

**GRAPHANO ENERGY LTD. (THE “COMPANY”)
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
FOR THE YEAR ENDED JULY 31, 2022**

Graphano Energy Ltd. (“Graphano” or the “Company”) was incorporated on October 5, 2020, as a newly formed, wholly owned subsidiary of Manganese X Energy Corp. (“MN”), a public company with its shares listed on the TSX Venture Exchange (the “Exchange”) to hold MN’s Lac Aux Bouleaux graphite property (the “LAB Graphite Property” or the “Property”) in the Province of Quebec, Canada. The intent was to serve as a vehicle for the separate listing on the Exchange (the “Listing”) of the shares of Graphano and the spin-out to MN’s shareholders of the Property providing greater focus to its further exploration and development as a separate operation and this has been achieved. The spin-out has been accomplished by way of Plan of Arrangement (the “Plan”) and MN’s shareholders approved the Plan at a shareholders’ meeting held April 12, 2021. The Exchange provided its final approval for the Listing, and trading began on September 30, 2021, under the symbol of GEL.

Graphano is a British Columbia registered company with its Registered Office at 1000 - 595 Burrard Street Vancouver, British Columbia V7X 1S8, and it maintains a business office at 120 Carlton Street Suite # 219, in Toronto, Ontario. Its public filings are available at www.SEDAR.com and on its own website at www.graphano.com.

Graphano’s shares trade on the Exchange under the trading symbol **GEL**, on the Frankfurt Stock Exchange as **97GO**, and on the US OTCQB as **GELEF**.

Personnel Considerations

The Company’s Directors are Mr. Nathan Rotstein, Ms Luisa Moreno (Chief Executive Officer), Mr. James Richardson (Chief Financial Officer), Mr. Roger Dahn and Mr. Martin Kepman. Mr. Dahn is qualified to act as a Qualified Person pursuant to the provisions of National Instrument 43-101.

July 31st has been chosen as the year end date for the Company’s fiscal year to provide as much inclusion as possible into its first fiscal period and, as much as possible, have its initial operations commence as early as possible in its first full fiscal year, commencing August 1, 2021, now ended July 31, 2022 and being reported on.

Wasserman Ramsay CPA’s have been named by the Board of Directors to be the Company’s auditor and to report to the Company’s shareholders accordingly. Wasserman Ramsay is a firm of Canadian Chartered Public Accountants and is qualified by the Canadian Public Accounting Board to conduct audits of public companies and has been for a number of years the auditor of MN, the Company’s previous parent company.

The functional and reporting currency of the Company is the Canadian Dollar (“CAD”) and all dollar amounts (“\$”) herein refer to Canadian Dollars unless otherwise identified.

Forward Looking Statements

While the Company is not (and does not intend to become) in the practice of making forecasts, it is obliged by the nature and purpose of MD&As to make certain forward-looking statements. All such statements are qualified in their entirety by the Company’s claim of “Safe Harbour” for such statements made in good faith.

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This MD&A, except for historical information, may contain “forward-looking statements” that reflect Graphano’s current expectations and projections about future results. When used in this MD&A, forward-looking statements may be identified by the use of words such as “estimate”, “consider”, “anticipate”, “expect”, “objective”, “potential”, “forecast”, “believe”, “project”, “plan” and similar expressions or variations of such words. Forward-looking statements are, by their very nature, not guarantees of the Company’s future operational or financial performance and these statements may involve known and unknown risks, uncertainties and other factors that may cause the actual level of activity, results, prospects and performance to differ materially from any future levels of activity, results, prospects and performance expressed in, or implied by, these forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guaranteeing of future performance and actual results or developments may differ materially from those in the forward-looking statements and there are no guarantees that any of Graphano’s projects will otherwise prove to be economic. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties referred to elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward- looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Company Objective

It is the Company’s intention to be a significant entity in the graphite (and potentially other industrial minerals, especially those related to the rapidly expanding field of battery chemistry) resource exploration and development business and to assemble a significant resource for further development and potential future production by others or by the Company.

The LAB Graphite Property is the Company’s flagship project, and there is ongoing exploration work at the property to establish the magnitude of resources it might contain.

In 2022, the Company entered into an option agreement to acquire the historical Standard Mine, and staked claims at the Dudley and Lac Vert-Bouthillier graphite concessions. Exploration work at the Standard Mine is ongoing and preliminary prospective work for the Dudley and Lac Vert-Bouthillier concessions is planned for 2023. The Company may pursue additional graphite and strategic metals projects.

Projects

Lac Aux Bouleaux

The LAB Graphite Property is comprised of 14 mineral claims in one contiguous block totaling 738.12 hectares near the town of Mont-Laurier in southern Québec. The Property was subject to a 2% NSR, but, the Company entered into an agreement with the original vendors of the Property to acquire the whole of the NSR for 153,846 post-consolidation Graphano common shares valued at \$50,000, thereby cancelling the NSR.

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The LAB graphite mineralization was discovered in 1957 and passed through several hands prior to being held by TIMCAL until November 2014, but then allowed to lapse. Finally, in 2019, it was acquired by Manganese X Energy Corp., the parent of the Company until the Closing of the Plan of Arrangement transaction.

The LAB Graphite Property is underlain by Precambrian age rocks of the Grenville Series comprised of quartzo feldspathic, garnetiferous paragneiss and limestone / marble beds. Quartzites are the least abundant of rocks in this Series. The igneous rocks which have invaded the metasedimentary sequence consist of gabbros, monzonites, anorthosites and diabase. Paragneiss is generally fine to medium grained with a variety of compositions such as, quartzo-feldspathic gneiss, biotite gneiss, biotite-garnet gneiss, biotite-garnet-silliminite gneiss and biotite-hornblende gneiss. All compositional varieties contain graphite.

The LAB Graphite Property lies adjacent to the south of TIMCAL’s Lac des Iles graphite mine in Quebec which is a world class deposit and was producing 25,000 tonnes of graphite annually (which is generally recognized to be within a few years of exhaustion of its resource). There are several graphite showings and past producing mines in its vicinity. Graphite is commonly found in the Grenville Province rocks throughout this region and has been commercially mined from a number of deposits located between Mont-Laurier in the north to the Ottawa River in the south.

As indicated in the most recent National Instrument 43-101 technical report (dated June 8, 2021), in the Qualified Person’s opinion, the character of the LAB Graphite Property is sufficient to merit a follow-up work program.

Standard Project

The Standard Project Option Agreement covers six claims totaling 355 hectares. At the closing of the Option Agreement the Vendor received 50,000 common shares of Graphano. On the first anniversary of the Option Agreement the Vendor will receive 50,000 additional shares of Graphano and on the second anniversary the Vendor will receive 100,000 additional shares of Graphano, plus a cash payment in the amount of \$20,000. The Vendor will retain a royalty of 2% net smelter returns on future production from the Standard Mine property. The Company will have the option to purchase the royalty for \$600,000 cash at any time.

The Standard Project includes an historical underground mine. The original operators produced graphite on a small scale between 1923 and 1930 but ceased operations due to the low price of graphite during the 1929 market crash. Moreover, it seems that the small-scale operation and the inefficient milling process known at that time may have led to the failure of the enterprise, but not for lack of ore.

Dudley and Lac Vert-Bouthillier Projects

The Company has staked two sets of graphite claims, comprising the Dudley and Lac Vert-Bouthillier graphite showings, for a total of 11 claims, covering 600 hectares. The claims are 5 km and 10 km south from the Lac Aux Bouleaux project.

The development of historical graphite deposits as well as new discoveries, all within trucking distance, should allow for resource consolidation to one processing centre at Lac

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Aux Bouleaux.

Annual Highlights

The year ended July 31st, 2022, has brought a series of achievements on several fronts ranging from exploratory work to successful acquisitions and company financing. Below are a few examples of these achievements in more detail.

October-November 2021 Exploration:

The Fall exploration work was carried out during October-November 2021 and included additional ground geophysics, trenching and channel sampling, which resulted in several new graphite showings being identified in the eastern and southern areas of the Property.

In the eastern zone of the Property, excavation work guided by ground geophysical survey exposed additional graphite mineralization and rock outcrops. The graphite mineralization in the eastern zone occurs along the 1.3 kilometres of conductive trends outlined by the ground geophysical surveys.

In the southern zone of the Property, trenching work exposed a large graphite zone with apparent large graphite flakes. This mineralization is also related to a well-defined conductive zone interpreted to have an average anomaly width of 30 metres.

All sampling was completed by and under the supervision of Mr. Martin Ethier, Géo (#1520) who is a Member of the Order of Geologists of Québec and a “Qualified Person” under National Instrument 43-101, and Afzaal Pirzada, who is a member of the Association of Professional Engineers and Geoscientists of British Columbia with license No. 28657. In addition, senior management also attended the site visit.

December 2021 Closing of Flow Through Financing:

On December 23, 2021, the Company issued 1,562,500 Flow through units (“FT Units”) at a price of \$0.80 per FT Unit for aggregate gross proceeds of \$1,250,000. Later 1,875 got cancelled. Each FT Unit consists of one common share of the Company and one-half of one common share purchase warrant (a “Warrant”) of the Company, with each whole Warrant of the Company entitling the holder thereof to purchase a common share of the Company at an exercise price of \$1.10 until December 23, 2023.

The proceeds will be used for Canadian Exploration Expenses and “flow through mining expenditures” which will be incurred on or before December 31, 2022.

January 2022 Trading on the OTCQB:

Graphano’s common shares have qualified to trade on the OTCQB under the ticker GELEF, in addition to continuing to trade on the TSX Exchange.

The OTCQB is a U.S. trading platform and is the premier marketplace for early-stage companies. To be eligible, Graphano had to meet a series of criteria, including undergoing verifications and management certification processes.

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February 2022 Drilling:

The Company started the Phase 1 drilling program in February, with the plan to drill at least 2,800 meters NQ size core drilling on the LAB Property. The program focused on Zones 1 and 4, where 2021 surface trenching and sampling programs identified significant grades and widths of graphite mineralization (see Graphano news release dated January 13, 2022), including:

- Channel sample results from Zone 1 include 7.9% Cg over 9.5 meters including 13.9% over 4.5 meters; and
- Channel sample results from Zone 4 include 18.0% Cg over 4.0 meters and 5.8% Cg over 8.0 meters which includes 14.8% over 3.0 meters.

The intent of the drill program was to evaluate the characteristics and magnitude of mineralization in the two zones. Zones 1 and 4 are just two of the eight prospective targets which have been defined on the Property to date through the Company’s surface trenching and sampling programs completed in 2021, as well as a compilation of historical drilling and other exploration data. The Company intends to extend the prospecting work to all the Zones to identify drilling targets with the aim of defining a resource at the LAB property.

May-June 2022 Positive Results from Drilling:

The LAB Property

The Company completed the Phase I with 30 holes totaling 2,846 meters of NQ size core drilled on the LAB Property. In Zone 1 fourteen holes were drilled, totalling 1,275 meters. Results included:

- Drill Hole LB22-18 intersected 6.0% graphitic carbon (Cg) over 6 metres (m) at 65 metre drilled depth;
- Drill Hole LB22-21 intersected 4.58% Cg over 9.8 m at 95.2 m drilled depth
- Drill Hole LB22-22 intersected 7.04% Cg over 5.8 m at 102.2 m drilled depth;
- Drill Hole LB22-23 intersected three zones as follows:
 - Top zone of 4.17% Cg over 3.0 m at 14.0 m;
 - Middle zone of 5.82% Cg over 5.0 m at 36.0 m; and
 - Lower zone of 3.97% Cg over 2.0 m at 86.0 m.
- Drill Hole LB22-24 intersected three zones as follows:
 - Top zone of 6.12% Cg over 9.0 m at 43.5 m; and
 - Middle zone of 4.81% Cg over 2.0 m at 84.0 m;
 - Lower zone of 6.09% Cg over 6.0 m at 90.0 m.
- Drill Hole LB22-26 intersected minimum of 5.29% Cg over 9.0 m at 23.9 m drilled depth, including 7.51% Cg over 5.0 m

The drill holes completed on Zone 1 intersected multiple zones of higher-grade mineralization ranging from 1.0 to 9.0 metres in thickness (core length) within a 75 m wide sequence and 600 m length thus far.

A total of 15 drill holes (1,241 metres) were completed on Zone 4. Highlights are as follows:

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- Drill Hole LB22-09 intersected 4.50 % graphitic carbon (Cg) over 7.0 meters at 4.0 metre (m) drilled depth including 6.61% Cg over 4.0 m;
- Drill Hole LB22-10 intersected 4.13% Cg over 3.0 m at 10 m drilled depth, including 8.85% Cg over 1.0 m;
- Drill Hole LB22-13 intersected 7.2% Cg over 2.3 m at 28.2 m drilled depth;
- Drill Hole LB22-14 intersected 4.69% Cg over 2.0 m at 26.0 m
- Drill Hole LB22-15 intersected two zones as follows:
 - Top zone of 8.78% Cg over 0.8 m at 13.9 m; and
 - Lower zone of 8.83% Cg over 2.6 m at 37.65 m.
- Drill Hole LB22-01 intersected 2.46% Cg over 3.0 m at 11 m drilled depth, including 4.97% Cg over 1.0 m

The majority of drill holes completed on the Eastern Zone 4 target intersected a near surface, flat lying mineralized horizon ranging from 2.0 metres to 7.0 metres in thickness (core length) over a 75 m width and 200 m length, thus far, remaining open to the east and north as indicated by the airborne EM survey.

One additional hole was drilled near the historical pit area. Drill hole LB22-30 totaling 141.0 metres intersected 6.34% graphitic carbon (Cg) over 11.0 metres at the edge of the historical resource area established during Orrwell Energy Corp.’s exploration work between 1981 and 1983. Orrwell Energy completed 79 diamond drill holes totalling 19,550 feet (5,958 metres) and resource estimation work.

Standard Project

In June 2022, the Company signed a definitive option agreement for the acquisition of the historical Standard Graphite mine. The property is located 32 km northeast of the Company’s Lac Aux Bouleaux graphite project. The Company completed three short drill holes totalling 127 metres in the shaft area. Two of the holes intersected encouraging graphite mineralization highlighted by an intersection of 11.61 % Cg over 3.3 m (core length). The third hole entered the old underground mine workings at a depth of 23 m and was abandoned without testing the mineralization.

The company has completed airborne geophysics in the Standard claims and detailed exploration work consisting of sampling, trenching and stripping is planned to identify drilling targets.

Dudley & Lac Vert-Bouthillier Graphite Projects

Graphano has staked two new sets of graphite claims, 5 km and 10 km south from the Lac Aux Bouleaux project, as part of the Company’s strategy to consolidate graphite projects near LAB, with the aim of maximizing resources that could be fed to one centralized mill at LAB.

Outlook for 2023 Fiscal Year

The 2022 Exploration and drilling program has yielded promising results. As of July 31, 2022, the company has drilled two of the eight zones, and additional zones are expected to

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be drilled before the end of the year. Depending on the continued success of the exploration program, the Company expects to expand the drilling program and estimate a mineral resource for the LAB property in 2023. Initial metallurgical work will also be conducted in 2023. Exploration and the drilling program will be performed at Standard mine.

Statement of Financial Position as at July 31, 2022

The most notable feature of the Statement of Financial Position at July 31, 2022, and its comparison to the prior audited year end is the change in accounting policy regarding capitalization of exploration costs, by which all exploration property costs and additions thereto are now being expensed immediately upon being incurred. As such, the prior year end has been restated under the same accounting policy in order to facilitate comparison of results. A non-trivial part of the deficit reported below results from this write-off and subsequent exploration & evaluation expenditures.

The financial position of the Company as at July 31, 2022, is:

	July 31, 2022	July 31, 2021
	\$	\$
Share capital	4,189,129	776,443
Reserves	2,310,039	-
	6,499,168	776,443
Deficit	(3,062,224)	(782,443)
Total shareholders' equity	3,436,944	(6,000)

As of July 31, 2022, Graphano had working capital of \$3,436,944 compared to -\$6,000 at July 31, 2021. The Company and its Board consider this to be a very satisfactory level of funding which should serve the Company very well through the present period of difficult markets. The Company will continue to keep itself focussed on its long term objectives.

Cash flows used in operating activities, for the year ended July 31, 2022, were -\$1,915,257 (owing primarily to expenditures with exploration and evaluation of the Company’s projects as well as professional and consulting fees also in relation to the ongoing projects)).

Cash flows used in investing activities for the year ended July 31, 2022, were Nil.

Cash flows from financing activities for the year ended July 31, 2022, were \$1,172,000 arising from the Company’s private placement, warrant exercises and loans and advances. There were no warrants or options exercised in the last quarter.

Current assets as at July 31, 2022, include cash and cash equivalents of \$3,353,722 as well as other current assets (receivables, prepayments, and tax receivables) of \$276,985. The Company’s policy is to invest cash which is surplus to its immediate needs in Guaranteed Investment Certificates of low risk issuers (specifically the Company’s Schedule A Canadian bankers) which are cashable in the event that the Company should need the additional cash for acquisitions or other needs. The Company is currently earning

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interest therefrom at a rate in excess of \$50,000 per year (which will, of course, decrease as the amount invested decreases but may increase if interest rates continue to rise, as they recently have).

Accounts payable and accrued liabilities were \$55,045 as at July 31, 2022. Included in the accounts payable and accrued liabilities for this period is an amount of \$2,013 due to related parties of the Company (See Related Party Transactions for additional information).

Shareholders’ Equity was positive \$3,436,944 as at July 31, 2022. The detail of the Shareholders’ Equity is:

	July 31, 2022	July 31, 2021
	\$	\$
Share capital	4,189,129	776,443
Reserves	2,310,039	-
	6,499,168	776,443
Deficit	(3,062,224)	(782,443)
Total shareholders' equity	3,436,944	(6,000)

Capital Resources

It is the intention of the Company to manage its Capital (Shareholders’ Equity including Share Capital, Reserves and Deficit) to ensure that it has sufficient resources and liquidity to meet its obligations as they fall due and provide for its future operations for a reasonable time into the future. As such, and given that the Company’s prospective revenues amount to only the modest amount that it may be able to earn on cash deposits, the Company is carefully monitoring its resources by comparison to the costs of its exploration plans to establish the extent and quality of its resource on its LAB Graphite Property.

Common Shares Issued:

- a) On December 22, 2020, Graphano completed the Private Placement for aggregate gross proceeds of \$2,721,707, at a price of \$0.05 per Subscription Receipt. Each Subscription Receipt entitled the holder thereof to receive, upon conversion and without any further action on the part of such holder or payment of any additional consideration, one unit of Graphano (a “Unit”), with each Unit comprised of one (1) Graphano Share and one common share purchase warrant (each, a “Warrant”). Each Warrant is exercisable into one (1) Graphano Share at an exercise price of \$0.08 per Graphano Share, for an exercise period of two years. Owing to the subsequent consolidation of the shares on a 1:6.5 basis, these values are now \$0.325 and \$0.52 respectively.

Further to the above, on April 19, 2021, Graphano completed a private placement of subscription receipts on identical terms bringing the aggregate total including the original issue to aggregate gross proceeds of \$4,096,979 (the “Private Placement”), at a price of \$0.325 per Subscription Receipt post consolidation.

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The fair value of the 81,945,660 pre-consolidation Unit warrants at issue date was \$1,424,037, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.05; 125% expected volatility (estimated on assumed volatility of 125%, as ‘Graphano’ does not have volatility history), risk free interest rate of 0.31%; and an expected dividend yield of 0%. Volatility is estimated based on the experience of similar companies owing to the Company’s very short trading history.

- b) On September 3, 2021 the Company consolidated its shares on a 1:6.5 basis.
- c) On September 1, 2021, the Company issued 76,923 post consolidation common shares to each of Lawrence Nemeth and Geomap Exploration Inc. at \$0.325 per share to repurchase the royalty they previously held on the Lac Aux Bouleaux graphite property. The property is now free of royalty interests and held 100% by the Company.

On December 23, 2021, the Company issued 1,562,500 Flow through units (“FT Unit”) at a price of \$0.80 per FT Unit for aggregate gross proceeds of \$1,250,000. Each FT Unit consists of one common share of the Company and one-half of one common share purchase warrant (a “Warrant”) of the Company, whereby each whole Warrant of the Company entitles the holder thereof to purchase a common share of the Company at an exercise price of \$1.10 until December 23, 2023. In connection with the Offering, the Company paid a cash finder’s fee of \$75,000, representing 6% of the Proceeds raised from investors introduced to the Company by GloRes Securities Inc., and issued an aggregate of 93,750 finders’ warrants, representing 6% of the number of FT Units sold under the Offering. Each finder’s warrant is exercisable into a Share at an exercise price of \$1.10 until December 23, 2023. The fair value of the warrants at issue date (including the finder’s warrants) was \$267,294, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.53; 125% expected volatility (estimated on assumed volatility of 125%, as ‘Graphano’ does not have volatility history), risk free interest rate of 1.04%; and an expected dividend yield of 0%. Volatility is estimated based on the experience of similar companies owing to the Company’s very short trading history.

The common shares were issued at a premium on the date of issuance resulting in a flow through share liability in the amount of \$256,720. The liability has been reversed on a pro-rata basis as the funds are expended and as a result the Company has reversed \$138,718 of this liability leaving a balance in the amount of \$118,002.

Share purchase warrants:

As at July 31, 2022, the movement in the number of warrants outstanding and their weighted average exercise prices are as follows:

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	Warrants #	Weighted average exercise price \$
Balance - July 31, 2021	-	-
Re: Private Placement	12,607,025	0.52
Balance - Oct 31, 2021	12,607,025	0.52
Re: Private Placement	781,250	1.10
Warrants issued	93,750	1.10
Warrants exercised	(188,462)	0.52
Balance - Jan 31, 2022	13,293,563	0.56
Warrants exercised	(84,615)	0.52
Balance - Apr 30, 2022	13,208,948	0.56
-	-	-
Balance - July 31, 2022	13,208,948	0.56

The fair value of the 12,607,025 (81,945,660 pre-consolidation) warrants at issue date was \$1,424,038, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.05/0.325 post-consolidation; strike price of \$0.52; 125% expected volatility (estimated based on a peer company as ‘Graphano’ does not have extensive volatility history); risk free interest rate of 0.31%; and an expected dividend yield of 0%. The allocation of the total proceeds to share capital and warrant reserve was effected by pro-rating the then current trading value of the shares with the Black-Scholes calculated value of the warrants over the total purchase consideration.

The fair value of the 781,250 warrants at issue date was \$243,280, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.53; strike price of \$1.10; 125% expected volatility (as above); risk free interest rate of 1.04%; and an expected dividend yield of 0%. The allocation of the total proceeds to share capital and warrant reserve was effected by pro-rating the then current trading value of the shares with the Black-Scholes calculated value of the warrants over the total purchase consideration.

The fair value of the 93,750 warrants issued as part of Units with a strike price of \$1.10 was \$24,015, as calculated using a Black-Scholes option pricing model with the following assumptions: 24 months expected average life; share price of \$0.53; strike price of \$1.10; 125% expected volatility (as above); risk free interest rate of 1.04%; and an expected dividend yield of 0% and pro-rated similarly as above.

As at July 31, 2022, the outstanding share purchase warrants were as follows:

Exercise price	Number outstanding and exercisable	Weighted average remaining contractual life (years)	Expiry dates
\$0.52	12,333,948	1.1	Aug 2023
\$1.10	781,250	1.4	Dec 2023
\$1.10	93,750	1.4	Dec 2023
Balance - July 31, 2022	13,208,948	1.1	

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Stock options:

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company’s stock, not less than the previous day’s Closing Price, as calculated on the date of grant. The options can be granted for a maximum term of five years and vest at the discretion of the board of directors. The option activity, under the share option plan and information concerning outstanding and exercisable options is as follows:

	No. of Options Vested	Weighted Average Exercise Price (\$)
Balance - July 31, 2021		
Options issued	-	-
Balance - Oct 31, 2021	-	-
Options issued	1,500,000	0.50
Balance - Jan 31, 2022	1,500,000	0.50
	-	-
Balance - Apr 30, 2022	1,500,000	0.50
	-	-
Balance - July 31, 2022	1,500,000	0.50

The fair value of the 1,500,000 stock options at the issue date (November 11, 2021) was \$649,591 calculated using the Black-Scholes option pricing model with the following assumptions: 60 months expected average life; share price and strike price of \$0.50; 132.80% expected volatility (estimated based on a peer company, as ‘Graphano’ does not have volatility history); risk free interest rate of 1.10%; and an expected dividend yield of 0%.

As at July 31, 2022, stock options issued and outstanding are as follows:

	Options granted	Options exercisable	Weighted Average Exercise Price (\$)	Expiry dates
	1,500,000	1,500,000	0.50	Nov 2026
Balance - July 31, 2022	1,500,000	1,500,000	0.50	

As at July 31, 2022, and date of the MD&A the share structure of the Company is as follows:

Outstanding Shares	Warrants	Options	Fully Diluted
17,038,268	13,208,948	1,500,000	31,747,216

Results of Operations

The Company currently has no operations generating sales and revenues (beyond the modest amount of interest referred to above). Details for the periods ended July 31, 2022, are:

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For the period ended July 31,	Year ended	
	Restated (Note 3)	
	2022	2021
	\$	\$
Revenues	-	-
Operating Expenses/(Income)		
Expenditures on E&E property	751,192	776,253
Other operating expenses	88,115	190
Professional and consulting fees	401,412	6,000
Management fees	347,700	-
Advertising and marketing	194,409	-
Foreign exchange loss	853	-
Stock-based compensation	649,591	-
Other Expenses/(Income)		
Interest income	(35,489)	-
Net loss before tax	2,397,783	782,443
Deferred income tax recovery	(118,002)	-
	(118,002)	-
Net loss and comprehensive loss	2,279,781	782,443
Loss per share - basic & diluted	0.139	0.327
Weighted average number of shares outstanding	16,383,273	2,393,700

Summary of Quarterly Information

Selected quarterly information is presented below in Canadian Currency (\$):

Quarter ended	Consolidated			
	Revenues	Net loss and Net comprehensive loss for the period	Net loss per share	Number of shares
	\$	\$	\$	\$
July 31,2022	-	51,715	0.003	17,038,268
April 30,2022	-	(713,638)	(0.042)	16,988,268
January 31,2022	-	(991,438)	(0.059)	16,903,653
October 31,2021	-	(626,420)	(0.041)	15,154,566
July 31,2021	-	(782,443)	(0.327)	2,393,700

The quarterly results mainly reflect non-recurring initial expenses of the Company as well as the costs of the exploration work being undertaken. The most recent quarter has the positive effect of a non cash deferred income tax recovery, however, even when not considering this effect the deficit would have been significantly lower than prior quarters. Results will vary significantly quarter by quarter as exploration programs tend to be episodic rather than continuous or smooth.

**GRAPHANO ENERGY LTD. (THE “COMPANY”)
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
FOR THE YEAR ENDED JULY 31, 2022**

Summary of Annual Information

Year ended,	July 31, 2022 (year end)	July 31, 2021 (year end)
Net Revenues	-	-
Total Expenses	2,279,781	782,443
Net Loss	2,279,781	782,443
Net Comprehensive Loss	2,279,781	782,443
Loss per share (Basic)	0.139	0.327
Loss per share (Diluted)	0.139	0.327
Total Assets	3,630,707	4,096,979
Total Liabilities	193,763	4,102,979

Transactions with Related Parties

In addition to share issuances to which many of its Insiders were Subscribers, transactions with related parties were as follows:

For the year ended July 31,	2022 \$
Management and other fees paid to companies controlled by Officers and Directors	347,700
Share issue costs	145,000
Stock-Based compensation expense - directors and officers	562,979
	1,055,679

To a considerable extent, these represent the fact of catching up in this year for the absence of these items in the previous year when Insiders were already similarly heavily involved in getting the Company launched and Listed.

Amounts payable to related parties included in the non-current liabilities and in the accounts payable and accrued liabilities were as follows:

Included in the accounts payable and accrued liabilities	July 31, 2022 \$
Exploration expenditures due to directors	2,013
	2,013

Annual Remuneration of Named Executive Officers (“NEOs”)

Following an initial period immediately after incorporation and up to listing by the Exchange during which no remuneration was paid, senior management/NEOs of the Company are now being paid at the following annual rates on a regular monthly basis.

**GRAPHANO ENERGY LTD. (THE “COMPANY”)
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
FOR THE YEAR ENDED JULY 31, 2022**

	Cash Fees paid or accrued	Pension Benefits and Other Awards
Dr. Luisa Moreno (Chief Executive Officer)	\$90,000	Nil
James A. Richardson (Chief Financial Officer)	\$72,000	Nil
Nathan Rotstein (Director)	\$72,000	Nil

The above amounts are for the annual rate now being paid. Future tables will provide information with respect to multiple years, as and when appropriate. The Named Executive Officers (“NEOs”) now continue to be remunerated at the rate of \$7,500 per month for the CEO and \$6,000 per month for each of the other two NEOs.

Environmental, Social and Governance (“ESG”) Responsibilities

The Company is vitally aware of its responsibilities to its communities and publics, especially those to its indigenous and other neighbours in its communities of operation. It will strive in all ways practicable to foster good relations with its neighbours, take their needs into account in its operations (especially their need for responsible employment) and operate in a context of social responsibility. More detailed statements in these regards will be included in future MD&A’s. It is the intention of the Company to establish a formal policy of community support, especially with respect to local indigenous peoples and of diversity (with respect to which, the Company is proud to identify its current achievements) in the near future. As it does not propose immediately to have Board Committees either for ESG or for Corporate Governance, it intends to delegate these functions to its Audit Committee as it is best representative of its Independent constituencies.

As a potential future supplier of graphite to the industrial world, the Company is immediately aware of the growing need for graphite in the battery industry and the role that will be played in the rapidly growing electrical vehicle market among others. The world’s rapidly growing acknowledgement of the realities of global warming and the impacts on climate change suggest that the growth in demand for graphite is likely to exceed population or other normal growth rates long into the future. There is a very significant element of catch up which needs to be addressed and achieved. The Company expects to benefit from this in higher price levels for its graphite needed to encourage the additional supply required.

The LAB Graphite Property project is located in a forested area and the growing incidence of major forest fires may have an adverse impact on future operations. The Company does not expect to be adversely impacted by rising sea water levels, but local flooding may be of increasing concern and the Company will be monitoring carefully for such potential adverse impacts.

The Company intends to put increasing attention on the needs and wishes of the communities surrounding the LAB property. The possibility of becoming a supplier to the nearby Imerys/Timcal mine which is in production but nearing exhaustion of its ore reserves is one that could become increasingly significant to the Company.

**GRAPHANO ENERGY LTD. (THE “COMPANY”)
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
FOR THE YEAR ENDED JULY 31, 2022**

Statement of Compliance and Exemption

The accompanying financial statements have been audited and reviewed by the Company’s auditor Wasserman Ramsay and is included here and in the accompanying financial statements for comparative and other purposes.

Subsequent Events

There are no significant or material events to report since July 31, 2022. We encourage readers to keep themselves informed by subscribing to the Company’s press releases.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Other

The Company now maintains its website at www.graphano.com and will post exhibitions of its primary SEDAR filings, corporate and investor presentations and other useful information.

Management welcomes comments and questions from investors and other members of the public and suggestions for improvement in its communications, presentations and this document.

On behalf of the Board of Directors:

Dr. Luisa Moreno
November 28, 2022