a world leader. The Company was asked to provide material for a full-scale production trial.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

The Village of Grenville made public an independent hydrogeological report on the Miller Project's potential for any impact on the Village of Grenville's drinking water supply for its 1,700 residents, sourced from wells which are located 2.2 km southeast of the Miller Project. The report's conclusion is that the Project, as proposed, will pose zero risk to either the quantity or quality of the drinking water supply for Grenville Village.

The report was prepared by Julie Gauthier, ing., M.Sc.A. (Hydrogeologist) and Karl Lechat, Ph.D., from Laforest Nova Aqua Inc. ("LNA"), which is dated May 26th 2017. It includes both a hydrogeological study and an evaluation of the impacts of Canada Carbon's proposed Miller Project on the Village's community drinking water supply. In addition, the report also updated the protection areas in the aquifer surrounding the Village's wells.

The independent report includes the following information:

- The water gradient in the vicinity of the Miller Project goes towards the SW, within the Calumet River watershed. This means that both surface and groundwater are flowing away from the McGillivray Lake area towards the Miller Project. This also indicates that the water from the Project is flowing away from the houses located on Scotch road. This virtually eliminates any risks of water quality impacts on neighboring private water wells because the Miller Project is downstream from them.
- The wells from which the Village of Grenville sources its drinking water are within the Kingham River watershed, which flows in a NE direction from the Village's community wells, in the opposite direction from the water flow at the Miller Project.
- The report concludes that there is no potential for impact of the Miller Project on the Village of Grenville's water supply.

An independent hydrogeological report on the Grenville-sur-la-Rouge ("GSLR") municipal well and its protected areas was completed on May 31st, 2017. The report states that the municipal well near Calumet is in a different drainage basin than the Miller Project, and is thus isolated from it. This report reaches similar conclusions to the independent hydrogeological report for the Village of Grenville, referred to above, indicating that its well is similarly separated by surface geology from the Miller Project.

Page 7 of the GSLR report, translated from the original French, states, "The graphite deposit (Miller Property), 3.2 kilometers away (from the municipal well at Calumet), was an important environmental concern for the municipality. Figure 1 shows that the deposit is sitting between the limits of the Calumet East watershed and the Larose creek watershed. Those two watersheds are distinct geographic entities from the McKay Lake watershed (where the well is located). The municipal well is isolated from the graphite deposit."

Canada Carbon mandated BluMetric Environmental ("BluMetric") to complete the final surveys needed to obtain a Certificate of Authorisation for its Miller Project marble quarry. The work to be performed during the coming month includes pumping tests to determine any potential effects of mine dewatering on the other water wells in the area. This work phase will complete the hydrogeology database on underground water gradients, and allow a final report to be prepared by BluMetric. Canada Carbon's project manager and the BluMetric team will consult with the Ministry of Environment, Sustainable Development and Fight Against Climate Change to ensure that its proposed work program is adequate to complete its application for the marble quarry Certificate of Authorisation.

Another significant aspect of water quality impact assessment is the possibility of water contamination. BluMetric Environmental has concluded that the results of the Company's acid generation tests (acid/base analysis, modified Sobek method) and lixiviation tests (metal leaching) were sufficient to meet the standards required to obtain the quarry and mine Certificates of Authorisation, in accordance with Directive 19 on the Mining Industry (MDDELCC, 2012). The complete test results have been available on the Company's website since February 2017. The results show that no acid mine drainage can be generated from the waste rock, graphite mineralization and tailings produced over the life of the Project, due to the very high lime content in the host rock. Directive 19 defines non-acid generating materials as those with acid neutralizing potential three times that of the acid generating potential (PN/PA > 3). The average PN/PA ratios for Miller waste rock, mineralization and tailings are 254, 160, and 67, respectively, far in excess of the threshold criterion to be defined as non-acid generating rock. Furthermore, the metal leach test results indicate that the same rocks will not leach any metals since the initial metal content is very low, and there will be no acid generated to dissolve the trace amounts that are present.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

The Company conducted a summer 2017 drill program to increase management's confidence in the resource modelling beyond the boundaries of the existing indicated resources. One of the key goals of the drill program was to enhance the near-surface graphite resource category which may allow the Company to maintain or improve its current economic projections within a smaller and shallower open pit operating plan. The drill program was being carried out in selected areas away from wetlands and environmentally sensitive zones identified in our environmental assessments, to ensure that any further discoveries will also have a minimal impact on the environment as we continue to assess options for mine optimization. Another goal of the drill program was to increase the knowledge of the continuity and quality of the white marble zones which is expected to be quarried to yield blocks and slabs of architectural stone.

Phase I of the 2,358 metre (31 holes) summer drill campaign was completed on August 12, 2017. The program included individual holes into 11 high priority targets with enhanced potential for graphite rich mineralization on strike or depth extension from previously sampled high-grade marble and skarn units proximal to paragneiss contacts. Other graphite exploration drilling included 8 holes to sample geophysical anomalies previously identified by the Company. Preliminary visual examination of the recovered core indicates the presence of disseminated graphite mineralization and veins at 94 vertical meters depth southeast of the VN6 showing, which correlates well with a SE extension of that well mineralized zone. Additionally, the Company drilled 12 holes north of its currently defined white architectural marble unit. All of the graphite mineralized drill cores were split and sent to Actlabs (Ancaster, Ontario), for graphite assay. The assay results have been received and have been sent to SGS Canada so that the resource geological model can be updated. SGS Canada has conducted a field visit and once the geological model has been updated, drill collar locations will be selected for Phase 2 of the drill program, if required.

The summer drill program extended the marble body by 197 meters towards the north from the zone defined in the Company's Preliminary Economic Assessment ("PEA", effective date March 4, 2016), increasing the known length of the marble unit by about 70%, all of which remains open at depth. This should allow the Company to minimize its impact on the environment during quarrying operations while potentially extending the life of the quarry. Logging of the marble core samples to evaluate the quality and continuity of the extended marble unit has been completed. The Company is sourcing contractors that have the ability to scan the marble core for colour grading.

The Company was invited by the Regional Municipality County ("RCM") to discuss the Miller Project in front of all the mayors composing the RCM. The meeting was held on October 3, 2017.

Canada Carbon was also invited by a group of local citizens to give out an information session as part of a meeting about the Miller Project and its potential impacts. The meeting was held on October 28, 2017.

In January 2018, the Company was notified that the CPTAQ administratively closed the Miller file as a result of receiving a resolution from the new council for the Municipality of Grenville-sur-la-rouge ("GSLR"), dated December 12, 2017 which made the declaration that Canada Carbon's application did not conform with municipal regulations. Canada Carbon had previously received two certificates of conformity from the designated officer of GSLR, who acted under the previous municipal council.

Canada Carbon filed an appeal before Quebec's Administrative Tribunal to review CPTAQ's decision, on the grounds that the CPTAQ made errors concerning the admissibility of Canada Carbon's application, that the CPTAQ erred by failing to take into account the effect of section 246 of the *Act respecting land use planning and development* which states that the graphite mining is not subject to the zoning regulations, and that the CPTAQ violated the rules of procedural fairness.

In-house counsel for the CPTAQ filed a motion to dismiss Canada Carbon's application for review before the Tribunal on the premise that the CPTAQ did not render a "decision" when it closed its review of CCB's file for administrative reasons. The motion was heard on September 5, 2018. On November 9, 2018, TAQ rendered its decision. In the decision, TAQ concluded that it did not have jurisdiction to hear the appeal of the decision rendered by the CPTAQ because the debate falls under the jurisdiction of the Superior Court. Since Canada Carbon filed an application for Judicial review before the Superior Court in March 2018, the TAQ's decision has no effect on the on-going legal dispute between Canada Carbon Inc. and GSLR.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

Canada Carbon formally notified and filed, on March 2, 2018, an application for Judicial review and Declaratory Judgment before the Superior Court, against Grenville-sur-Rouge, to annul the resolution of non-compliance adopted on December 12, 2017 by its Municipal Council, to declare that Canada Carbon has crystallized its right to a mine and a marble quarry from the moment it filed a request before the CPTAQ and finally to declare that the council of Grenville-sur-la-Rouge acted in bad faith. A number of decisions have been rendered by the Quebec courts related to the Judicial review that have been favorable to the Company. In the first decision, the Quebec Superior court refused to authorize GSLR to conduct a hydrogeological assessment. In the second decision, the Quebec Court of appeal refused to appeal the first decision. In the third decision, the Superior Court concluded that Canada Carbon's request in the judicial review to order the CPTAQ to complete the analysis of the Company's application and to render a decision within a reasonable time, is reviewable by the Courts.

As required by law, a 15-day notice must be given to the Municipality within 60 days from the date on which the cause of action arose, before the filing of an action for damages. Also, a damages claim must be filed within 6 months of the date on which the damage occurred in order to maintain rights to a claim. Accordingly, on Friday March 2, 2018, Grenville-sur- la-Rouge and all of its councilors were put on formal notice that an action for damages of $96 million will be served and filed before the Superior Court. The $96 million represents the net present value of the Company's net cash flows after tax using a 10% discount rate as shown in the Company's PEA. The damages lawsuit was filed in June 2018 with the intent to suspend the lawsuit until the judicial review and/or the appeal at the Quebec's Administrative Tribunal are completed.

After unsuccessful attempts to establish a constructive dialogue with the newly elected officials of Grenville-sur-la-Rouge, and considering that the Councilors of GSLR disseminated intentionally misleading and erroneous statements to both the CPTAQ and its residents with the objective of blocking the Project and totally and irreparably compromising the social acceptability of the Project, Canada Carbon felt it had no choice but to file the judicial review in order to protect its rights.

The Company is continuing its efforts to reach out to the citizens of Grenville and GSLR in an effort to provide facts about the Miller Project so that the citizens can assess the Project on its merits. The Company has been mailing information directly to the citizens and has invited them to visit its Facebook page for information about the Project and to ask questions to which the Company will provide responses.

In February 2018, the Company announced the completion of its final hydrogeological study for the marble quarry portion of the Miller Project. The report was prepared by BluMetric. The work completed by BluMetric included: analysis of the existing databases; drill hole inspection; pumping tests on two distinct hydrogeological drill holes, installation of two sand point wells, water level measurement in drill holes; slug and pumping tests; sampling for water quality of underground waters; and the evaluation of the quarry's dewatering impact on water users less than 1 km from the proposed pit.

The key conclusions from the report are as follows:

- The underground water flows and hydraulic gradient show a flow from the north toward the south and south-east. This means that the water on the Miller Project is moving away from McGillivray Lake area and the closest neighbor located on Scotch Road;
- No hydraulic link was established between the surface water and the underground waters. This indicates that the pumping of underground water will not affect the surface water level around the quarry;
- The interception of surface water and the dewatering of the marble quarry will have no impact on the water wells that provide water to the users located along Scotch Road. The range of influence towards north-east is 150 m while the closest well is 720 m away from the future quarry. The water quality of the wells will not be affected;
- The calculated hydraulic conductivity varies between $1x10^{-9}$ and $7x10^{-7}$ meter/second. These values are representative of an aquifer that is half-permeable to impermeable and of mediocre quality. Using the hydraulic gradient, the effective porosity and the hydraulic conductivity, it can be determined that there is a mean horizontal flow of 4 to 5 meters per year;
- Pumping tests defined a transmissivity during pumping that varies between 0.07 and 0.87 m^2/day, with a mean value of 0.163 m^2/day and a median of 0.120 m^2/day. As a point of reference, transmissivity of 1 m^2/day is classified a very low**.** No values higher than 1 m^2/day were observed at the Miller Project;
- The low transmissivity of the ground means that the dewatering of the quarry area won't have an impact on neighboring water nappes;

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

- The aquifer is classified as class III**;** and
- Analysis of the ground water shows that no elements in the groundwater geochemistry exceed the criterion requested by the MDDELCC. Analysis of one sand point well indicated anomalous zinc content and higher than normal metal levels for some other elements. That anomaly is the result of a faulty well and the resulting degradation of the galvanized steel inside of the well. An anomaly in hydrocarbon was also found in the water of that well but no source or evidence of contamination was found.

The Company also released the results of the new sound study. In an effort to ensure that the infrastructure of the Miller Project has the lowest sound impact possible for the residents of Grenville-sur-la-Rouge, the Company requested that Vinacoustik inc. model the sound impact of a 5 m and a 15 m acoustic wall on the Miller site. The Company's initial sound study determined that by constructing a 5 m acoustic wall next to the graphite pits on the Miller site, the Company's sound impact was under the required limits of the MDDELCC of 45 decibels during the day and 40 decibels at night. The new model indicates that when only the marble quarry is in operation, the sound level doesn't exceed 29.9 decibels for the two nearest neighbours, which is the equivalent of the sound level of a quiet rural area. When the graphite pits are integrated in the model, the sound level reaches a maximum of 43.2 decibels during the day when using a 5 m acoustic wall and is reduced to 40.5 decibels when using a 15 m acoustic wall. The graphite pits will not operate at night. Furthermore, the excavation depth of the graphite pits is not integrated in the sound study. As the pit goes deeper this will significantly reduce the sound impact of the operations. The Company is still investigating options to further reduce noise including the modification of the geometry of the acoustic wall and the selection of quieter equipment or modification of processes.

On September 24, 2018, the Company signed a non-binding MOU for the supply of the Company's Miller nuclear purity graphite with Dunedin Energy Systems Ltd. an arm's length Canadian developer of small modular nuclear reactors. The MOU terms are for the supply of 200 tonnes per annum of nuclear purity graphite over a 10 year term with a floor price of USD $40,000 per tonne. Both companies must achieve certain business milestones in their business development activities, including the purchaser arranging requisite financing, at which time a definitive agreement will be signed.

Dunedin Energy Systems Ltd. was founded to lead the development and commercialization of a small nuclear power plant to bring the many benefits of nuclear energy to the remote communities and mines of Canada's North. With current remote site energy technologies becoming increasingly unsustainable, unaffordable and environmentally undesirable, Dunedin Energy Systems believes that nuclear technology can offer a clean energy solution that will help the people and industries of the North to achieve their full potential.

On February 22, 2018 Parliamentary Secretary Kim Rudd, on behalf of Canada's Minister of Natural Resources, the Honourable Jim Carr, announced a process under the Energy Innovation Program to explore the potential for on- and off-grid applications for small modular reactor (SMR) technology in Canada. Parliamentary Secretary Rudd further stated, "A stakeholder-driven roadmap will build upon their existing groundwork to foster innovation and establish a long-term vision for the industry, as well as to assess the characteristics of different SMR technologies and how they align with user-requirements and Canadian priorities. The roadmap will be an important step in positioning Canada to advance next-generation technologies and become a global leader in the emerging SMR market."

In August and November 2018, the Company renewed its surface access agreement ("Agreement") under the same terms as the original agreement. The Agreement provides the Company with surface access for a period of five years. The Agreement grants the Company an exclusive and irrevocable option to acquire or lease all or part of the property necessary for the extraction of mineral substances. If the Company exercises the Option, either by acquiring or leasing all or part of the Property prior to the expiry of the term of the Agreement, the term will be extended through the period of commercial production.

On Friday November 9, 2018, a motion was presented at the Superior Court of Quebec by legal counsel for GSLR to have Company's $96 million damages claim against GSLR dismissed. GSLR counsel argued that the damages claim was a SLAPP ("Strategic Lawsuit Against Public Participation") lawsuit and was abusive. Additionally, GSLR requested legal costs of $40,000 based on the assumption that the said damages claim "appeared" abusive.

After hearing arguments from counsel for both GSLR and Canada Carbon, Judge Danielle Turcotte of the Superior Court of Quebec rendered her judgement on the bench. Judge Turcotte rejected GSLR's motion to strike down the damages claim and also denied the request for legal costs. After dismissing GSLR's motion, the Judge granted the Company's application to suspend the damage claim until December 1, 2019. On December 13, 2018, legal counsel for GSLR presented a motion for permission to appeal Judge Turcotte's decision. GSLR was granted the right to appeal.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

On November 23, 2018, the Company's legal counsel presented its motion to split the Judicial review into two components: 1) debate on the graphite mine project, which should be a simple and quick debate based on the fact that Section 246 of the Planning Act protects mining projects that are carried out under the Quebec Mining Act and 2) debate on the marble quarry, which will be more complex since it deals with the issue of the conformity of the quarry project with the municipal regulation and the crystallization of rights. On December 5, 2018, Judge Benoît Moore rendered his judgment which denied the Company's request to split the Judicial review. The Judge indicated that an important factor he considered in his judgement was that the Judicial review was a few weeks away from being ready for trial.

The attorneys of the Company appeared before the Superior Court on May 1, 2019 to set the date of the hearing for the judicial review. The Court set the hearing of the judicial review for February 21 to 28, 2020, in Sainte-Agathe-Des-Monts. The Company submitted an application to the Chief Justice of the Superior Court for the purpose of fixing the case by preference in order to obtain an earlier hearing date however given the lack of availability of court time for a trial of our proposed length, the motion was not granted.

In May 2019, the Company obtained market leading and statistically significant test results which indicate that, when compared with a synthetic nuclear grade graphite reference material, the Miller thermally purified natural graphite had far fewer detectable elemental contaminants overall, and significantly lesser amounts of those that were detectable. The new analytical results were based on the direct comparison of the Miller graphite to a Certified Reference Material ("CRM") by 10 independent international labs and provide further evidence of the purity advantage of the Miller natural graphite over the commercially available synthetic graphite SGL NGB-18 which is being considered for use in small modular reactor development programs around the world. The Company anticipates that the Miller graphite will be classified as the standard by which all natural and synthetic nuclear grade graphites will be assessed.

The 10 independent laboratories compared a CRM commercial material identified as BAM-S009 (SGL NBG-18 synthetic nuclear grade graphite powder) with an 'unknown' which was thermally purified natural graphite from the Company's Miller deposit. Each laboratory was to determine the concentrations of 21 elemental contaminants within each sample. 20 elemental contaminants were detected in the CRM by all 10 laboratories, whereas only 7 were detected in the Miller graphite. Of the 7 elements detected in the Miller graphite only 4 of the elements were detected by all 10 laboratories.

Statistical analysis of the compiled data showed that the CRM contained significantly higher amounts of the 7 elements than were found in the Miller thermally purified natural graphite. The CRM contaminant load for the seven elements ranged from 3.3 to 84.4 times higher than for the Miller graphite.

The table detailing the elemental contaminant concentrations was provided in the Company's press release dated May 6, 2019.

The Company is in the planning stage for developing a machinable graphite billet based on its ultra-high purity Miller graphite and graphitizable binding resin. If successful, this new material will significantly expand the applications for the Miller nuclear purity graphite within a reactor setting.

On May 16, 2019, Canada Carbon was notified that Ugo Lapointe of Mining Watch Canada, Jacqueline Richer, an organizer of protest group SOSGSLR and others entered onto the private property on which the Miller Project is located without getting consent of all the landowners. Furthermore, the Company is in possession of video evidence that appears to show these same parties tampering with Canada Carbon's packaged graphite. Given the on-going legal proceedings involving Canada Carbon and GSLR, the presence of these individuals on the Miller property is highly inappropriate and suspect. A Company representative visited the site to do a preliminary assessment of whether any damage had been caused to the property, the drill cores and the packaged graphite. Some of the core boxes sustained damage. The Company will need to sample test the packaged graphite to ensure that it has not been contaminated. The Company filed a formal complaint with the appropriate authorities.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

In June 2019, the attorneys for Canada Carbon attended the Quebec Court of Appeal to review the judgment rendered by Judge Turcotte who ruled that the Company's action for damages against the Municipality of Grenville-sur-la-Rouge ("GSLR") was not a SLAPP action. Before the commencement of the attorney's presentations, the judges of the Quebec Court of Appeal indicated they were questioning whether they even had jurisdiction to hear this appeal by Grenville-sur-la-Rouge. They ruled instead that the attorneys for each party would present their arguments and position in a 10-page written document. The documentation was submitted. The Appeal Court judges decided to hear from the parties on the question of jurisdiction on August 28, 2019.

In January 2020, the Company announced that, at the appropriate time, it will make a request to the Ministry of the Environment and Climate Change (MELCC) to subject the Miller project to an environmental assessment which may include a review by the *Bureau d'audiences publiques sur l'environnement* ("BAPE"). The decision came after discussion and consultation with competent authorities on the benefits of a BAPE. Canada Carbon has chosen to pursue an environmental assessment and BAPE as the appropriate forum to ensure that the Miller project is examined and evaluated in an impartial and factual manner. The review will allow all stakeholders to fully understand the scope of this project, as well as the solutions recommended to eliminate or reduce any impact on the host community.

In February 2020, a tri-party out-of-court settlement between Canada Carbon, GSLR and Commission de protection du territoire agricole ("CPTAQ") was reached. Under the terms of the settlement, all current outstanding legal proceedings are abandoned, including the damages claim against GSLR of $96 million.

For its part, GSLR recognizes that the "marble quarry" component of the Miller Project complied with its zoning by-law, when CCB's request was filed with CPTAQ on December 14th, 2016, and that Canada Carbon's rights regarding the "marble quarry" component crystallized at that time. It also recognizes that any subsequent zoning by-law changes are not enforceable against the "marble quarry" component of the Miller Project.

GLSR recognizes that CCB has the right to proceed with the Miller project because GSLR does not have jurisdiction over the "graphite component" of the Miller Project. It also acknowledges that the notice of compliance, signed March 16, 2017, was admissible. Consequently, the CPTAQ undertakes to resume their analysis of the Miller Project file in a rigorous and expedited manner.

Canada Carbon and GSLR agree to present all the factual information relating to the Miller project, as well as its various impacts on the environment and the community, in the framework of forums made available to the public. Both parties agree to act reasonably, in good faith and in the public interest. The parties have also agreed to initiate dialogue on the Miller project and put forward a process applicable to this end, with the assistance of the Ministry of Energy and Natural Resources (MERN), insofar as the latter agrees to act in this capacity.

Canada Carbon will hold public consultations in GSLR on all aspects of the Project. Canada Carbon will ensure that it adheres to the noise and dust limitations set out by Regulation. As part of the process to initiate dialogue and put forth a process for dialogue, Canada Carbon will collaborate with GSLR in carrying out any necessary studies that will aid GSLR with understanding, analyzing or participating in improving the Miller Project for the purpose of social acceptability.

Canada Carbon has agreed to enter into cost sharing agreements with various stakeholders to pay its proportionate share of the cost of the modification of municipal roads in GSLR which are directly affected by our planned trucking activity. The Company has also agreed to limit our blasting and crushing activities within certain hours on weekdays.

Subsequent to the signing of the settlement agreement, CPTAQ reopened and commenced its review of the CCB Miller file.

In March 2020, the Company received an initial order from Analytical Reference Materials International ("ARMI"), a subsidiary of LGC Standards Company ("LGC"), a global leader in the life sciences sector. This initial order of 50,000 grams of the Miller thermally purified graphite is to be used in the development of a CRM for the analysis of ultra-high purity graphite samples. The CRM will be developed and marketed by LGC, with a retail selling price comparable to the lower purity BAM S009 (NBG 18) reference material. The order is renewable for 100,000 gram lots, on the same terms. Additional CRM materials based on Miller graphite are under development by the two companies.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

Many high-technology industries depend on high purity materials. The scientific instruments used to measure material purity must be calibrated to ensure their accuracy. The calibration procedure depends on Certified Reference Materials (CRMs) of known composition. The certificate accompanying the CRM not only provides the composition of the sample, it also estimates any uncertainty in those values, as well as providing information that indicates the origin and development process for the reference material. It is important to calibrate an analytical device using a CRM with similar properties to the materials to be subsequently analyzed on it. Therefore, the accuracy of ultra-high purity material analysis depends on ultra-high purity CRMs. Because analytical instrument calibration is a recurrent requirement to maintain not only analytical accuracy, but also laboratory accreditation, there is a constant demand for CRMs.

Recent interest in the development of Generation IV small modular reactors for the generation of green energy led LGC to consider the material certification requirements for testing, certification and construction of this technology. LGC learned that there were no ultra-high purity graphite CRMs available in the marketplace. The agreement with Canada Carbon will allow LGC to satisfy this demand. LGC will also be looking for other opportunities in other applications which require high purity graphite material certification.

This agreement with LGC will enable Canada Carbon to quantify the market potential (volume and pricing) of our graphite in the CRM space. This information will be useful in validating economic assumptions that will be incorporated in our future feasibility study.

In October 2020, the Company announced that it had delivered the first 50,000 gram order to LGC. The initial batch of purified Miller graphite met LGC's specifications, which included meeting a purity threshold of 99.995+% carbon. Canada Carbon has an additional 150,000 grams of the specified graphite particle size onsite at the purification contractor, ready to purify and send to LGC as needed. The Company also has prepared 400,000 grams of graphite in 2 separate particle sizes in anticipation of beginning the process of developing two planned additional CRMs. As part of the process in preparing the initial order, thermal purification optimization efforts were undertaken to establish scaled-up and reproducible purification procedures prior to delivery of the first order. These efforts provided engineering data suitable for a feasibility level economic study and provided information to ensure consistency of quality and characteristics for future orders.

On July 20, 2020, the CPTAQ delivered a conditional positive preliminary orientation for the Miller Project. The document which includes the list of conditions is accessible on the CPTAQ website and on the Company's website. In its preliminary positive orientation, the CPTAQ made the following observations:

- The soil located at the Miller Project is shallow and has low potential for crop development.
- The Miller property has unfavorable topography as well as strong rock content at surface.
- The potential of silviculture over the Project is categorized as class 2, 3 and 5.
- The closest animal husbandry is located 3km away from the Project.
- While the proposed Miller Project will cut young maples over an area of 23 hectares, the maple bush management plan developed by the CCB consultants will allow additional maple bush planting, which will increase the maple bush potential and enable faster maple production. The CPTAQ specified that there will be an improvement in the agricultural usage of the land once the proposed recovery plan is completed.
- The CPTAQ considers that the maple bush population located outside of the Project boundaries are at a sufficient distance as to not be affected by the exploitation.
- The CPTAQ's preliminary positive orientation limits Canada Carbon's activities to only the land designated in its application as being needed for planned activities.
- The CPTAQ acknowledged that it has received comments from some stakeholders regarding the potential negative impact of the Miller Project on water reserves, light and sound pollution, and dust emissions however it notes that those issues will be addressed by other governing bodies in the permitting process.
- The CPTAQ has previously authorized a quarry to ABC Rive-Nord Inc, located 900 m east of the Miller Project in 2005.
- The CPTAQ authorized, with conditions, another exploitation site located 1,200m east of the Miller Project in 2020.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

The CPTAQ set out the following conditions/requirements in its preliminary positive orientation:

- The authorization would be for a period of 25 years.
- The authorization is restricted to only those areas within the application submitted by Canada Carbon as being required for activities.
- Within six months of the final CPTAQ authorization, a deposit of $360,000 must be made to the CPTAQ as a guarantee.
- An agronomist will supervise the work done on the Project. Within six months of the CPTAQ authorization, the Company will have to provide proof of such a mandate to an agronomist.
- The management plan for silviculture will have to be supervised by a forestry engineer. Within six months of the CPTAQ authorization, Canada Carbon will have to provide proof of such a mandate to a forestry engineer.
- The proposed forest management plan submitted to the CPTAQ will need to begin at the start of the Project. The Company is required to replant maples in an area covering 23 hectares.
- Every two years after the delivery of the authorization, and at the end of the authorization period, a report prepared by an agronomist will have to be provided to the CPTAQ which will contain technical information about soils and their storage. A report on the maple bush management will also have to be done every two years, up to 5 years following the end of the authorization.
- Topsoil and overburden will have to be stored in specific piles.
- The plan for the topographic profile submitted to the CPTAQ must be followed.
- Surface drainage must be maintained at the site and at neighboring sites.
- As soon as areas are available for recovery, the Company will start its recovery and closure plans.
- The mine closure and site recovery will have to be completed by the end of the authorization period.

As part of the review process, the CPTAQ allows 30 days following its orientation for interested parties to submit any additional information related to the Project. In addition, any party can also send a written notice to the CPTAQ to request a public meeting with the CPTAQ. The CPTAQ provided an extension to September 20, 2020 for comments to enable parties to have more time to review all the documentation Canada Carbon had filed.

CCB has always been convinced that the process for a dialogue between itself and GSLR should be based on equal contributions from both parties to ensure an outcome with which each party feels comfortable. Accordingly, the Company proposed a co-facilitation process which would be a non-confrontational process, conducted by neutral and mutually accepted parties as a way to initiate the dialogue that was required in the Settlement Agreement. During 2020, Canada Carbon sent several communications to the Municipality of GSLR to begin the dialogue with co-facilitators. In the Company's communications with GSLR, it was made clear that CCB would be prepared to pay for some portion of the co- facilitator utilized by GSLR and would also be prepared to fund some portion of the reports that would be determined by both parties to be necessary.

GSLR chose not to begin the co-facilitation process at this time and decided to proceed with the counter-expertise studies on their own. In good faith, Canada Carbon provided GSLR's consultants with the source data from our independent consultants so that they could conduct their analysis.

In February 2021, the CPTAQ set March 31, and April 1, 2021 as the dates for the public hearings. GSLR filed an injunction application to stop the CPTAQ hearings and suspend the review process until its experts conducted additional work, including drilling, on the Miller site. The hearing was held in Superior Court on March 30, 2021 and the injunction was denied. The CPTAQ public meeting was held on March 31 and April 1, 2021. Parties were required to submit certain documents to the CPTAQ by April 14, 2021.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

On July 21, 2021, the CPTAQ notified parties of a change in preliminary orientation. The decision allows for a further 30 day period for any interested parties to make written submissions. While CCB submitted a comprehensive file to the CPTAQ, the application was based on preliminary pit designs and infrastructure layout. CPTAQ appears to want to base their ultimate decision on CCB's final pit design and hydrogeology tests. In its decision the CPTAQ indicated that it is prepared to authorize the exploration on 57.88 hectares of the Miller Project for a period of two years. The two year exploration period is intended to allow CCB the opportunity to gather additional information and resubmit its application. This preliminary orientation explicitly approves the reactivation of exploration work on the Miller Property. On September 16, 2021, the CPTAQ rendered its final decision which was the same as its change in preliminary orientation. Accordingly, in December 2021, Canada Carbon conducted the additional drilling required to finalize the pit design. The Company is currently awaiting the results of the assay program on the material extracted during this drill program in order to finalized the pit design.

In addition to satisfying CPTAQ requirements, the additional information to be obtained from the exploration program will enable Canada Carbon to gather the detailed data required by Ministry of Mines and Ministry of Environment as part of their review processes, and will form part of the Miller Project Feasibility Study.

On March 30, 2021, Canada Carbon was informed that GSLR filed another legal proceeding against the Company and the CPTAQ with the Superior Court. GSLR is asking the Court to rule on the interpretation of Sections 16, 18 and 19 of the Settlement Agreement, as the Municipality believes, based on their interpretation of these sections, that Canada Carbon is in breach of the Settlement Agreement based on its refusal to allow drilling on the Miller Property.

The Settlement Agreement that was signed in February 2020 had two key paragraphs at issue in this proceeding.

- Section 18 states that, "*GSLR and CCB agree to enter into a dialogue on the Miller Project and to put forward a process for that purpose with the assistance of the MERN, to the extent that the MERN agrees to act in that capacity*."
- Section 19 states that, "*As part of this process, CCB agrees to collaborate with GSLR in the conduct of any study that GSLR may require, if necessary, on the recommendation of a professional under the Professional Code, in order to enable it to understand, analyze or participate in improving the Miller Project in terms of its social acceptability*."

The Company feels GSLR is interpreting Section 19 in isolation despite the fact that it is clear from the language and intent of Article 18, that dialogue and protocols are required beforehand. The purpose of these two sections was to ensure that, through dialogue, both parties would jointly determine what additional analysis would be required and that the collection of this additional information would be done jointly by both parties on a scientific, efficient and transparent basis. At the time GSLR filed their lawsuit, management of Canada Carbon and the Mayor and councilors of GSLR had not met nor had there been any constructive dialogue regarding the Miller Project since the new council took office in November 2017, despite repeated requests by the Company to do so. The exchanges between the parties can be found on the Miller Project website in the document library under the Agreement with GSLR tab.

In the absence of co-facilitation, both parties developed their own draft protocols for dialogue. The protocols developed by Canada Carbon were based on what the Company considers to be best practices. Both parties have had a chance to review each other's protocols. The first meeting between Canada Carbon's management and representatives from GSLR was held on July 27, 2021 in GSLR to discuss the protocols. To the extent that GSLR is interested in the same information that will be submitted to CPTAQ, Canada Carbon has agreed to invite GSLR's experts to observe the field work required for its future CPTAQ submission. In addition, input from GSLR's experts will be requested. As with all previous studies, the data will be made public and shared with the municipality. Both parties agreed to continue dialogue. In November 2021, GSLR notified the Company that it would not allow its experts to work with, or provide input to, Canada Carbon.

In November 2021, Canada Carbon was informed that GSLR would be deferring their legal proceedings with respect to compliance with the Settlement Agreement.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

On December 8, 2021 the Company announced that it started an expansion of the drilling program on its Miller Graphite Property ("the Miller Project"), located in Grenville Sur la Rouge, Quebec. Drilling commenced on November 28th, 2021, and data obtained from the drilling program will enable the Company to achieve a number of key objectives: 1) upgrade its resource calculation; 2) delineate the location and shape of the future graphite pits; 3) minimize any potential impact on maple bush habitat; 4) address concerns raised by the citizens of GSLR.

On December 21, 2021.Canada Carbon completed 3,024m of drilling in 32 holes varying in depth between 30 and 180 metres drilling program on the Miller Property. The primary objective of the drilling program, the results of which were published in a press release dated August 3, 2022, was to better define and connect the area located between the two pits (Western and Eastern pits) of the Project as defined in its PEA of March 2016.

The total length makes this program the largest drill campaign completed to-date on the Miller Property. The drilling was conducted by Downing Drilling based in Calumet at GSLR. SL Exploration Inc, a mineral exploration service company based in Acton Vale provided the geologists and technicians to complete the program. Core logging and sampling was completed in February 2022 and assays results were fully returned by July 2022. Generally, samples were taken every 1.5-meter interval throughout the core and were assayed for graphitic carbon (Cg) content by an independent laboratory while higher grade mineralization was sampled in smaller intersections to better identify the specific grade.

The Miller property host widespread graphite mineralization that allowed the Company to define two pits for the Miller Project. Previous calculated cut-off grade of 0.50%Cg (see news release dated December 14, 2016) indicate that some material from the current drill program will likely be incorporated into a new model for the Miller mineralisation. A subset of intersections is shown in the table below:

Drill Hole ID		From (m)	To (m)	Interval Length (m)	Average Result (%Cg)
DDH21-219		3	64.8	61.8	0.78
	Including	*3*	*37.5*	*34.5*	*0.91*
DDH21-217		46.5	100.8	54.3	0.61
DDH21-214		3.57	40.5	36.9	0.64
DDH21-219		96.2	102.2	6.0	3.59
DDH21-222		38.4	57.5	19.1	0.94
DDH21-223		20.5	45.7	25.2	0.62

The Company completed an updated Mineral Resource Estimate for the Miller Property on November 16, 2022. The Resource Estimate was prepared pursuant to Canadian Securities Administrators' National Instrument 43-101 ("NI 43-101") by the independent firm SGS Canada Inc. ("SGS") of Blainville, Quebec. The updated resource estimate includes an indicated resource of 3.34Mt ("million tonnes") with an average grade of 0.75% Cg, and an inferred resource of 10.48Mt with an average grade of 0.72% Cg, within the boundaries of an optimized open pit model. The new pit constrained graphite resources have increased by 27% compared to what was reported in the Company's Miller Project Resource Update Technical Report, dated January 23, 2017. A summary of the results are outlined below:

Cut-off Grade (%Cg)	Resource Category	Tonnage* (Mt)	Average Grade (%Cg)	Contained Graphite (t)
0.50	Indicated	3,338,000	0.75	25,200
0.50	Inferred	10,478,000	0.72	75,400

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

*Rounded to the nearest thousand

1. The classification of the current Mineral Resource Estimation into Indicated and Inferred is consistent with current 2014 CIM Definition Standards – For Mineral Resources and Mineral Reserves
2. A fixed density of 2.81 t/m3 was used to estimate the tonnage from block model volumes.
3. Resources are constrained by the pit shell and the topography of the overburden layer.
4. The results from the pit optimization are used solely for the purpose of testing the "reasonable prospects for economic extraction" by an open pit and do not represent an attempt to estimate mineral reserves. There are no mineral reserves on the Property. The results are used as a guide to assist in the preparation of a Mineral Resource statement and to select an appropriate resource reporting cut-off grade.
5. Mineral resources which are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resources has a lower level of confidence than that applying to a Measured and Indicated Resources and must and must not be converted to a Mineral Reserves. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
6. All figures are rounded to reflect the relative accuracy of the estimate and numbers may not add due to rounding.
7. Effective date November 8th 2022.
8. The estimate of mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.

On January 10, 2022, the Company announced that has completed an extensive drilling program on its Miller Graphite Property ("the Miller Project"), located in Grenville Sur la Rouge, Quebec ("GSLR"). The Company competed 3,005m of drilling in 32 holes varying in depth between 30 and 178 metres.

In June 2023, the municipality of Grenville Sur-la-Rouge recognized that the Miller graphite mine project ("the Miller Project"), located within GSLR, is a mining project within the meaning of the first paragraph of section 246 of the Act respecting land use planning and development ("**RLUPD**"), and that the *Commission de Protection du Territoire Agricole du Québec* ("**CPTAQ**") may proceed with its analysis, effective immediately.

GSLR thereby acknowledged that its subdivision, zoning, construction, or other by-laws cannot impede the Company's graphite mine project in accordance with the Mining Act and are not enforceable against it. Consequently, GSLR's attorneys have explicitly acknowledged the validity of the Company's CPTAQ application. This recognition by GSLR holds significance, as it allows the CPTAQ to evaluate the Company's authorization application on the merits of the project and without any additional delays.

On July 12, 2023, the Company announced that the municipality of Grenville-sur-la Rouge, through a letter from it attorneys and its authorized municipal officer, has recognized that the Miller graphite mine project, is a mining project within the meaning of the first paragraph of section 246of the Act respecting land use planning and development, and that the *Commission de Protection du Territoire Agricole due Quebec* may proceed with its analysis, effective immediately.

In August 2023, the Company entered into an Amended Surface Access Agreement (the "**Surface Access Agreement**") with 9007-2224 Quebec Inc. (the "**Landholder**") in respect to its Miller Property located in Grenville Township in Quebec (the "**Miller Property**"). The Surface Access Agreement, which supersedes the Amended Surface Access Agreement dated August 17, 2018, provides the Company with surface access for another five years commencing on August 17, 2023 (the "**Term**") and allows the Company to carry out a regular graphite prospecting and exploration program including, but not limited to, conducting topographic, geological, geochemical and geophysical surveys, conducting underground or surface excavations, explorations and drillings, digging and trenching, and obtaining and testing geochemical or metallurgic samples.

Pursuant to the Surface Access Agreement, and subject to the prior approval of the TSX Venture Exchange, the Company has agreed to pay the Landholder $8,000 in cash (plus applicable tax) in the first year of the Term, and for each subsequent year of the Term and until the Company begins operating the Miller Property as a mine (not including milling for the purposes of testing or milling by a pilot plant) ("**Commercial Production**"), the Landholder may elect to receive either 40,000 common shares in the capital of the Company, or a payment of $8,000 in cash (plus applicable tax).

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

Should Canada Carbon begin Commercial Production during the Term, the payments outlined above will cease and the Landholder will be entitled to a 2.5% net smelter royalty upon and subject to the terms of a Royalty Agreement with the Landholder (the "**Royalty Agreement**").

The Surface Access Agreement grants the Company an exclusive and irrevocable option to acquire or lease all or part of the Miller Property from the Landholder reasonably necessary for the extraction of mineral substances (the "**Option**"). If the Company exercises the Option, either by acquiring or leasing all or part of the Miller Property prior to the expiry of the Term, the Term will be extended through the period of Commercial Production.

In May 2023, the Company submitted a revised application for review of the Miller Project, to the Commission de protection du territoire agricole ("CPTAQ"). This was in line with the Settlement Agreement as defined below. As part of this application, the Company revised the proposed mine plan for the Miller Project, deferred any development of it proposed marble quarry project, improved and enhanced proposed remediation plan for any potential maple sugar bush impacts, and conducted extensive hydrogeological drilling and testing in support of water use analysis and to ensure zero impact on the aquifer. As part of the application filed with the CPTAQ, GSLR was forced to acknowledge that Canada Carbon's Miller Graphite Mine is a mining project subject to Section 246 of the RLUPD and that CPTAQ may proceed with analysis of the Company's application.

In October 2023, the Company received a negative preliminary orientation from the CPTAQ on its revised application. In response, the Company requested a public hearing during which it intends to expound on all of the measures taken to amend its preliminary mine plan in order to address any potential impacts on the mine site. The CPTAQ has granted the request for a public hearing. This was originally scheduled for February 28th, 2024 but has subsequently been rescheduled for a yet-to-be-determined date in July 2024.

The CPTAQ subsequently confirmed that it was prepared to hold a hold a public hearing on May 23rd. That hearing was subsequently postponed to July 23rd 2024. The July hearing was itself postponed to October 23rd, 2024, without explanation. The October 23rd 2024 meeting was, itself been postponed to December 18th 2024.

The Company presented its case for the approval of its application by the CPTAQ at a hearing on December 18th 2024. The CPTAQ then requested that the Company submit certain supplemental data in writing to the CPTAQ by December 21st, 2024. The CPTAQ indicated that interested parties had until January 31st to respond to said supplemental data, subsequent to which, the CPTAQ would render it's decision in due course.

In December 2023, the Company began a program of half-cell battery testing of its graphite material with Polaris Battery Labs, LLC ("Polaris").

Flake graphite provided for this testing was provided from the Miller Graphite Project. Coin cells for Canada Carbon were assembled and tested by Polaris Battery Labs against a commercially available graphite baseline material for comparison. Both sets of cells were assembled using a lithium metal counter electrode, Wattman glass fiber separator and 1M LiPF6 in 3:7 EC:EMC electrolyte. The coin cells were tested according to Polaris' Batch Qualification regime to determine the first cycle loss, reversible capacity, and other key electrochemical parameters.

Canada Carbons flake graphite material showed promising results in terms of capacity and first cycle loss in comparison to commercial baseline materials with ~6.5% first cycle loss and 353mAh/g reversible capacity which is above the commercial reference graphite material testing at an average 345mAh/g. Data indicates that improvements in rate performance are still needed to achieve commercial performance, however this can be attributed to flake graphite being used in comparison to commercially used CSPG (coated, spheroidized, purified graphite) which allows lithiation only on the edge plane leading to typically slower lithiation and de-lithiation rate capabilities. However, improvements in performance would likely be seen with additional post processing such as spheroidization and pitch coating which are used in commercial materials today.

Operating Activities- Exploration Properties (Continued)

Miller (Continued)

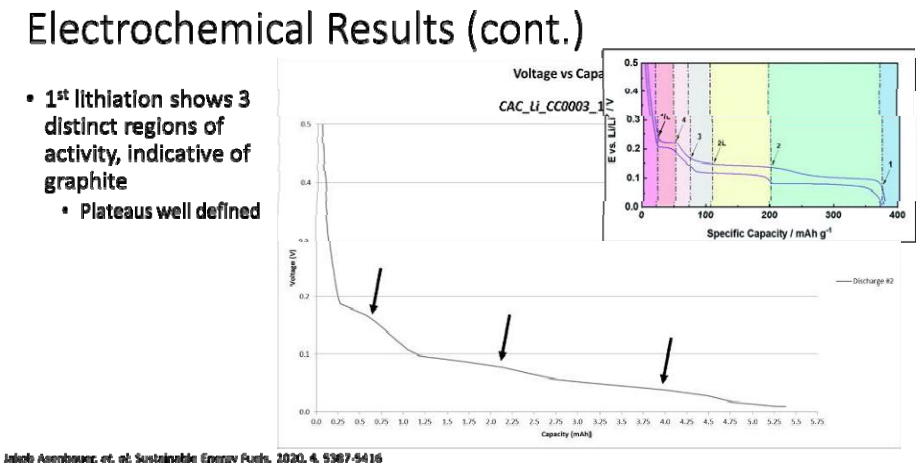
Highlights of this study include:

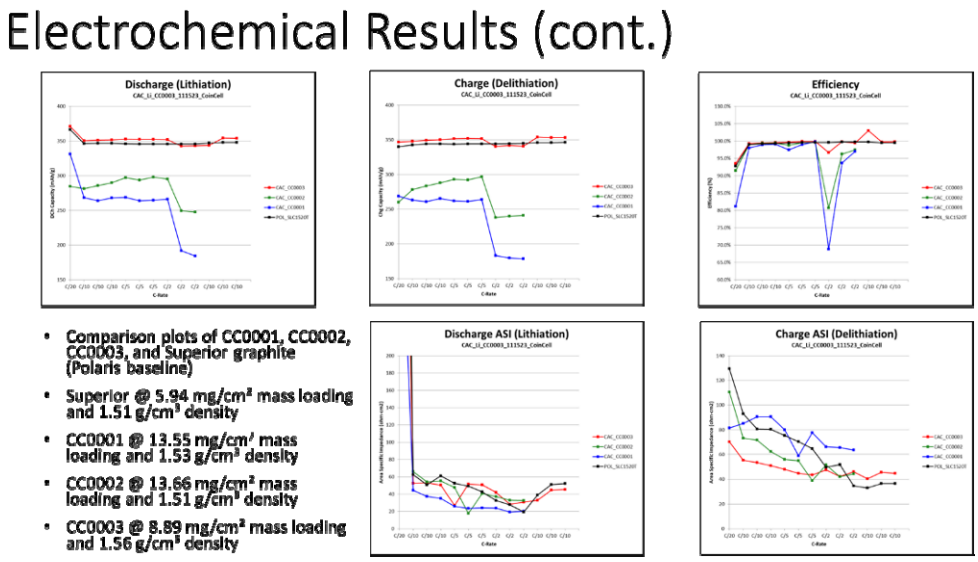
- 8.89 mg/cm² mass loading calendared to 1.56 g/cm³
- 304SS CR2032 coin cell cans
- Whatman GF/F separator
  - ◊ 200 µm (fully compressed) glass fiber material used to separate the graphite anode from the lithium reference/counter electrode.
- 1.0 M LiPF6 in 3:7 EC:EMC electrolyte (Polaris Standard)
- Testing:
  - ◊ Est. Cell Capacity: 5.82 mAhr
  - ◊ Formation: CC Dchg/Chg @ C/20
  - ◊ Cycle: CCCV Dchg/CC Chg w/ C/20 CV @ C/10, C/5, C/2, and C/10 (3x each rate)

- Formulation
  - ◊ Graphite – 94.5%
  - ◊ Imerys C65 – 1.5%
  - ◊ Wealthy Chem BH-1000 CMC – 1.5%
  - ◊ MTI SBR (dry basis) – 2.5%
- Mix Solids – 41.88%
- Mix Viscosity – 2,930 mPa*s
- FoG (Hegman) – no legible reading obtained.

Electrochemical Results:

- Irreversible capacity (first cycle loss) – 6.53% average
- Reversible delithiation capacity @ C/10 – ~353 mAh/g
  - ◊ Stabilized capacity at final C/10 cycles
  - ◊ Theoretical graphite capacity – 372 mAh/g
- Capacity stable up to C/2
- Cycling efficiency improvement





Polaris and Canada Carbon will continue the test program in 2024. The focus of future testing activity will be to incorporate additional manual processing of the flake (spheronization) in order to optimize coating technology and improve performance through all charge/discharge cycles.

Steven Lauzier, P.Geo. OGQ1430, is the independent Qualified Person as defined by National Instrument 43-101 guidelines for the Company.

During the three and six months ended June 30, 2025, the Company incurred $8,827 and $15,718, respectively of exploration and evaluation expenditures on the Miller property.

Summary of Quarterly Results

The following table sets out selected quarterly information for the last eight quarters.

Three Months Ended	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
	$	$	$	$
Revenue	-	-	-	-
Net loss	192,934	922,965	477,110	272,240
Basic and diluted net loss per common share	0.00	0.00	0.00	0.00
Three Months Ended	**June 30, 2024**	**March 31, 2024**	**December 31, 2024**	**September 30, 2024**
	$	$	$	$
Revenue	-	-	-	-
Net loss	293,316	220,483	477,110	272,240
Basic and diluted net loss per common share	0.00	0.00	0.00	0.00

Results of Operations

The results of operations reflect the overhead costs incurred for mineral property acquisitions and exploration expenses incurred by the Company to maintain good standing with the various regulatory authorities and to provide an administrative infrastructure to manage the acquisition, exploration and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in property acquisition, exploration and sales activities. As at June 30, 2025, the Company had not recorded any significant revenues.

During the three months ended June 30, 2025, the Company incurred a net loss of $192,934 compared with a net loss of $293,316 in the same prior period 2024.

- A decrease in exploration expenditures of $83,905, due to the less drilling and exploration activities during the three months ended June 30, 2025.
- Management fees in 2025 have increased by $713 primarily due to an increase in management fees received during the three months ended June 30, 2025.
- Consulting fees in 2025 have increased by $26,670 primarily due to an increase in consulting fees received during the three months ended June 30, 2025.
- Professional fees in 2025 have decreased by $48,068 primarily due to an decrease in professional fees received during the three months ended June 30, 2025.

During the six months ended June 30, 2025, the Company incurred a net loss of $1,115,899 compared with a net loss of $513,799 in the same prior period 2024.

- An increase in exploration expenditures of $552,837, due to the more drilling and exploration activities during the six months ended June 30, 2025.
- Management fees in 2025 have increased by $7,980 primarily due to an increase in management fees received during the six months ended June 30, 2025.
- Consulting fees in 2025 have increased by $38,234 primarily due to an increase in consulting fees received during the three six ended June 30, 2025.
- Professional fees in 2025 have decreased by $58,476 primarily due to an decrease in professional fees received during the three six ended June 30, 2025.

Liquidity and Capital Resources

The Company’s cash and cash equivalent position at June 30, 2025 was $1,430 compared with a cash position of$188,505 at December 31, 2024. At June 30, 2025, the Company had working capital deficiency of $2,342,041 compared to working capital deficiency of $1,226,142 at December 31, 2024.

For the six months ended June 30, 2025, the Company utilized $187,075 for operating activities.

The Company will require additional funding to continue operating. Management believes it will be successful in raising the required funding.

There were no material credit facilities in place as at June 30, 2025.

Related Party Transactions

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them. The Company entered into the following transactions with related parties:

			Six months ended June 30,	
	Nature of transactions	Notes	**2025**	2024
Directors	Management	a	**$ 24,000**	$ 24,000
Ellerton Castor	Management	b	**$ 177,156**	$ 169,716
Marrelli Support Services Inc.	Management/CFO	d	**$ 22,790**	$ 12,000
Aird & Berlis	Professional fees	e	**$ 20,294**	$ 31,803

a) During the three and six months ended June 30, 2025, included in management fees was $12,000 and $24,000, respectively for independent directors (three and six months ended June 30, 2024 - $12,000 and $24,000, respectively). As at June 30, 2025, $226,000 (December 31, 2024 - $202,000) was included in accounts payable and accrued liabilities.

b) During the three and six months ended June 30, 2025, included in professional fees was $83,303 and $177,156, respectively (three and six months ended June 30, 2024 - $85,590 and $169,716, respectively) for services provided by the CEO. As at June 30, 2025, $200,370 (December 31, 2024 - $119,908) was included in accounts payable and accrued liabilities.

c) Ms. Olga Nikitovic assumed the role of interim CEO in November 2020 in addition to her CFO role until December 2021. In January 2023 and 2024, the Company settled debt shares with Ms. Nikitovic and issued 3,333,333 and 4,406,575 common shares for $200,000 and $145,417, respectively. As at June 30, 2025, $nil (December 31, 2024 - $nil) was included in accounts payable and accrued liabilities.

d) During the three and six months ended June 30, 2025, the Company paid CFO professional fees and disbursements of $9,840 and $22,790, respectively to Marrelli Support Services Inc. (three and six months ended June 30, 2024 – $3,750 and $12,000, respectively). As at June 30, 2025, $23,146 (December 31, 2024 - $5,678) was included in accounts payable and accrued liabilities.

e) Tom Fenton, Corporate Secretary for the Company is a partner with Aird & Berlis, LLP. During the three and six months ended June 30, 2025, included in professional fees are for legal fees $ 9,974 and $20,294, respectively (three and six months ended June 30, 2024 – $28,946 and $31,803, respectively). As at June 30, 2025, $45,990 (December 31, 2024 - $22,511) was included in accounts payable and accrued liabilities.

All related party amounts included in accounts payable are unsecured, non-interest bearing and payable on demand.

Compensation of key management personnel

		Six months ended June 30,	
	Notes	**2025**	2024
Directors, management/professional fees	a	**$ 244,240**	$ 237,520
		$ 244,240	$ 237,520

a) The Company does not pay any health or post-employment benefits. The salaries represent the fees for the CEO, CFO and directors which are included in the transactions above.

Off Balance Sheet Arrangements

The Company is not a party to any off balance sheet arrangements or transactions.

Financial Instruments

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts of cash, receivables and accounts payable and accrued liabilities on the statement of financial position approximate fair market value because of the limited term of these instruments. The Company's cash equivalents classified as held-for trading are carried at fair value. The fair value of its cash equivalents is determined by inputs other than quoted prices that are observable either directly or indirectly.

The Company does not believe it is exposed to significant interest, currency or credit risk arising from these financial instruments. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to receivables. The receivables relate to sales tax and refunds due from the Federal and Provincial governments. The Company has no significant concentration of credit risk arising from operations.

Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations when they come due. The Company generates cash flow through its private placements in the equity markets. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company will require additional funding to get the Miller project through the feasibility stage. The Company believes it will be successful in raising additional funding.

Market risk
(b) Interest rate risk
The Company has cash balances and no interest-bearing debt therefore, interest rate risk is minimal.

(c) Foreign currency risk
The Company's functional and presentation currency is the Canadian dollar. Certain expenditures are transacted in foreign currencies. As a result, the Company is exposed to fluctuations in these foreign currencies relative to the Canadian dollar. Management does not hedge its foreign exchange risk. A 1% change in foreign exchange rates between the Canadian and US dollar at June 30, 2025 would not have a significant impact on the Company's financial statements.

(d) Commodity and equity price risk
The Company is exposed to price risk with respect to commodity prices and equity prices. Commodity price risk is the potential adverse impact on the Company's earnings and value due to volatility in commodity price movements. Equity price risk is the potential adverse effect on the Company due to movements in individual equity prices or the stock market in general. The Company closely monitors commodity prices, individual equity movements and the stock market volatility to determine the appropriate course of action to be taken by the Company.

Commodity prices could adversely affect the Company's future profitability. Even though the Company is not currently a producer and is not expected to be for a number of years, commodity prices may affect the completion of future equity financings and therefore, the Company's liquidity and its ability to meet its ongoing obligations.

(e) Sensitivity analysis
Based on management's knowledge and experience of the financial markets, the Company does not expect material movements in the underlying market risk variables over the next twelve-month period.

Proposed Transactions

The Company continues to review and assess possible transactions.

Commitments and Contingencies

The Company was obliged to spend $1,149,980 by December 31, 2024 and $1,000,000 by December 31, 2025 as part of the flow-through funding agreement for shares issued in 2023 and 2024. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

As of June 30, 2025 the Company has fulfilled approximately $1,092,000 of the total commitment for the shares issued in 2023 and $nil of the total commitment for the shares issued in 2024. The impact on the Company of the flow through spending shortfall cannot be determined at this time and accordingly, no provision has been accrued at June 30, 2025. For the three and six months ended June 30, 2025, the Company has recorded amortization of flow-through premium liability of $nil (three and six months ended June 30, 2024 - $15,849 and $7,085, respectively) in the statements of loss and comprehensive loss.

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Marrelli Service Support Inc. - CFO and service consulting agreement
The Company is obligated to pay a termination notice for consulting service of $3,750 for 24 months from the effective date of the termination notice, if the termination notice is provided within the first two calendar years.

Executive compensation
The Company entered into employment agreement with it senior executive which contain clauses requiring additional payments to be made upon the occurrence of certain events such as change of control, as well as termination commitment of $367,225 (USD $250,000). As the triggering event has not occurred, the contingent payment has not been provided for in these financial statements.

Management's Responsibility for Financial Statements

The information provided in this report, including the audited 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 judgements and have been properly reflected in the financial statements.

Risks and Uncertainties

An investment in the Company's securities is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal year ended December 31, 2024, available on SEDAR+ website at www.sedarplus.ca.

Disclosure Controls and Procedures

TSX Venture listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of Disclosure controls and procedures ("DC&P") and Internal controls over financial reporting ("ICFR"), as defined in National Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer 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 (b) 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 issuer's IFRS. The issuer'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 their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation 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 National Instrument 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.

Other MD&A Requirements

As at the date of this MD&A, the Company had 242,281,512 common shares issued and outstanding.

Stock options of the Company outstanding at the date of this MD&A were as follows:

Options	Exercise Price $	Expiry Date
2,759,000	0.10	December 18, 2026
3,200,000	0.15	March 1, 2028
300,000	0.15	September 6, 2028
6,259,000		

Warrants of the Company outstanding at the date of this MD&A were as follows:

Warrants	Exercise Price $	Expiry Date
8,333,333	0.05	December 13, 2025
1,333,333	0.05	December 13, 2025
3,333,333	0.05	December 20, 2025
11,640,000	0.08	April 28, 2027
200,000	0.08	May 27, 2027
12,902,647	0.10	May 1, 2028
2,466,818	0.12	April 10, 2029
3,750,000	0.12	May 14, 2029
833,333	0.12	May 14, 2029
600,000	0.12	May 14, 2029
7,333,333	0.06	October 14, 2029
17,200,000	0.07	December 16, 2029
69,926,130		

CANADA CARBON INC.

CORPORATE DATA

August 29, 2025

HEAD OFFICE

The Canadian Venture Building
82 Richmond Street East,
Toronto, on M5C 1P1
Website: **www.canadacarbon.com**

SOLICITORS

Aird & Berlis LLP
Barristers and Solicitors
BCE Place, Suite 1800
Box 754, 181 Bay Street
Toronto, Ontario M5J 2T9
Tel: (416) 865-4631
Fax: (416) 863-1515

REGISTRAR & TRANSFER AGENT

Computershare Investor Services
510 Burrard Street, 2nd Floor
Vancouver, BC V6C 3B9

AUDITORS

McGovern Hurley LLP
251 Consumers Road, Suite 800
Toronto, Ontario M2J 4R3
Phone: (416) 496-1234
Fax: (416) 496-0125

DIRECTORS AND OFFICERS

Ellerton Castor CEO & Director
Remantra Sheopaul CFO
Arran Thorpe Director
Bruce Coventry Director Greg
Lipton Director
Pieter Barnard Director
Thomas A. Fenton Corporate Secretary

INVESTOR CONTACTS

Ellerton Castor
Tel: (905) 407-1212

Valerie Pomerleau
Director Public Affairs and Communications
(819) 856-5678

CAPITALIZATION

Authorized:	Unlimited
Issued:	242,281,512
Escrow:	Nil

LISTINGS

TSX Venture Exchange
Trading Symbol: CCB

Frankfurt Exchange
Trading Symbol: U7N