

## **GRANIZ MONDAL INC.**

### **MANAGEMENT DISCUSSION AND ANALYSIS July 14, 2017**

**For the year ended March 31, 2017**

This Management Discussion and Analysis (MD&A) should be read in conjunction with Graniz Mondal Inc.'s (the "Corporation") Audited Financial Statements ending March 31 2017. It complies with National Instrument 51-102 promulgated by the Canadian Securities Administrators (CSA) regarding continuous disclosure for reporting issuers.

Regulatory Filings and Additional Information - The Corporation's continuous disclosure material, including interim filings, annual MD&A and Audited Financial Statements, and additional information are available at [www.sedar.com](http://www.sedar.com).

Forward Looking Statements - This MD&A may contain forward-looking statements that are based on the Corporation's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. These statements are reasonable but involve a number of risks and uncertainties, and there can be no assurance that they will prove to be accurate. Therefore, actual outcome and results may differ materially from those expressed in or implied by these forward-looking statements.

#### **1. DATE**

This MD&A for the period ended March 31, 2017 was completed on July 10, 2017.

#### **2. CORPORATE PROFILE**

The Corporation was incorporated as 653609 Alberta Inc. Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta) On May 5, 1995. The name of the Corporation was changed to Challenger Mining Corp. by Certificate of Amendment dated July 12, 1995. Subsequently, by Certificate of Amendment dated September 18, 1995, the Corporation changed its name from Challenger Mining Corp. to Inca Mining Corp. The articles of the Corporation were further amended on July 7, 2000 to change the name of the Corporation to its present name; Graniz Mondal Inc. (the "Corporation"). On August 17, 2012, the Corporation has changed corporate jurisdictions by continuing out of Alberta under the Business Corporations Act (Alberta) and into the Canada Business Corporations Act as a federal corporation.

The Corporation currently owns 100% of a mineral exploration properties located in Northern Quebec; the Troilus-Sud property is located about 150 kilometres north of the Chibougamau mining camp and 20 kilometres south of the Troilus mine; the property consists of 11 map designated cells covering 598.24 hectares (the Troilus-Sud claims are kept in good standing). There are no third party interests or royalties attached to the property.

On December 13, 2012, the Corporation entered into an option agreement (the "Option Agreement") for the acquisition of a 75% interest in the Mousseau West graphite property ("Mousseau West") from the current owners of that property: Berthe Lambert (a director of the Corporation) as to 45%, Richard-Marc Lacasse (an insider of the Corporation and a former director and former President of the Corporation), as to 45% and Donald Th  berge as to 10% (collectively, the "Vendors"). A majority of disinterested shareholders and the NEX approved this acquisition. The Mousseau West graphite property is comprised of 12 mining claims covering a total of approximately 489 hectares straddling the boundaries of Brunet and Mousseau Townships in Qu  bec, approximately 12 km north of the town of St-V  ronique (near Mont-Laurier) Qu  bec. The Corporation intends to acquire Mousseau West for the purpose of exploring for graphite. Details on the Option Agreement are available at [www.sedar.com](http://www.sedar.com).

#### **3. EXPLORATION ACTIVITIES**

The Corporation did not conduct any exploration activities with respect to Troilus-Sud. After the drop in gold prices and the drop in base metal prices, the management of Graniz kept the property in good standing and decided to wait for the eventual rise of the prices of the commodities.

At the end of January 2013, Graniz began a drilling program on the Mousseau West property (Brunet Deposit). The geological work incurred during the fourth quarter ended March 31, 2013 were \$408,126. The company drilled over 3000 metres aimed at qualifying and expanding the historical resource as well as exploring for additional potential resources on the property. Sampling including the additional standardized reference material and blanks was carried out at Ste-Véronique's coreshack and samples were shipped to ALS Minerals lab in Val d'Or for graphitic carbon assaying. Drilling, logging and sampling were carried out under the supervision of Mr Yvan Bussièrès P. Geo.Eng. and Mr Alain Tremblay P. Geo. Eng., NI 43-101 Qualified Persons. Mr Bussièrès was also responsible for the sampling protocol.

The following information are provided from the interpretation and conclusions of the September 24 2013 - NI 43-101 Resource Estimate released by Alain Tremblay and Yvan Bussièrès, ing. geo. (Qualified Persons). In 1989-90, drilling of 57 holes over a lateral distance of 260 metres along the western end of a conductor known as Mousseau West returned up to 50 metres of graphitic marbles containing economic grades (more than 5%) of graphite as fine to large flakes. Historical resources of approximately 2.4 million tonnes grading 7.35% (undiluted) were estimated on the basis of a drilling pattern of 25-40 metres. After acquisition of the property in 2012, Graniz Mondal Inc. drilled an additional 27 holes in order to bring the drill grid down to 25 metres. Due to some difficulty locating the Graphicor holes, the final drilling pattern remains locally incomplete.

Authors of the NI 43-101 believe that a 25-metre drilling pattern must be achieved in order to have the resources classify as indicated. Even if most of the mineralization is characterized by such a pattern, a few areas need some additional drilling to outline a mineralized body that is continuous and welldefined from one section to another. To better illustrate this situation, the entire model has been divided into three categories of blocks: A blocks having reached the final drilling pattern; B blocks needing one additional hole to become A blocks; and C blocks needing more than one additional hole. Using these block categories, one can see the areas where additional geological information is needed, and how much is needed. Additional work will also serve to validate and fine-tune the geological model proposed. At the moment, we therefore prefer to remain conservative and categorize all the resources estimated as Inferred, but even though the qualified persons cannot provide any guaranties that the inferred resources will be upgraded to the Indicated category, positive results from the B block work would immediately qualify the A and B blocks as indicated resources.

This produces the following numbers:  
(Inferred Resources)

A block category: 2,777,600 tonnes at 6.19% Gp

B block category: 918,800 tonnes at 6.57% Gp

C block category: 415,000 tonnes at 5.48% Gp

All including internal dilution

Since the A and B blocks could merge in the short term into the same category, the following total is noteworthy: A+B block: 3,696,500 tonnes at 6.28% Gp as Inferred resources with the potential to be convert to Indicated resources in the short term.

Among other observations related to the Mousseau West mineralization, we should mention that:

1. Some preliminary milling tests performed on the mineralization in 1992 suggest that a significant portion of large graphite flakes can be recovered. These conclusions are the same as those obtained by Standard Graphite Inc. in 2012 on the eastern extension of the same mineralized conductor.
2. The nature of the mineralization is similar to the Lac-des-Iles graphite mine, which entered production in 1989 and is still in operation. This indicates high confidence in the possibility of mining, milling and concentrating this graphite mineralization into a final graphite product suitable for consumers.
3. The morphology of the graphite deposit as suggested by the authors is very suitable for open pit mining, with a low waste-to-ore stripping ratio.
4. The zonation of grades in the graphite deposit allows access to richer mineralization first an lower grades later, which allows a future operator some flexibility.

5. A large part of the conductive zone to which Mousseau West belongs remains unexplored.

There were no geological work or exploration expenses in 2016-2017 to protect the company from dilution of the shares.

#### **4. RISK AND UNCERTAINTIES**

The exploration for and development of mineral deposits may be affected in varying degrees by various factors such as government regulations, environmental risks and hazards, land use dependence on key personnel and other risks normally encountered in the mining industry. The Corporation has numerous competitors with greater financial, technical and other resources.

The exploration, development and mining of the Corporation's properties may require substantial additional financing. The source of future funds available to the Corporation is through the sale of additional equity capital. There is no assurance that such funding will be available to the Corporation. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Corporation's properties or even a loss of property interest.

Graniz Mondal Inc. is still in the process of exploring and evaluating its properties and, as such, no revenue has been yet generated from its operating activities. Accordingly, Graniz Mondal Inc. depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of business. These conditions indicate the existence of a material uncertainty that may cast significant doubt about Graniz Mondal Inc.'s ability to continue as a going concern.

#### **5. OVERALL PERFORMANCE AND SELECTED CORPORATE INFORMATION**

The management has the following comments on the junior mining market. Since 2011, the TSX Venture Index fell over 65% (from 2,400 in 2012 to 750 in 2017). The market for junior mining ventures is very difficult and has a disproportionate effect on shareholders' value, especially on the value of Graniz's Brunet Graphite Deposit (Mousseau West Property). The management and the main shareholders intend to answer the cash needs of the Corporation until a comeback of the graphite market in 2018.

Selected corporate information :

- In September 2016, Shareholders Annual Meeting Annual in Lévis ; the following directors are elected: Berthe Lambert, Gilles Roy, Chantal Guillemette et Richard-Marc Lacasse;

- In December 2016, Graniz Mondal Inc. amends the option agreement previously announced in the Company's news release dated December 21, 2012 in respect of an option on a group of mining claims located in the Mont-Laurier area. The Company and the optionors have agreed to provide for a one year extension of the Company's first year payments in cash.

#### **6. LIQUIDITY, CAPITAL RESOURCES AND OPERATIONS**

At the end of the fourth quarter March 31<sup>th</sup> 2017, the Corporation had current assets of \$10,426 in comparison with \$21,389 as of March 31<sup>th</sup> 2016. Accounts receivable are mostly composed of sales tax returns and tax credit receivables.

Liabilities on March 31<sup>th</sup> 2017 are \$541,362 compared to \$474,438 as of March 31<sup>th</sup> 2016. Liabilities are composed of accounts payable, advances from one shareholder and two directors, a promissory notes due to prospectors and other miscellaneous fees.

You can observe in the table under that the decrease in liquidity is related to the fact there was no new external financing due to the bad market. However a new advance (promissory note) of 38,000 \$ was made by a director. In 2017, the increase in general expenses of \$51,330 versus \$44,679 in 2016 are due to higher office and general fees and share based compensation.

## Selected Annual Financial Information

	As at March 31 <sup>th</sup> 2017 and year then ended	As at March 31 <sup>th</sup> 2016 and year then ended	As at March 31 <sup>st</sup> 2015 and year then ended
Liquidity	\$5,335	\$17,231	\$22,051
Total Assets	\$671,634	\$668,414	\$680,450
Net loss and comprehensive loss	(\$68,037)	(\$59,540)	(\$83,113)
Deficit	(\$3,879,812)	(\$3,811,775)	(\$3,752,235)
General Expenses	\$51,330	\$44,679	\$68,914
Shareholder equity	\$130,272	\$193,976	\$253,516

## 7. RESULTS OF OPERATIONS

For the year ended March, 2017, the Company incurred a net loss and comprehensive loss of \$68,037 (2016 - \$59,540).

### Revenues and Total Comprehensive Loss and Net Loss per Share by Quarter

Quarter	Revenues	Total Comprehensive Loss	Net Loss per Share	
			Issued	Diluted
31/03/2017		(8,222)	(0.000)	(0.000)
31/12/2016		(13,021)	(0.000)	(0.000)
30/09/2016		(22,306)	(0.001)	(0.001)
30/06/2016		(24,488)	(0.001)	(0.001)
31/03/2016		(4,722)	(0.000)	(0.000)
31/12/2015	-	(10,490)	(0.000)	(0.000)
30/09/2015	-	(37,839)	(0.002)	(0.002)
30/06/2015	-	(6,489)	(0.000)	(0.000)

The net loss and comprehensive loss increase is related to higher offices expenses and share based compensation.

For additional information see the March 31 2017 Audited Financial Statements available at [www.sedar.com](http://www.sedar.com)

## 8. FINANCING

Since 2012, the TSX Venture Index fell dramatically over 65% in 2017. No financing was done during the period, except an advance (promissory note) of 38,000 \$ from a director. The market for junior mining ventures is very difficult and has a disproportionate effect on shareholders' value, especially on the value of Graniz's Brunet Graphite Deposit (Mousseau West Property). The management and the main shareholders intend to answer the cash needs of the Corporation until a comeback of the graphite market in 2018.

## 9. FINANCIAL COMMITMENTS

### *Mousseau West property:*

On December 13, 2012, the Company signed an option agreement on the Mousseau West property which comprised 12 mining claims covering a total of approximately 489 hectares straddling the boundaries of Brunet and Mousseau Townships approximately 12 kilometers north of the town of Ste-Véronique, Québec. Under the terms of the agreement, signed in December 2012 and amended in November 2013, the Company will acquire a 75% interest in the property in exchange of promissory notes of \$165,000, the issuance of 2,000,000 common shares (issued on December 21, 2012) and

2,000,000 shares to be issued on the third anniversary in addition to a cash payment of \$50,000 on the third anniversary. The Company also undertook to spend \$200,000 (\$450,329 incurred) in exploration work on or before the first anniversary and a further \$200,000 on or before the second anniversary. The sellers retain a 2% net smelter return (NSR) royalty.

The Company also has an option to purchase the remaining 25% interest for \$4,500,000. In December 2016, the Company renewed the option agreement until December 2017.

## **10. EXPLORATION EXPENSES AND USE OF PROCEEDS**

There was no geological work or exploration expenses in 2016-2017 to protect the company from dilution of the shares

## **11. OFF BALANCE SHEET ARRANGEMENTS**

The Corporation has no off balance sheet arrangements.

## **12. Financial instruments:**

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management monitors financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

(a) Credit risk:

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Company to a credit risk consist of cash. Cash is maintained with high-credit, quality financial institutions.

(b) Interest rate risk:

Promissory notes bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

(c) Liquidity risk:

Management serves to maintain a sufficient amount of cash and to ensure that the Company has at its disposal sufficient sources of financing such as private placements. The Company establishes cash budgets to ensure it has the necessary funds to fulfill its obligations. Being able to obtain new funds allows the Company to pursue its activities and, even though the Company was successful in the past, there is no guarantee that it will succeed in the future. The accounts payable are due 30 days after the end of period. Promissory notes are due within 12 months.

(d) Fair value:

The fair value of cash, accounts payable and accrued liabilities and the promissory notes approximate their carrying amounts due to their short-term nature.

## **13. CONFLICT OF INTEREST**

Certain members of the Corporation's Board of Directors and management are also Directors, Officers or shareholders of other corporations involved in the same activity sector. Such associations could create Conflicts of Interests. Directors are legally held to act honestly in an effort to protect the Corporation's interests. If such a conflict arises any Director that finds himself in such a conflict must divulge this conflict to the Board and abstain from voting on the specific point under consideration.

In addition, the vendors of the Mousseau West property include Berthe Lambert, President of the Corporation and Richard-Marc Lacasse, a member of the Board of Directors. Mrs Berthe Lambert and Mr Lacasse have notified the Board on the conflict of interest. Mrs Lambert (as well as any other current or future Director or officer of the Corporation who has a conflict of interest with respect to acquisition of the Mousseau West property) abstained from any Board vote relating to the acquisition of the Mousseau West property.

#### 14. RELATED PARTY TRANSACTIONS

The Company has no ultimate parent.

##### *Key management personnel compensation*

The compensation of directors and executive officers of the Corporation comprises:

	2017	2016
President and Chief Executive Officer and Corporate Secretary (in function since December 7, 2012)		
Share-based compensation	\$ 1,200	\$ -
Director of Finance (in function since September 26, 2014)		
Professional fees	\$ 1,778	\$ 2,360
Independent directors and members of the Board of Directors		
Share-based compensation	\$ 2,400	\$ -

On December 13, 2012, the Company entered into an option agreement for the acquisition of a 75% interest in the Mousseau West graphite property with the President of the Company, who was at the time a director, with a former director of the Company, who was at the time the President of the Company, and with a former director and current insider of the Company, in exchange of promissory notes totalling \$165,000, 2,000,000 common shares valued at \$0.075 per share for a total of \$150,000 and other future considerations.

For additional information see the March 31 2017 Audited Financial Statements available at [www.sedar.com](http://www.sedar.com)

The Company has promissory notes with a shareholder and 2 directors totalling \$165,000. These promissory notes bear interest at a rate of 8% per annum.

The Company also has promissory notes with a shareholder and 2 directors totalling \$272,000. The promissory notes bear interest at 6.5% per annum. These transactions were carried out according to equivalents in the case of transactions subject to conditions of normal competition rules.

For additional information see the March 31 2017 Audited Financial Statements available at [www.sedar.com](http://www.sedar.com)

#### 15. SIGNIFICANT ACCOUNTING POLICIES AND CHANGE IN ACCOUNTING POLICIES

##### (a) Financial instruments :

Non-derivative financial assets and liabilities are initially recognized at fair value plus any directly attributable transaction costs.

### **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company classified its cash as loans and receivables.

### **Financial liabilities**

The Company classified its accounts payable and accrued liabilities and the promissory notes as financial liabilities at amortized cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

#### (b) Share capital:

##### **Common shares**

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares, share options and warrants are recognized as an increase to deficit, net of any tax effects.

#### (c) Fixed assets

Computer equipment is recorded at cost and subsequently, at cost less amortization and accumulated impairment losses. Amortization is based on their estimated life using the straight-line method at the rate of 33%.

The residual value, the estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimated being accounted for on a prospective basis. Amortization is recorded when the asset is ready to be used.

#### (d) Mining properties and exploration and evaluation assets:

Mining properties correspond to acquired interests in mining exploration permits/claims which include the rights to explore for, mine, extract and sell all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Costs incurred include appropriate technical and administrative overhead.

Mining properties and exploration and evaluation assets are carried at historical cost less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

#### (e) Impairment:

##### **Financial assets**

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that

a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the assets. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### **Non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances applies:

- Exploration rights have or will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **(f) Provisions:**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### **(g) Finance expense:**

Finance expense comprises interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Interests paid are classified under operating activities in the statements of cash flows.

#### **(h) Share-based compensation:**

The grant date fair value of share-based compensation awards granted to employees and directors is recognized as a share-based payment expense, with a corresponding increase in contributed surplus, over the period during which the employees unconditionally become entitled

to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

(i) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated similarly to basic earnings per shares, except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the year.

(j) Income tax:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statements of comprehensive loss, except to the extent that they relate to a business combination, or items recognized directly in equity. Therefore, when deferred taxes relate to equity items, a backward tracing is necessary to determine the adjustment to taxes (e.g. change in tax rates and change in unrecognized deferred tax assets) that should be recorded in equity. For this purpose, the accounting policy of the Company is to first allocate changes in the recognition of deferred tax assets based on their expected maturity date.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized with regard to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Refundable credit on mining duties and refundable tax credit related to resources:

The Corporation is eligible for a refundable credit on mining duties under the *Mining Tax Act* (Québec). This refundable credit on mining duties is equal to 16% for year ended March 31, 2016 (15% before January 2012 and 12% before January 2011) applied to 50% of eligible expenses incurred for mining activities in Québec. The accounting treatment for refundable credit on mining

duties depends on management's intention to either go into production in the future, or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property. In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes*, which generates at the same time a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no more tax basis following the Company's election to claim the refundable credit. In the second case, it is expected that no mining duties will be paid in the future.

Accordingly, the credit on mining duties is recorded as a government grant under IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which is recorded against exploration and evaluation assets. Currently, it is management's intention to sell its mining properties in the future and, as such, credits on mining duties are recorded in compliance with IAS 20 as a government grant against exploration and evaluation assets and mining properties.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources represents up to 28% of the amount of eligible expenses incurred and is recorded as a government grant against exploration and evaluation assets.

Credits related to resources and credit for mining duties recognized against exploration and evaluation expenditures are recorded at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the credits. They are recognized in profit or loss on a systematic basis over the useful life of the related assets.

(l) Cash and cash equivalents:

The Company's cash and cash equivalents include bank accounts and highly liquid financial instruments, with an initial term of three months or less .

(m) Change in accounting method :

IAS 16 - Fixed Assets and IAS 38 - Intangible Assets

In May 2014, IASB issued an amendment to these standards. Entitled "Clarification of Acceptable Methods of Depreciation and Amortization", the amendment specifies that a revenue-based depreciation and amortization method can no longer be used. The depreciation and amortization method must reflect the consumption of the future benefits of an asset. The amendment of these standards had no impact on the Company's financial statements.

(n) New standards issued but not yet effective:

The following new standards have been issued but are not yet effective and therefore have not been applied in preparing these financial statements:

IAS 7 - Statement of Cash Flows

In February 2016, IASB published amendments of limited scope to IAS 7 - Statement of Cash Flows to require that companies provide information concerning changes in their financing liabilities. The amendments will apply prospectively to fiscal years beginning on or after January 1, 2017. Earlier application is permitted. These standards will have no material impact on the Company's financial statements.

#### IAS 12 - Income Taxes

In January 2016, IASB published amendments to IAS 12 - Income Taxes on the accounting of future tax assets relating to unrealized losses. Essentially, these amendments aim to clarify when a future tax asset should be recognized in regard to an unrealized loss. These amendments will apply to the financial statements of fiscal years beginning on or after January 1, 2017. These amendments will have no impact on the Company's financial statements.

#### IFRS 9 - Financial Instruments

In July 2014, IASB issued IFRS 9 - Financial Instruments to replace IAS 39 on the classification and measurement of financial assets and liabilities, amortization and hedge accounting. This standard is retrospectively applicable to financial statements relating to fiscal years beginning on or after January 1, 2018. The Company has not yet assessed the impact of this standard on its financial statements.

#### IFRS 15 - Revenue from Contracts with Customers

In May 2014, IASB issued IFRS 15 - Revenue from Contracts with Customers to replace IAS 18 and IAS 11. This new standard provides guidance on the method to be used and when to recognize revenue as per a unique model, except for loan contracts, financial instruments and insurance contracts. This standard is retrospectively applicable on January 1, 2018. The Company will assess the impact of this new standard when it will recognize revenues from its ordinary activities.

#### IFRS 16 - Leases

This standard, issued in 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases. It provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. However, lessor accounting remains largely unchanged in regard to IAS 17 and the distinction between operating and finance leases is retained. This standard will apply to fiscal years beginning on or after January 1, 2019. The Company has not yet assessed the impact of this standard on its financial statements.

### **16. SHARES, WARRANTS AND OPTIONS**

As of July 14, 2017, the Corporation had :

- 21,194,081 shares in circulation
- No Warrants outstanding
- 1,825,000 options issued at an average exercise price of \$ 0.097 a share.

On May 20<sup>th</sup> 2016, 400,000 options were issued at 0.05 a share for a total of 1,825,000.

The weighted average fair value of Stock options granted was \$0,012 per option in 2016.

### **17. CERTIFICATION OF INTERIM FILINGS**

For the year ending March 31<sup>st</sup> 2017, the President in the capacity of the Chief Executive Officer and the Chief Financial Officer, in collaboration with the Audit Committee of the Corporation, reviewed, on July 7<sup>th</sup> 2017, the audited annual financial statements of the Corporation.

The Chief Executive Officer and the Chief Financial Officer of the Corporation represent that, based on their knowledge and having exercised reasonable diligence, the annual financial statements do not

contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the financial period covered by the annual filings and fairly present in all material respects to the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

The Chief Executive Officer and the Chief Financial Officer are responsible for ensuring and confirming that processes are in place to provide them with sufficient knowledge to support the above mentioned representations.

## **18. OUTLOOK AND SUBSEQUENT EVENT**

The TSX Mining Venture Exchange has been the worst performing stock exchange in North America for over two years. Since 2011, the TSX Venture Index fell over 65% (from 2,400 to 750 in 2017). For many junior exploration companies on the TSX Venture, this is a time period filled with anxiety. To prevent dilution, the Corporation does not intend to issue new shares or make a private placement before a revival of the TSX Mining Venture market.

In the past the Corporation got the support and the loyalty of the main shareholders. Since 2013, Graniz got advance loans from two directors and a shareholder. The management and the main shareholders intend to keep the Corporation in good standings and will keep Graniz listed and trading on the TSX Venture Exchange (NEX).

Graniz Mondal Inc. has entered into a letter of intent dated June 6, 2017, with Group NanoXplore Inc., a corporation incorporated under the laws of Quebec, pursuant to which Graniz Mondal and NanoXplore intend to complete a business combination, in accordance with Policy 5.2 of the TSX Venture Exchange. (For more information, see press release on SEDAR). If there is no agreement with NanoXplore, Graniz will continue as a junior exploration company.

For the management of the Corporation,  
July 14, 2017

Signed Dr Berthe Lambert, CEO of Graniz Mondal Inc.