Gratomic Inc.
MANAGEMENT DISCUSSION AND ANALYSIS
(Form 51-102F1)
For the three months ended March 31 2022,

This Management Discussion and Analysis is dated May 25, 2022.

Gratomic Inc. (hereafter the "Company" or "Gratomic Inc."), was incorporated under the Business Corporations Act (Ontario), R.S.O. 1990, on February 27, 2007 and is listed on the TSX Venture Exchange, OTCQX and Frankfurt exchanges (TSX-V: GRAT) (OTCQX:CBULF) (FRANKFURT:CB82). The Company's corporate office is located at Bay Adelaide Centre - East Tower, 22 Adelaide Street West. Suite 3600, Toronto, Ontario M5H 4E3. The Company is a junior exploration company primarily engaged in the acquisition and exploration of exploration assets located in Canada and Namibia.

The following is the management discussion and analysis ("MD&A") of the financial condition, changes in financial condition and results of operations of Gratomic Inc. for the three months ended March 31 2022,. The MD&A should be read in conjunction with the Company's consolidated financial statements for the three months ended March 31 2022, (www.sedar.com) which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company's ability to realize the costs it has incurred to date on its properties is dependent upon it being able to identify economically recoverable reserves; to finance their exploration and evaluation costs; to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the reserves; and to attain profitable operations.

The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. These conditions indicate the existence of material uncertainties which cast significant doubt on the Company's ability to continue as a going concern. Changes in future conditions could require material write downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory, environmental and social requirements.

The consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. The Company has incurred a loss for the three months ended March 31 2022, of $1,636,315 and has an accumulated deficit of $78,753,551. The Company is a junior mining company and is subject to risks and challenges similar to other companies in a comparable stage. These risks include, but are not limited to, dependence on key individuals, investment risks, market risks, and the ability to maintain adequate cash flows, and continuing as a going concern. Cash on hand is currently not adequate to cover expected expenditures for the next 12 months and therefore the Company will be required to secure additional funding. These challenges and the continued cumulative operating losses cast significant doubt on the Company's ability to continue as a going concern. These consolidatedfinancial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern. Such adjustments can be material.

Unless otherwise specified, all dollar amounts herein are expressed in Canadian currency.

Additional information on the Company may be found on SEDAR on www.sedar.com

Forward-Looking Information

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of metals; (ii) that there are no material delays in the optimisation of operations at the exploration and evaluation assets; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of graphite; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See "Risks and Uncertainties") contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

Outlook and Performance Highlights

Outlook
Gratomic Inc. is an advanced materials company focused on mine to market commercialization of graphite products most notably high value graphene based components for a range of mass market products. With its unique Aukam graphite asset the Company is poised to replace a large part of declining production capacity of vein graphite from Sri Lanka

Aukam Graphite Asset
On July 29, 2021 Gratomic Inc. purchased the remaining 37% interest in the historical Aukam graphite mine in Southern Namibia and now owns 100%. Aukam graphite has been tested in several high value applications including nano engineered graphenes. The Aukam graphite when converted to graphenes have proven suitable for inks & pastes for the printed electronics industry, super hydrophobic graphene variants for architectural and marine coatings, elastomers for cycle and passenger vehicle tires, and elements for resistive heaters. There is year round road access to the Aukam project from paved Highway B4 that runs between Luderitz and Keetmanshoop via district gravel roads south from the Highway. The infrastructure in the area

is good with nearby power from the national grid, water from underground aquifers and a rail link to Luderitz and Keetmanshoop adjacent to Highway B4 approximately 70 km north of the project.

Zumbi Graphite Project, Brazil

On December 8, 2021, the Zumbi graphite project was acquired. The Zumbi project is situated at the center east portion of the Bahia province, 280km from the port of Salvador, at the province capital, and 166km from Feira de Santana the province's second largest city. The project comprises mineral claims covering a surface area of 426 hectares and is owned by Zumbi Mineração Brazil, a wholly owned subsidiary of Gratomic, Inc. The Vendors retained a 3% gross smelter return royalty in respect of all minerals processed other than graphite.

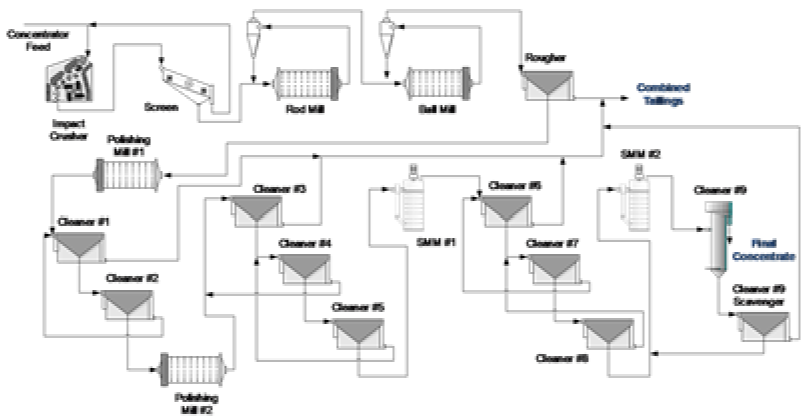
Performance highlights

During the period ending March 31, 2022 –

- On January 26, 2022, Gratomic announced the resumption of its 5,000-meter diamond drill program on the Capim Grosso graphite project located within the Bahia State of Brazil. After having drilled 241.3 meters in 2021 (see press release dated December 22, 2021), the drilling team temporarily wrapped up drilling over the holiday period, resuming activities on January 15, 2022. The introduction of a second drilling rig has expedited the drilling program. Drillcore-cutting equipment was en route to the site, and SGS Geosol, in Vespasiano, state of Minas Gerais, Brazil was commissioned to conduct the analysis of the assays.
- On February 7, 2022, Gratomic announced results of initial metallurgical tests performed on trenched material obtained from its Capim Grosso project. After obtaining chemical analysis results from SGS Geosol Brazil, SGS Lakefield (ON, Canada) has been commissioned to perform metallurgical tests on the first samples obtained from the trenching programs performed at the property. SGS Lakefield has completed two scoping level flotation tests using two different flotation circuit configurations simulating the Aukam processing circuit currently under commissioning in Namibia. A combined concentrate grade of 97.5% C(t) was achieved in one test with total carbon grades reaching as high as 98.6% in several particle-size fractions. The open circuit graphite recovery was 70.1%, approximately 20% of the graphite losses were associated with intermediated streams and most of these graphite units will report to the final concentrate during closed circuit operation. Optimization of rougher, and primary cleaning conditions are expected to reduce graphite losses to those tailings' streams. Based on the flotation results obtained to-date and experience with comparable graphite projects, a combined concentrate grade of 97% C(t) with a closed-circuit graphite recovery of 85-90% is projected. Further testing on additional samples and process optimization will be conducted to confirm these projections. The metallurgical results obtained to-date are encouraging to support the plan for large scale processing of the Capim Grosso deposit.
- On February 8, 2022, Gratomic announced that it has signed an indicative term sheet with Millenium Metals LTD ("TM2") to supply graphite over 60 consecutive months, to begin upon commencement of commercial production at its Aukam Graphite Project in Namibia. The companies forged a strategic partnership with the intention of being the first to industrialize graphite as a commodity. The Parties have agreed to enter into a long form agreement within 6 months where Gratomic will commit to supplying 30% of its total production of its SG16 uncoated and 15% of its SG16 coated graphite material year over year for 60 consecutive months from the date that the Company's Aukam Graphite Plant officially enters commercial production. The first 3-month commitment will be at a fixed price of $2,700 USD per ton for graphite grade SG16 uncoated, and $8,000 USD per ton for graphite grade SG16 coated. After the first 3 months of delivery, products shall be purchased from Gratomic at prevailing market rates and according to Fastmarkets graphite price for graphite and subject to final weight and assays. A provisional payment of 90% in advance will be made quarterly to Gratomic for the upcoming 3-month delivery period based on planned production and prices on the date of payment. Final payment will be made when final weight, assays and prices are known,

according to 3-month quotational period and no later than 90 days after delivery less 2.5% total invoice value as commission.

- On February 14, 2022, Gratomic disclosed the preliminary (simplified) Process Flow Diagram (PFD) for its Capim Grosso project in Brazil. Following the announcement of the results from initial metallurgical tests performed on trenched material, the Company's technical team has initiated preliminary engineering for the project, which included completing a mass and water balance process flow diagram (PFD), and process design criteria (PDC). This engineering design facilitated the development of preliminary operating and capital expenses (OPEX and CAPEX) for the project. The Simplified PFD is shown below:



  As Gratomic proceeds with the current 5,000-meter drilling program, the Company will continue to conduct new tests with the drill core samples, in order to optimize engineering design for the flotation circuit and factor in the requirements to process the material at depth.

- On February 16, 2022, Gratomic provided an update on its commitment to upgrading J.S. Herero Primary School in Namibia. The Company has pledged 1 million Namibian dollars (CAD $82, 971) to the improvement of the educational environment at the school including facility renovation, stationery supply for the school and the learners and school uniforms for students most negatively impacted by the current economic situation.

- On February 23, 2022, announced more preliminary findings from its 5,000-meter diamond drill program on the Capim Grosso graphite project located in Brazil. A total of 686.65 m had been drilled to date. The six completed drill holes intercepted graphite varying in width from 0.1m to 3.88 m.

- On February 24, 2022, Gratomic announced that it had been selected by the 2022 TSX Venture 50™ program as one of the top 10 performing mining stocks on the TSX Venture Exchange, ranking in third place. The Exchange currently hosts over 1,600 companies, including more than 240 mining companies, which highlights the significance of this achievement for the Company.

- On March 9, 2022, the Company announced it had raised an aggregate of $5,532,157 through the placement of 3,951,541 units. Each unit consists of one common share and one quarter of a common share purchase warrant. Each full warrant entitles the holder to purchase one common share at a price of $1.45 until the date which is six months following the closing.

- On April 6, 2022, Gratomic announced that it has signed a project agreement with the National Research Council of Canada (NRC) to evaluate the performance of spherical graphite samples extracted and supplied by Gratomic. The tests will be performed at the NRC's laboratories in Boucherville, Quebec, Canada. The NRC is Canada's largest federal research and development organization which offers a variety of services, including expertise and infrastructure for clean and energy-efficient transportation applications. As part of the project, the NRC will perform half-cell testing (a method of testing the viability of battery materials) in coin cells (small disc-shaped battery as depicted below) of coated anodes based on Gratomic's spherical graphite samples, to measure the reversible capacity (the accumulation of surplus capacity) and the initial coulombic efficiency (the ratio of output versus input charge of a battery), and will provide a summary report with the test results for 10 different samples. Each test result will be based on the average of 6 cells. Phase one of the project consists of making and processing the electrodes which involves a series of precision tasks. The second phase will focus on testing the anodes.

- On April 14, 2022, Gratomic announced that it has retained the services of Zimtu Captial Corp (Zimtu) out of Vancouver British Columbia. Zimtu will be paid $200,000 CDN for a 12-month term. Zimtu Capital Corp. is a public investment issuer that aspires to achieve long-term capital appreciation for its shareholders and was founded by Mr. Dave Hodge. Zimtu Capital Corp. is located in Vancouver, British Columbia and has been an active Marketing and Investor Relations company since its inception in 2003. The services of this agreement cover a broad range of marketing activities including Live Investor Presentations, Email Marketing Campaigns, Influencer Marketing, Social Media Distribution, Rockstone Research Analyst Reports, Video Interviews, Investor Lead Generation, Investor Blogs & more. Zimtu Capital companies may operate in the fields of mineral exploration, mining, technology, life sciences or investment. The Company trades on the TSX Venture Exchange under the symbol "ZC" and Frankfurt under symbol "ZCT1". For more information, please visit https://www.zimtu.com.
- On April 18, 2022, Gratomic announced Fernando Luís Pereira Calha joining the executive team. Mr. Calha would be stepping onboard as the Company's new Director of Graphite Sales and Business Development.
- In May, Gratomic announced two drilling updates for its Capim Grosso project in Brazil, including lab assay results for 11 drilling holes.
- On May 4, 2022, the Company announced trenching results for the Jacobina project in Brazil, including 17 lab assay results.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the three months ended March 31, 2022 and 2021 are summarized as follows:

Outlays by expenditure category, by project, for the three months ended March 31, 2022 and 2021 are as follows:

	Aukam Namibia project		Zumbi Brazil project		Buckingham Quebec project		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	$	$	$	$	$	$	$	$
Drilling and related costs	238,551	-	335,583	-	-	-	574,135	-
Geological and other consulting	-	166,792	-	-	-	-	-	166,792
	238,551	166,792	335,583	-	-	-	574,135	166,792

Selected Annual Information

Selected audited annual information for the three most recently completed years, all reported under IFRS, are as follows:

Years ended December 31,	2021	2020	2019
	$	$	$
Net loss before provision for income taxes	21,312,761	3,643,639	3,244,288
Net loss after provision for income taxes	21,312,761	3,643,639	3,244,288
Basic and diluted loss per share	0.15	0.07	0.09
Total assets	23,112,817	9,961,823	8,641,626

Results of Operations

The following table provides selected financial information for the three months ended March 31, 2022 and 2021.

	For the three months ended March 31,	
	2022	2021
	$	$
Operating expenses	(1,636,315)	(13,373,177)
Net loss	(1,636,315)	(13,373,177)
Net loss per share	(0.01)	(0.11)
Exploration and evaluation assets	12,042,084	5,880,077
Total assets	26,249,328	17,439,337

<u>Revenues</u>

At this time, the Company has no sales or revenues.

<u>Expenses</u>

The major expense items for the three months ended March 31, 2022 and 2021 are summarized as follows:

	For the three months ended March 31,	
	2022	2021
	$	$
Consulting	471,542	196,925
Filing fees and permits	68,928	60,317
Investor relations	56,803	286,073
Management fees	117,501	132,501
Marketing	401,901	330,508
Office and other	253,278	91,385
Professional fees	110,163	127,170
Share-based compensation	-	12,124,500
Travel, meals and accomodation	156,199	23,798
	1,636,315	13,373,177

Comments on the three months ended March 31 2022,:

The 2022 results include nil share based compensation (2021 – 12,124,500), and higher operating costs reflecting the ramp-up of activities in Aukam and increased marketing and investor relations efforts.

Exploration and Evaluation Assets

The technical content of the mineral property disclosure in this MD&A has been reviewed and approved by Nico Scholtz Pr. Sci. Nat. (Reg. No. 400299/07) as Qualified Person (QP). Nico is a Qualified Person (QP) under the JORC, SAMREC and National Instrument (NI) 43-101 legislation. Except where noted the property disclosure in this MD&A has not been the subject of a National Instrument 43-101 report.

Description of properties:

Aukam Graphite Project, Namibia

The Aukam property is comprised of Mining License (ML) 210 (5,002 ha in respect of base and rare metals, industrial minerals, and precious metals), Exclusive Prospecting Licences (EPLs) 7512 and 7513 (24,479 and 49,972 ha respectively in respect of base and rare metals, industrial minerals, dimension stone and precious metals) and conditionally approved EPL 8746 (49,693 ha in respect of base and rare metals, industrial minerals, and precious metal). Located in the district of Bethanie, Karas region of southern Namibia, the licence areas totals 121,146 hectares and includes numerous privately held farms.Graphite in the Aukam area is hosted by altered Garub Sequence granite that is exposed in an erosional window in the Nama cover. Graphite mineralization at Aukam occurs as massive lenses and veins, and as disseminated patches mostly associated with strong alteration. It is hosted by an east-west trending shear zone traceable on surface for about 400 metres along strike.

The rights to explore and develop parts of the property, which are of primary interest, were previously owned 37% by Next Graphite, Inc. (“NextG”) and 63% by the Company. On July 29, 2021 the Company acquired NextG’s 37% interest in Gazania 242 Pty Ltd. In consideration for the interest, Gratomic issued a total of 25,758,915 common shares in the capital of Gratomic Inc. valued at $36,062,481, made a cash payment of $100,000 and agreed to provide future consideration of $316,350. The total consideration amounted to $36,478,831 which was charged to deficit. The shares will be subject to an 18-month escrow subject to the release of 1/3 of the original balance every 6 months.

A 2% revenue royalty is payable to the individual who farms the property.

Under Namibian laws royalties are payable in connection with the Aukam Graphite Project as follows:
a) A 2% revenue royalty is payable the Namibian government.
b) A 6% net profit incentive, required under the Namibian Economic Empowerment Framework, is payable to employees working on the project.

Zumbi Graphite Project, Brazil

On December 8, 2021, the Zumbi graphite project was acquired. In consideration Gratomic issued a total of 3,840,580 common shares in the capital of Gratomic Inc. valued at $4,954,350 and made a cash payment of $200,000. The Zumbi project is situated at the center east portion of the Bahia province, 280km from the port of Salvador, at the province capital, and 166km from Feira de Santana the province’s second largest city. The project comprises mineral claims covering a surface area of 3,727 hectares and is owned by Zumbi Mineração Brazil, a wholly owned subsidiary of Gratomic, Inc. The vendors retained a 3% gross smelter return royalty in respect of all minerals processed other than graphite.

Montpellier Graphite Property, Quebec

The Montpellier property consists of claims located in the Hartwell Township, Casse Laurentides Region in Quebec. During the three months ended March 31 2022, the Company decided not to proceed with any further exploration on the project, and incurred a write off on the property of $322,332.

Buckingham Property, Quebec

The 100%-owned Buckingham Graphite Property is located 7 kilometres northwest of the town of Buckingham, Quebec, Canada and 82 km north of Imerys Graphite & Carbon’s operating Lac des Iles graphite mine. The property consists of eight claim blocks totaling 480 hectares and is accessed by well maintained bush roads.

The property is located within the Central Metasedimentary Belt of the Grenville Geologic Province. It is underlain by paragneiss and marble, with associated pegmatite, and amphibolite. Graphite occurs disseminated in marble and paragneiss and within veins hosted in pegmatite, diopside skarn, marble and gneiss. Two graphitic zones, the Uncle Zone and the Case Zone have been discovered to date, with both zones showing high grade occurrences of disseminated flake and vein type graphite and yielding assay values as high as 81.1% Cg. Initial crushing and flotation of two samples from the Uncle Zone has achieved purity of up to 99.4% Cg from a single flotation test without process optimization (see news release dated February 17, 2015).

Airborne time domain electromagnetic (TDEM) survey flown over the Buckingham project in 2016 outlined several anomalies. The largest conductor stretches over 1.54 kilometres in a northeast-southwest direction. The northeastern portion of this conductor is coincident with graphite mineralization in the Case Zone from which 35 grab samples collected in 2015, yielded values ranging from 1.6% Cg to 28.7% Cg (See news releases dated May 22, 2015 and November 4, 2015). The length of the conductor suggests that the Case Zone may be longer than previously thought.

Trenching during Q4-2016 along the TDEM conductor uncovered zones of graphite mineralization hosted primarily by paragneiss. Highlights of the trench sampling include 8.33% Cg over 11.3 metres, 2.76% Cg over 15 metres, 2.23% Cg over 27 metres and 1.52% Cg over 65.5 metres. Individual samples assayed between 0.02% Cg and 17.3% Cg, with an average of 1.92% Cg for the 158 samples.

In 2017 additional trenching and diamond drilling were executed to follow up on the successful results of the 2016 trenching program. Highlights of the work included trench results of 15.0% Cg over 8.0 metres, and diamond drill results of 7.4% Cg over 12.0 metres, in hole CK17-01, and 6.1% Cg over 88.0 metres beginning at nine metres, included a higher-grade interval of 20.7% Cg over 8.0 metres in hole CK17-02

Summary of Quarterly Results

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

	March 31 2022 $	**December 31 2021 $**	**September 30 2021 $**	**June 30 2021 $**
Exploration and evaluation assets	12,042,084	11,467,949	6,144,870	6,321,924
Deficit	78,753,551	77,117,236	74,533,660	36,474,498
Total Assets	26,249,328	23,112,817	18,285,898	17,565,634
Net and Comprehensive Loss	1,636,315	2,583,573	2,796,804	2,559,207
Basic and Diluted Loss Per Share	0.01	0.02	0.02	0.02
	March 31 2021 $	**December 31 2020 $**	**September 30 2020 $**	**June 30 2020 $**
Exploration and evaluation assets	5,880,077	5,713,285	5,651,999	5,641,361
Deficit	33,915,292	20,542,115	19,239,617	18,008,093
Total Assets	17,439,337	9,961,823	9,545,496	10,082,587
Net and Comprehensive Loss	13,373,177	1,302,498	1,231,524	921,263
Basic and Diluted Loss Per Share	0.09	0.02	0.02	0.02

Q1 2022
The 2022 results include nil share based compensation (2021 – 12,124,500), and higher operating costs reflecting the ramp-up of activities in Aukam and increased marketing and investor relations efforts.

Q4 2021
The 2021 Q4 loss of $2,583,573 (2020 - $1,302,498) includes significantly higher costs due to the ramp up of the Aukam facility, increased marketing, travel, project investigation expenses, and share-based compensation of $761,000 (2020 $Nil).

Q3 2021
The 2021 Q3 loss of $2,796,804 (2020 - $1,231,524) includes significantly higher costs due to the ramp up of the Aukam facility, increased marketing, travel, project investigation expenses, and share-based compensation of $716,000 (2020 $624,000).

Q2 2021
The 2021 Q2 loss of $2,559,207 (2020 - $921,263) includes a non-cash charge for share based compensation of $1,200,000 (2020 - $Nil), and higher operating and investor relations costs commensurate with increased activity during the quarter.

Liquidity

Presently the Company has a working capital of $2,383,823 and will need funding to meet its operating plans over the next 12 months.

Future exploration and development programs will depend on the Company's ongoing ability to raise funds. Gratomic Inc. is an exploration stage company and continues to rely on equity offerings and other partnership arrangements to fund its activities. There can be no assurance that funds will be available.

Capital Resources

Unusual factors that favourably affected the Company's capital resources during the three months ended March 31 2022, was the private placement of units for total proceeds of $4,943,360.

Off Balance Sheet Arrangements

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

Transactions With Related Parties

The Company has determined that key management consists of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer. The Company paid or accrued the following amounts to key management, and private corporations owned by them:

	For the three months ended March 31,	
	2022	**2021**
	$	**$**
Fees charged to:		
Management fees and consulting fees	264,143	301,586
Professional and other expenses	90,709	112,504
Share-based payments	-	5,069,000
	354,852	5,483,090

During the three months ended March 31, 2022, legal fees in the amount of $90,709 (2021 – $112,504) were paid or payable to a law firm whose partner is an officer of the Company.

Included in accounts payable and accrued liabilities at March 31, 2022, was $66,623 (2021 – $87,848) owing for services to directors, and officers, companies owned by directors and officers, and a law firm whose partner is a director and an officer of the Company.

Salary for the Company's president and CEO had been prepaid on March 31, 2022, in the amount of $120,535 which amount had been included in prepaids at that time..

Events Affecting the Company's Financial Condition

Unusual factors that favourably affected the Company's capital resources during the three months ended March 31 2022, was the private placement of units for total proceeds of $4,943,360.

Critical Accounting Judgements and Key Sources of Estimation Uncetrtainty

Critical judgements exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flows, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

ii) Capitalization of deferred exploration costs

Minority interest and equity are adjusted to reflect the ownership interest of consolidated subsidiaries in which a minority interest shareholder has a carried interest.

Management is required to assess impairment of intangible exploration and evaluation assets and property and equipment. The triggering events are defined in IFRS 6 and IAS 36 respectively. In making the assessment, management is required to make judgments on the status of each project and the future plans toward finding commercial reserves to which the exploration and evaluation assets and property and equipment relate to.

Management has determined that there were no triggering events present as at December 31, 2021 and 2020, as defined in IFRS 6 and IAS 36, as such, no impairment test was performed.

Critical estimates exercised are as follows:

i) Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity settled benefits.

ii) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

iii) Property and equipment

Management reviews the carrying value of long lived assets including plant and equipment and amortizable intangible assets for impairment to determine if the carrying value of an asset may not be recoverable due to changes in the current and expected future use of the asset, external valuations of the asset, and the obsolescence or physical damage to the asset. If such indicators of impairment exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount.

iv) Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities, referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby any premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to flow-through premium liability and included in profit or loss at the same time the qualifying expenditures are made.

Risk Management

Credit Risk
The Company's credit risk is primarily attributable to amounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to the financial instrument included in amounts receivable is remote.

Liquidity Risk
The Company's main source of liquidity is derived from common stock issuances. As at March 31, 2022, the Company had current assets of $3,237,757 (December 31, 2021 - $2,379,414) to settle current liabilities of $853,934 (December 31, 2021 - $827,276). All of the Company's accounts payable and accrued liabilities have contractual maturities that are subject to normal trade terms.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment grade short term deposit certificates issued by its banking institutions. The Company monitors its cash balances and is satisfied with the creditworthiness of its banks. As a result, the Company's exposure to interest rate risk is minimal.

Market Risk
Foreign Currency Risk
The Company's functional and reporting currency is the Canadian dollar and all expenditures are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Price Risk
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. As the Company's properties are in the exploration stage and to date do not contain any identified mineral resources or reserves, the Company does not hedge against commodity price risk.

Sensitivity Analysis
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

(i) The Company receives low interest rates on its cash and cash equivalent balances and, as such, the Company does not have significant interest rate risk.

(ii) The Company holds balances in foreign currencies that give rise to exposure to foreign exchange risk, however at any point in time the balances are not significant. The Company estimates that a 10% increase or decrease in the foreign currency would give rise to a gain or loss of approximately $20,000 respectively.

Operations Update

On September 27, 2021 Gratomic announced the commencement of wet commissioning. The Company started running material through the crushing circuit in preparation of full commissioning of its Aukam processing plant. The entire Gratomic Executive team was present for this significant milestone and witnessed the equipment operating as it was engineered to perform.

On January 10, 2022, Gratomic announced that it had initiated manufacturing on the Air Classification units for its Aukam Graphite Project processing plant in Namibia. The secondary enrichment program completes engineering on the upgrading circuit on the refining section of the plant.

On January 11, 2022, Gratomic announced the ongoing commissioning of several key pieces of equipment of its Aukam Graphite Processing Plant in Namibia, in preparation for the final commissioning stage of the grinding, flotation, and drying circuits. The material from the historical stockpiles was in the process of being relocated to the feed pad next to the grizzly, in preparation for the next stage of wet commissioning.

On January 26, 2022, Gratomic announced the launching of the Operational Readiness initiative of its Aukam vein graphite project.Operational Readiness (OR) is the capability to efficiently deploy, operate, and maintain the systems and procedures required on the Company's Aukam Graphite Processing Plant. The main purpose of OR is to reduce operational risks, which is defined as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". The OR initiative in Aukam occupies various disciplines including EHS, Construction, Production, Laboratory, Process Control, Maintenance and Quality, with the support of other key departments such as HR and Finance.

On March 17, 2022, Gratomic disclosed operational readiness update on its Aukam Processing Plant in Namibia. Armando Farhate COO & Head of Graphite Marketing and Sales and Karl Trudeau Head of Operations, Namibia, travelled to Aukam to oversee the finalization process of the Company's Operational Readiness Plan. The entire front end of the plant had been commissioned and was operational ready. The rod mill is mechanically completed and ready for next steps. In addition to progress on the plant, infrastructure onsite has been upgraded. The electrical team has completed installation of outdoor lighting, giving Aukam the capability of performing 24-hour operations. The lab, offices, cloakrooms, and residences experience steady progress. Safety rails and electrical cages have all been installed and water and sewage systems have been installed in all facilities. The sewage system has been connected to a sewage station, ensuring that all wastewaters will be properly treated before returning to the environment. The Run of Mine (ROM) pad has been completed next to the grizzly, and the historical stockpiles have been moved there. Road construction continues on the Aukam mountain, and the platform at its top was completed.

Subsequent Events

The following events occurred subsequent to March 31, 2022:

a) The Company entered into a definitive agreement to acquire properties known as the "Jacobina Prospect" and the "Igrapiuna Prospect" comprising mineral claims 870162/2019, 870163/2019 and 870599/2019, with a total area of 2,782.01 hectares, located in the State of Bahia, BA, Brazil. The properties are adjacent to the Company's Capim Grosso graphite project located within the Bahia State of Brazil. In consideration for a 100% interest in the properties, Gratomic will, upon closing of the acquisition (i) make a one-time cash payment of US$100,000; and (ii) issue 1,768,011 common shares.

b) On April 21, 2022, the Company produced its first batch of processed graphite from its Aukam plant in Namibia, as part of the wet commissioning process and operational readiness that the facility is currently undergoing. It is the first product produced at the Aukam site since 1974.

Other Disclosures

Share Capital

Common Shares **-**

As at March 31, 2022, and the date hereof, there were 176,881,214 and 176,981,214 common shares respectively of the Company issued and outstanding.

Warrants **-**

At March 31, 2022 and the date hereof there were a total of 1,061,882 warrants outstanding.

Options **-**

At March 31, 2022, and the date hereof, there were a total of 12,880,000 and 12,780,000 stock options respectively outstanding.

Additional Information **-**

Additional information about the Company including the financial statements, press releases and other filings are available on the internet at www.sedar.com and additional supplemental information is available on the Company website at www.gratomic.ca .