



**FORM 51-102F1  
SAINT JEAN CARBON INC.  
MANAGEMENT DISCUSSION & ANALYSIS**

**For the year ended October 31, 2014**

This Management Discussion and Analysis ("MD&A") was prepared February 28, 2015.

This MD&A of the results of operations and the financial condition of Saint Jean Carbon Inc. ("St. Jean" or the "Company") supplements but does not form part of the audited financial statements and accompanying notes of the Company for the year ended October 31, 2014. Consequently, the following discussion and analysis of the financial condition and results of operations of Saint Jean Carbon Inc. should be read in conjunction with the audited financial statements for the year ended October 31, 2014.

This MD&A contains certain forward-looking information. All information, other than historical facts included herein, including without limitation data regarding potential mineralization, exploration results and future plans and objectives of St. Jean is forward-looking information that involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in the forward looking information made as of the date of this MD&A.

With respect to timely disclosure by St. Jean of data and information in general, and especially in the MD&A, materiality and material information is considered by the Company as something that would be likely to affect the Company's share price or influence an investor's decision whether or not to buy, sell, or hold shares once it becomes known to the public.

Additional information can be found on St. Jean on the SEDAR website ([www.sedar.com](http://www.sedar.com)) and on the Company's website ([www.saintjeancarbon.com](http://www.saintjeancarbon.com)).

**DESCRIPTION OF BUSINESS**

The name of the Company was changed to Saint Jean Carbon Inc. from Torch River Resources Ltd. at the AGM on October 30, 2013.

St. Jean is a junior resource company involved in the acquisition and exploration of property interests that are considered potential sites of economic mineralization. The Company holds properties in Quebec, British Columbia and Manitoba. The Company

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in the process of evaluating the properties and has not yet determined whether they contain reserves that are economically recoverable.

The primary focus of the Company is the acquisition of lump graphite properties mainly in the province of Quebec and developing marketing and distribution opportunities.

Commencing May 2013 the Company began the transition into the graphite sector with the acquisition of Quebec properties with the Walker mine in August 2013, followed by the Wallingford and St. Jovite properties in January 2014. Conditional TSX approval was received on the Clot property in 2014 with the transaction completed in January 2015. The Company is still working with the TSXV on the closing of acquisition of the Han Tal, Sri Lankan properties. Specifically, we are awaiting on foreign ownership approval from the Sri Lankan government. The East Miller and Page properties were added in December 2014 subsequent to year end.

The Company currently has a marketing, sales and operational team to move projects through to production. This has allowed the Company to focus not only on acquisitions and exploration but also on marketing opportunities. The Company announced in the first quarter the signing of a non-binding agreement to acquire a cash flowing company, Minmet Carbons Inc., a supplier of Industrial Minerals. Subsequently, both companies have agreed to suspend negotiations to merge and rather work on a project to project basis within the steel industry. The Company entered into an Exclusive Distribution Agreement with Miluo Xinxiang Carbon Products Co. Ltd to market, distribute and sell a wide range of synthetic graphite products in the territories of Canada, United States and Mexico. The company is pleased with the continued sales efforts with Miluo Xinaiang, however, the sales cycle in selling graphite is a multi-year process. We are hopeful that the efforts will start to bring in sales orders.

Historically, the Company had focused its main efforts on exploring for molybdenum (Mo), copper and silver in British Columbia. Molybdenum exploration was done preliminarily with the Red Bird property and subsequently at Mount Copeland. In 2010 Rare Earth Elements (“REE”) were found at the Mount Copeland property. Elden-Fort, a potential huge copper property was acquired in 2010 and a drilling program was conducted but subsequent to year end was sold.

St. Jean is a reporting issuer in Alberta and British Columbia and is a listed Tier 2 issuer on the TSX Venture Exchange, trading under the symbol “SJL” (formerly TCR). The Company is a Venture issuer and is not required to file an Annual Information Form.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

Saint Jean Carbon Inc. (formerly Torch River Resources Inc. and previous to that Torch River Mines Ltd.) was incorporated on June 18, 1997, by Certificate of Incorporation issued pursuant to the provisions of the *Companies Act* (Alberta) and extra-provincially registered to carry on business in the provinces of Saskatchewan, Manitoba, British Columbia and Quebec.

Torch River Mines Ltd. held 100% interests in the High Rock Mineral claim block (gold) and the Climpy Mineral claim both located in Island Lake Manitoba. Since incorporation, Torch River Mines Ltd. acquired claims in the Island Lake area located approximately 500 kilometers northeast of Winnipeg, Manitoba, and approximately 20 kilometers from the town of Garden Hill, Manitoba.

On March 26, 2004, the Company was officially formed from the amalgamation of Tael Capital Inc. and Torch River Mines Ltd. under the *Business Corporations Act* (Alberta) under the name Torch River Resources Ltd. The amalgamation was the Company's Qualifying Transaction for listing on the TSX Venture Exchange.

On July 8, 2005, the Company signed an option agreement with Red Bird Resources Ltd. (the "Red Bird Option Agreement") on a mineral claim located in the central coastal region of British Columbia, 105 kilometers north of the town of Bella Coola and 140 kilometers southwest of Houston, British Columbia (the "Red Bird property"). The Company currently retains a 25% undivided interest in the property which was earned as at May 31, 2008.

On February 12, 2008, the Company signed an option agreement on (the "Mount Copeland Option Agreement") a past producing molybdenum property located near Revelstoke, British Columbia (the "Mount Copeland property"). The Company renegotiated the Option Agreement to acquire 100% of the property (subject only to a 2.75% Net Smelter Agreement). On April 23, 2010 with payment of funds and shares, the Company now holds 100% of this property. The tenures have been increased to 1,886.3 ha from the original 730.1 hectares

On April 12, 2010 an option agreement (the "Omineca Option Agreement") was signed with a private vendor under which St. Jean as of October 28, 2011 earned 100% interest in the 12 mineral claims comprising 1,611.5 hectares located in the Omineca Mining Division, Specularite Lake, B.C (the "Elden-Fort Property"). The property size was expanded by two claims, from 1,611.5 to 1,873.6 hectares. This property was sold subsequent to year end.

On August 19, 2013, the Company announced that it had completed the transaction to acquire the Walker graphite property. The property covers 9.02 square kilometers of land and is located, in Quebec, 40 kilometers north-east of Ottawa. This is a past lump graphite producing property. The property agreement included 4 claims covering the past mine and 11 other claims. The property has been increased by a further 4 claims, totaling 19 claims.

On October 30, 2013, the name of the Company was changed from Torch River Resources Ltd. to Saint Jean Carbon Inc.

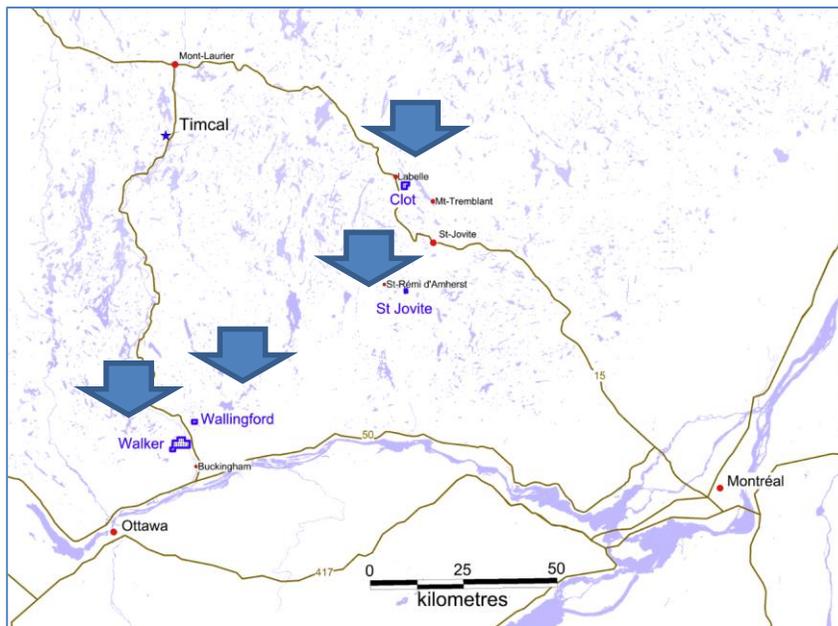
On January 16, 2014 the company announced that it had completed the transaction to acquire the St. Jovite and Wallingford properties. The Wallingford property is located 11 kilometers north of Buckingham village, some 180 kilometers west of Montréal. This property consists of 2 claims for a total of 120.16 hectares and includes the historic Wallingford-Buckingham and Burke-Casey Mines. The St. Jovite property

is located 4.5 kilometers south-east of St-Rémi d'Amherst village, in the Laurentian region approximately 153 kilometers northwest of Montreal. It consists of a continuous block of 7 claims for a total of 418.2 hectares

The Company announced subsequent to year end that it had completed the acquisition of the Clot Properties as of January 30, 2015. The property consists of 5 claims totaling 297.35 hectares

## SUMMARY OF PROPERTIES

### LOCATION OF QUEBEC GRAPHITE PROPERTIES



The above map shows the location of St. Jean's Quebec properties.

### Walker

The Walker property is located 8 kilometers northwest of Buckingham, in Buckingham Township. The property lies within SNRC sheet numbers 31G11 and 31G12, and is made of 19 claims, for a total area of 1,142.55 hectares. The property includes the Walker mine, a past graphite producer with about 816 tons of flaky and lump graphite extracted from the mine between 1876 and 1906. Main roads are located 2 kilometers away from the Walker Mine. A secondary or private road runs up to the property site which allows for easy access. The property is located in the Central Metasedimentary Belt of the Grenville geological Province, which comprises north-northeast trending marble and quartzite domains that also include quartzofeldspathic gneisses and tonalitic intrusions. In the area surrounding Walker Property, regional metamorphism is upper amphibolite grade and reaches the granulite facies, locally.

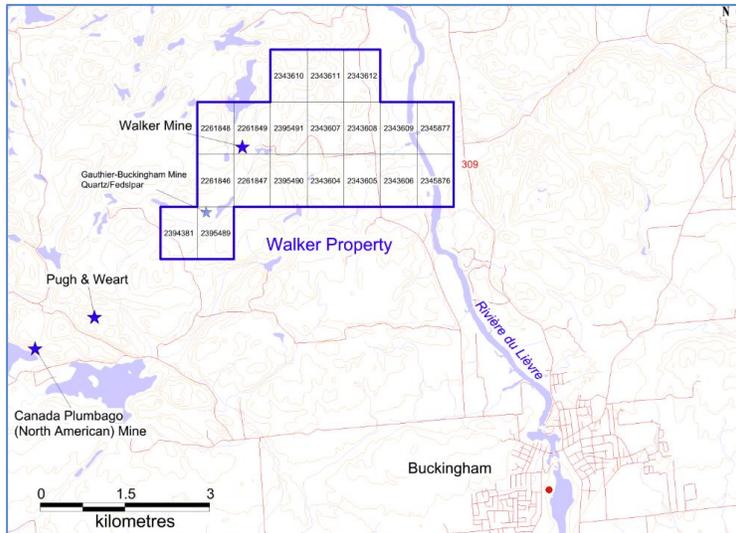
The Walker property was first worked by the Buckingham Mining and Dominion of Canada Plumbago Co. In 1876, Dominion of Canada Plumbago Co. erected a mill on lot 19 which was connected with the mine by 335 m of tramway. Graphite of the disseminated form was abundant on all the lots 19, 20 and 21 of the VIII range while the vein (or lump) graphite form was predominant on lot 21 of the VII and VIII ranges (Obalski 1889, Spence 1920).

In 1879, Mr. W. H. Walker of Ottawa purchased the mines from Dominion of Canada Plumbago Co. In 1889, about 100 t. of lump graphite were recorded to have been mined from 15 distinct veins. After some intermittent work between 1890 and 1896, operations ceased until 1906, when the Buckingham Graphite Co. partially remodeled the mill, installing a dry process of concentration, and mined some ore. This represents the last work on the property (Spence 1920).

Graphite from the disseminated forms was mined from several beds of 1 to 7.5 m in thickness, on a hill 30 to 60 m high, at the foot of which an opening was made followed by a drift running for 21 m into the ore. The carbon content was reported to average 15% and could reach 25% (Spence 1920). The mineralized horizon strikes northeast and dips 60°. The veins or pods are irregular, massive to semi massive and could reach up to four inches (0.1 m) in thickness and could be followed over length from 3 to 15.8 metres (Denis et al. 1913). Most of them adopt a NE trends and tend to occur near the contact between crystalline marble and paragneiss. There are more than 30 pits reported in an area comprised within lots 19 to 21 in ranges VII, VII and IX of the Buckingham Township (Maurice, 1984). It has to be noted that these pits may not be entirely inside Walker's property.

On October 15, 2013 the Company announced results of two test programs on its lump graphite, those being the combination of higher reagent concentration and longer retention times in the fifth test which provided the 99.1% C best result (see news release for details). The test work was carried out at Process Research Ortech in Mississauga, Ontario and lab analysis was done at Activation Laboratories in Ancaster, Ontario.

Also in October 2013, a beep mat survey was undertaken in the west portion of the property, on a grid over old pits from which vein type graphite was extracted. The survey returned 20 conductive anomalies forming two distinct clusters. Small graphite veins were exposed below strongest beep mat anomalies at depths ranging from 0.3 to 0.6 m.



## Wallingford

The Wallingford property is located 11 kilometers north of Buckingham village, some 180 kilometers west of Montréal and is depicted in NTS map 31G11. The property consists of 2 claims totaling 120.16 hectares and includes the historic Wallingford-Buckingham and Burke-Casey Mines, located respectively in the centre and in the east portion of the property. Access is relatively easy from public roads (Buckingham Creek or Théodore roads either connecting to 309 or 315 highways). The property is entirely located in public land and is included in the l'Ange-Gardien municipality.

## Geology

The property is found in the Central Metasedimentary Belt of the Grenville geological Province, which comprises north-northeast trending marble and quartzite domains that also include quartzo-feldspathic gneisses and tonalitic intrusions. Regional geological studies also report the presence of several dykes and massive bodies of pegmatite which are the results of local melting. Regional metamorphism is upper amphibolite grade and reached the granulite facies locally. According to the geological map of the area, the property is largely overlain by quartzo-feldspathic gneiss/paragneiss with minor quartzites in the east limit of the property. During the site visit, a succession of paragneiss and pegmatite outcrops were noted along the roads with some marble units. A block of graphitic gneiss was also found. Examination of this block revealed medium grained flakes of graphite, in a proportion of about 15%.

## Historic Mines on the property (quartz and feldspar)

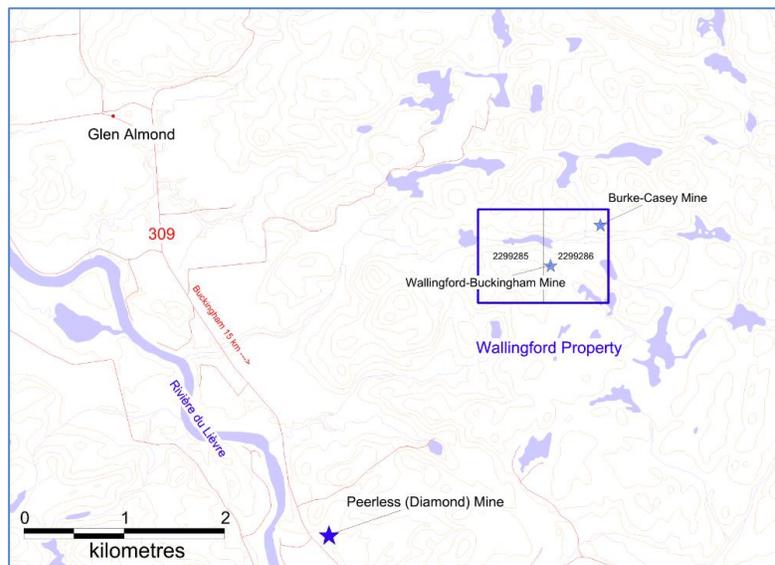
The historic Wallingford Buckingham was a feldspar/quartz mine discovered in 1923. It was in operation (intermittently) from 1923 to 1928 and recorded production was about 800 t. of “No1. Spar” (GM35603) for that period. An additional 368 t was produced in 1938 by Jos Wallingford. The deposit was in a feldspar and quartz in a pegmatite dyke which crosscut a sillimanite-garnet gneiss.

The Burke –Casey Mine produced feldspar, quartz and mica between 1951 and 1959 from a pegmatitic dyke of 125 m in length by 30 m in width. Bourret (1949) visited

the site the deposit was described as being located along the east shore of a lake situated in the north halves of lots 8 and 9 range XI Buckingham Township. The deposit consists of a pegmatite dyke running 20° E that was intruded along the contact between biotite gneisses and quartzite. A 4.5 m core of greenish high-potash spar is exposed in the open pit driven in the centre of the dyke; the remainder consists of zones of medium grained soda spar of marketable value alternating with bands of pegmatite (GM07362). An open pit measuring 6 m X 6 m X 6 m (20 ft. X 20 ft. X 20 ft.) was observed in 1949 at the time of the site visit by Mr. Bourret.

### Nearby graphite deposit

The property is located some 2.7 kilometers northeast of the Peerless Graphite mine which produced flaky graphite, with an average content of 8% Cgr (Spence 1920), from 1906 and 1910 and in 1917. The ore came mostly from range IX, lot 12 where flake graphite was mined in an open pit measuring 30 m long and 21 m deep.



### St. Jovite

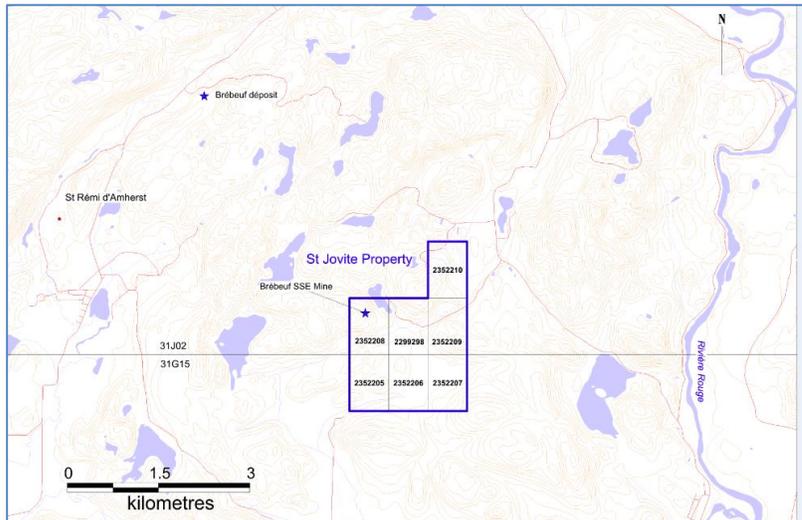
The property is located 4.5 kilometers south-east of St-Rémi d'Amherst village, in the Laurentian region approximately 153 kilometers northwest of Montreal. The property lies within NTS map 31J02 and 31G15 and straddles Amherst and Arundel Townships. It consists of a continuous block of 7 claims for a total of 418.2 hectares. Easy access is provided via public roads and the entire property is on private land. Several lakes and streams are present in the property, including Brosseau Lake located in the NW portion. Physiography is characterized by small hills with relatively steep topography in the northern portion of the property.

The St. Jovite property is found in the Morin Terrane of the Grenville geological Province, near the Labelle Deformation Zone which separates the Morin Terrane to the East with the Central Metasedimentary Belt to the West. The Morin Terrane includes the Morin Anorthosite Complex and related granitic intrusions with granulite-facies mineral assemblages. These intrusive rocks consists of monzonite, or

hypersthene-bearing monzonite (mangerite) and some granites. Anorthosite-suite rocks are deformed both in shear zones and in the interior of the terrane and show intrusive contact relations with marbles which were observed near the St. Jovite village.

The area next to the west limit of the property was geologically mapped in the fifties (RP321) and reported the presence of granites, syenite diorite and pegmatites. According to the QMNR's (Québec Ministère des Ressources Naturelles et de la Faune) database, the property includes the Brébeuf-SSE deposit which was mined sporadically for mica and apatite from 1954 to 1961. It consists of a vein type deposit with most important pegmatitic vein measuring 30 m in length by 0.6 to 1.8 m in width. Phlogopite, pink and white calcite and apatite were the main minerals found in pegmatite veins cutting a granite (DP184). In general, the veins are fairly regular, most extensive one being about 100 ft. long and from 2 to 6 ft. wide. Other exposed veins are of smaller dimensions. All veins have well defined walls. Mica makes up 90% of the veins and occurs as intergrown books of phlogopite. There is no mention of the attitude for the veins but a sketch of the pits and veins provided with the report shows a general SE/NW or the SW-NE extension for the exploited veins (GM10579). The presence of granitic and pegmatitic rock units warrant further investigation to find marbles or graphite-mineralized skarns.

Brébeuf graphite deposit, is located some 4.5 kilometers northwest of St. Jovite property. It is described as a graphitic occurrence located in marble and quartzite. Historical works on the Brébeuf deposit report a graphite content of 33.82% from a graphitic band within the marble and a flaky and lump type mineralization. According to Spence (1920), the site was actively exploited in 1909 by Graphite Ltd. of Montreal who put down a 90 foot shaft besides carrying out a lot of surface work. In 1912 a large mill was erected. Only sporadic production in 1914 and 1916 has occurred afterwards. The total production during those years (1909-1913 and a few weeks in 1916) was 126,000 pounds valued at \$5,400 (Maurice 1973). This deposit is found at the contact zone between the Grenville and a granitic intrusive mass, where a wide zone of alteration was developed with secondary minerals derived from the sediments, such as wollastonite, scapolite and diopside. Bourret described the deposit in 1960 and reported several tons of hand cleaned graphitic minerals with several large crystals of wollastonite.



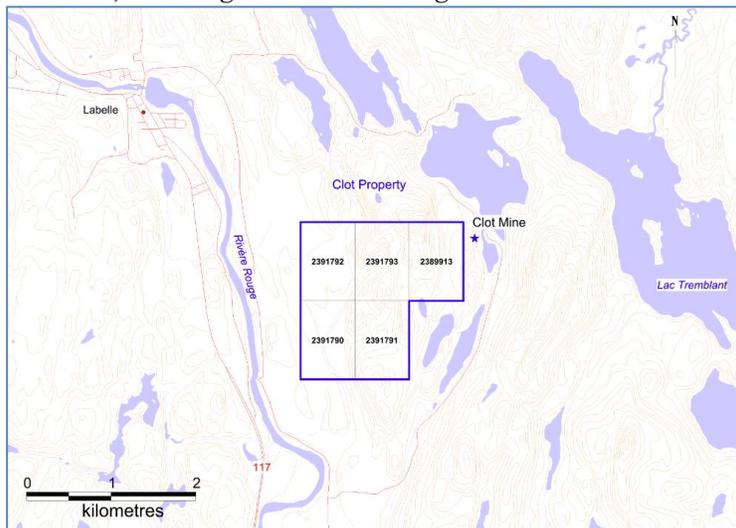
## Clot

The agreement on Clot was closed subsequent to year end on January 30, 2015.

The Clot property is located 3 kilometers South of Labelle village in the Laurentian region, about 150 kilometers northwest of Montréal and is depicted in NTS map 31J07 (Joly Township). The property consists of 5 claims for a total of 297.35 hectares. The property is readily accessed from public roads connecting to Labelle village. The east portion of the property is on public land whereas the westernmost claims (CDC2391792 and CDC 2391790) are on private land. The property is found in the Morin Terrane of the Grenville geological Province, near the Labelle Deformation Zone which separates the Morin Terrane to the East with the Central Metasedimentary Belt to the West.

The Morin Terrane includes the Morin Anorthosite Complex and related granitic intrusions with granulite –facies mineral assemblages. These intrusive rocks consists of monzonite, or hypersthene-bearing monzonite (mangerite) and some granites. Anorthosite-suite rocks are deformed both in shear zones and in the interior of the terrane and show intrusive contact relations with marbles which were observed near the St. Jovite village.

The Clot Property is underlain with highly metamorphosed rocks (granulites and sillimanite- garnet- biotite paragneisses), in a highly deformed area (Labelle Deformation zone). These rocks are in contact with calc-silicate rocks in the northeast portion of the property. Clot Mine, located some 150 m away from the property, is hosted in the same lithology. This graphite deposit was discovered in 1907 and worked intermittently until 1919. Prospecting activity and staking took place in 30's and '40's. Quebec Graphite Corp. acquired the property in 1953. Graphite mineralization consisted of lump graphite in veins and disseminations, in a zone measuring 200 ft. in length and 10 - 15 ft. in width. Spence (GM15290) visited the mineralized occurrence in 1942 and reported that graphitic veinlets (1 to 2 inches thick) that were described as being formed around small brecciated, angular fragments and blocks of marbles, forming a band striking more or less north-south and dipping at 65° W.



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## **HISTORIC PROPERTIES**

### **Red Bird Property**

The Red Bird molybdenum property consists of six mineral claims situated in the Skeena Mining Division of west central British Columbia 133 kilometers southwest of Burns Lake and 105 kilometers north of Bella Coola. The property covers an area of 1,952.7 hectare centered on latitude 53°17'44" North and longitude 127°00'34" West in NTS map area 93E/6.

On July 8, 2005 Red Bird Resources Ltd and the Company entered into the Red Bird Option Agreement for the Red Bird Property. The Red Bird Property represents an advanced molybdenum, copper and rhenium porphyry target. As of May 31, 2008 the Company became the legal and beneficial owner of a non-transferable 25% undivided interest in the property.

The Company is considering divesting this property now that its focus is on graphite. During the current year, the Company recorded a write down in the carrying value of this property of \$459,166.

### **High Rock Property and Climpy Property**

The High Rock Property and the Climpy Property are gold prospects in northeast Manitoba located approximately 8 kilometers apart and cover approximately 1,550 hectares High Rock consists of 9 mining claims covering 1,307 hectare and the Climpy Property consists of one claim covering 243 hectares St. Jean holds a 100% interest in all claims. There was 895 feet of drilling done in 2004. Assay results range from trace to .154 oz. /t of gold. Further comprehensive development in the form of bulk sampling will be required on both the Juniper Vein as well as the Main Vein to establish the economic viability of the property. There has been no recent exploration conducted. Tenures on the Climpy property are to 2035 while High Rock was extended to 2022.

The Company is considering divesting these properties now that its focus is directed on graphite. During the current year, the Company recorded a write down in the carrying value of this property of \$53,760.

### **Mount Copeland Property**

The Mount Copeland Property featured underground production (1970-73) which produced 171,052 tonnes of molybdenum ore and produced 1,193,222 Kg of molybdenum. The calculated head grade for this production was 0.732% Mo. When the Mount Copeland Property was in production in 1970 development work indicated 163,340 tonnes of ore at a grade of 1.83% MoS<sub>2</sub> (or 1.1 % molybdenum). The ore indicated prior to mining has been essentially extracted. The information above is included for comparison purposes only. The information is derived from the December 01, 2008 NI 43-101 Technical Report and the MINFILE Record Summary for MINFILE No. 082M 002 (Mount Copeland), B.C. Ministry of Energy, Mines and Petroleum Resources and the MINFILE Productions Detail Report, B.C. Geological

Survey, B.C. Ministry of Energy, Mines and Petroleum Resources, which may be viewed at:

<http://minfile.gov.bc.ca/Summary.aspx?minfilno=082M++002>

[http://minfile.gov.bc.ca/report.aspx?f=PDF&r=Production\\_Detail.rpt&minfilno=082M++002](http://minfile.gov.bc.ca/report.aspx?f=PDF&r=Production_Detail.rpt&minfilno=082M++002)

In 2008, Mount Copeland had a 10 hole drill program of 2,878 meters completed. Two holes intersected the south limb of the Glacier Zone drag fold and produced intercepts of interest. Hole COP08-8 intersected 0.137% Mo./0.40m and 0.4156% Mo./0.30m., and hole COP08-9 intersected 0.214% Mo./2.70m., and 0.527% Mo./0.70m. A NI 43-101 Technical Report dated December 1, 2008 was completed and posted on SEDAR on March 16, 2009. This in-depth report was done to provide an evaluation of the existing data on Mount Copeland and determine the potential of the property.

On January 5, 2010, the Company announced results of 31 samples from 7 drill holes from 2008 that were assayed for Rare Earth Elements. A further release dated March 9, 2010 provided mean average values for rare earth elements from the 31 core samples and 53 soil samples. The Company had also conducted a program during the summer of 2010 whereby it conducted Rare Earth Element exploration in the area of molybdenite occurrences and exploring large bodies of granoblastic marble to test for REE mineral potential.

On September 28, 2010, the company announced highlights of 34 rock chip and 72 soil samples taken from a 1.3 X 0.6 kilometers area centered on the property. In August, 2011, a total of 22 rock chip and 9 soil samples were taken from the property has shown that it contains molybdenum (Mo), REE (La, Ce, Pr, Nd, Pm, Sm, Eu, Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu), yttrium (Y), zirconium (Zr), and niobium (Nb) bearing mineralization. Previous results from surface sampling in 2010 from this area returned values of 30.5% TREO (total rare earth oxides) from an 18 cm interval rock chip sample at AR20.

Subsequent sampling has extended the Marble Breccia zone to at least a 300 meter strike length. The average of samples taken in this zone is 1.2% REE's. Particular attention will focus on the area surrounding rock chip sample AR22. Assays of .25% Neodymium, .04% Yttrium and .008% Dysprosium are of particular interest as these elements are proving to be in very short supply over the next decade. The Marble Breccia ridge gossan appears to be 50 meters thick with an upper layer of some 5 to 10 meters of possible significant REE enrichment. In 2010 the Company acquired a 100% interest in the Mount Copeland property. Subsequent to the initial Mount Copeland option agreement the Company increased the number of property claims from two to eight comprising a total of 1,886.296 hectares

The Company is considering divesting these properties now that the focus of the company is on graphite.

### **Elden-Fort**

On April 12, 2010, the Company announced that it had signed an option agreement on the Elden-Fort Property which is comprised of 12 mineral claims covering 1,611.4513 hectares located at Specularite Lake, B.C. The mineral claims are located 100 kilometers west of Fort St. James, BC. This region is known for its potential for

large porphyry copper, copper/gold and copper/molybdenum deposits some of which have been developed as producing mines such as the Granisle and Bell Copper Mines.

On April 26, 2010, the Company reported results of fieldwork carried out on the Elden Breccia where a total of 41 soil samples (at 50 m spacing), and 164 magnetometer readings (at 12.5 m spacing), were taken along 2.1 kilometers of east-west trending grid lines. Geochemical highlights (based on Pioneer Laboratories Inc., geochemical analysis certificate 2102609). Additional work which included detailed geological mapping, geochemical sampling and magnetometer geophysical surveys was conducted in 2010.

A total of 1,500 meters of drilling was completed in August, 2011 and 750 split core samples (2 m intervals) were taken from 6 drill holes (collared in a 400 X 150 m area) located at the north end of the Elden Breccia mineral zones. On October 28, 2011 became 100% owner of the 12 claims in Elden-Fort

The property was sold subsequent to year end and an impairment charge of \$366,864 was taken to adjust the carrying value to the sale price against book value

## **PROPERTY TRANSACTIONS WITH RELATED PARTIES**

### Mount Copeland Option Agreement

On February 14, 2008 the Company announced that it had signed the Mount Copeland Option Agreement. The vendors of the Mount Copeland Property are William E. Pfaffenberger, President and a director of St. Jean, J. John Kalmet, Andris Kikauka and Multiplex Enterprises. The vendors are entitled to a net smelter royalty of 2.75% on all minerals mined.

## **CONTRACTUAL OBLIGATIONS**

The Company has a \$300,000 debenture dated July 1, 2013 which currently matures June 30, 2015. As at December 31, 2013, the principal was grossed up by \$75,000. Interest accrues from date of issue at a rate of 10% per annum. The debenture can be converted at \$0.10 per Unit on or before maturity date to June 30, 2015. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.10.

A \$281,250 debenture dated August 23, 2013 matures on August 22, 2015. Interest accrues from date of issue at a rate of 10% per annum. The debenture can be converted at \$0.10 per Unit for until the maturity date. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.10 until August 22, 2015.

**SELECTED QUARTERLY INFORMATION**  
**(Eight Quarter history)**

<i>Item</i>	<i>Qtr 4 /14 Three Months Ended Oct 31, 2014</i>	<i>Qtr 3/14 Three Months Ended Jul 31, 2014</i>	<i>Qtr 2/14 Three Months Ended Apr 30, 2014</i>	<i>Qtr 1/14 Three Months Ended Jan 31, 2014</i>
<i>Cash &amp; Cash Equivalents including short term investments</i>	1,524	7,869	17,989	53,103
<i>Mineral Exploration and evaluation assets</i>	2,427,924	3,271,346	3,227,102	3,169,875
<i>Working Capital</i>	(1,220,725)	(1,084,711)	(387,342)	(326,213)
<i>Net Sales</i>	-	-	-	-
<i>Gain (Loss) before extraordinary items</i>	(835,916)	(291,593)	(301,248)	(480,434)
<i>Gain (Loss) after extraordinary items</i>	(835,916)	(291,593)	(301,248)	(480,434)
<i>Loss per share</i>	(.009)	(.004)	(.004)	(.007)
<i>Fully diluted loss per share</i>	(.009)	(.004)	(.004)	(.007)
<i>Total Assets</i>	2,509,904	3,415,331	3,451,770	3,497,656
<i>Total Long Term Financial Liabilities</i>	-	284,987	646,879	625,807

<i>Item</i>	<i>Qtr 4/13 Three Months Ended Oct 31, 2013</i>	<i>Qtr 3/13 Three Months Ended Jul 31, 2013</i>	<i>Qtr 2 / 13 Three Months Ended Apr 30, 2013</i>	<i>Qtr 1 / 13 Three Months Ended Jan 31, 2013</i>
<i>Cash &amp; Cash Equivalents including short term investments</i>	94,006	\$156,948	\$18,419	\$60,348
<i>Mineral Exploration and evaluation assets</i>	3,006,731	3,565,562	3,565,562	3,559,422
<i>Working Capital</i>	(627,461)	(524,544)	(236,832)	(132,948)
<i>Net Sales</i>	-	-	-	-
<i>Gain (Loss) before extraordinary items</i>	(2,037,814)	(457,135)	(124,505)	(51,304)
<i>Gain (Loss) after extraordinary items</i>	(2,037,814)	(457,135)	(124,505)	(51,304)
<i>Loss per share</i>	(0.03)	(0.01)	(0.00)	(0.00)
<i>Fully diluted loss per share</i>	(0.02)	(0.01)	(0.00)	(0.00)
<i>Total Assets</i>	3,271,354	3,835,554	3,677,973	3,715,170
<i>Total Long Term Financial Liabilities</i>	226,797	-	-	-

*The tables are stated in Canadian dollars. These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.*

## RESULTS OF OPERATIONS

### For the year ended October 31, 2014

Total administrative cost for the year ended October 31, 2014 was \$2,054,153 compared to \$2,670,758, for the year ended October 31, 2013 a cost decrease of \$616,605.

Property impairment charges of \$879,790 were made comprising \$366,864 for the Fort Elden property which was sold subsequent to year end, Red Bird impaired \$459,166 and High Rock \$53,760. Last year, impairment was taken in the amount of \$1,067,310 reflecting a decreased 2014 impairment of \$187,520.

There was a reduction in management fee and share incentives to last year of \$220,942 and other contracts for services were cut back by \$251,210.

Bank and loan acquisition costs increase by \$168,063 primarily due to the gross up of the debentures and applicable interest charges in accordance with the debenture agreements.

Net legal fees decreased by \$42,480 compared to prior year. Offsetting this was the cost of the Oakville office for a full year compared to almost one half of last year at an increased cost of \$38,922.

Meeting expense for 2014 decreased by \$39,509.

There was a write-off of prior year payables of \$144,518.

### For the quarter ended October 31, 2014

Total expenses for the three month period ended October 31, 2014 were \$835,830 compared to \$2,037,518, for the comparable quarter in 2013, a decrease of \$1,201,688. Property impairment booked last year was \$187,520 greater than the current year, netting the cost difference to \$1,014,168.

Expense changes comprised of:

- General Meeting costs were \$14,251 lower than last year
- Management fees reflect a reduction of \$464,385 due to materially no salaries being booked in the quarter and a \$98,050 adjustment to prior periods. There were no share incentives whereas in 2013, \$301,226 in shares were distributed.
- Other contracts were reduced by \$442,784 as contracts were stayed and others were not retained. There were no bonus shares provided whereas in 2013 \$60,000 was distributed.
- Loan acquisition expense was higher by \$47,038 due to IFRS adjustments.
- There was no stock compensation booked in the quarter whereas there was a \$25,500 credited in the prior year as an adjustment between quarterly costs.

## **BASIS OF PRESENTATION AND GOING CONCERN**

The condensed annual audited financial statements have been prepared in accordance with International Accounting Standards (“IAS”) issued by the International Accounting Standards Board. Accordingly, these statements should be read in conjunction with our audited annual financial statements, which were prepared in accordance with IFRS as issued by IASB.

## **LIQUIDITY AND CAPITAL RESOURCES**

At the end of this reporting quarter, St. Jean had a working capital deficit of \$1,220,725 compared to the working capital deficit on October 31, 2013 of \$627,461. Two debentures moved from long term to current comprising the majority of the working capital rise. Cash and cash equivalents including cashable short term investments were \$1,524 compared to \$94,006 last year.

- On December 31, 2013 the Company closed a non-brokered private placement consisting of 6,000,000 Units at a price of \$0.05 per Unit for gross proceeds of \$300,000. Each Unit consists of one common share and one common share purchase warrant with an exercise price of \$0.05 for a period of twenty four months from the closing. Management of the Company subscribed for more than 25% of the placement.
- On January 6, 2014 the Company closed a non-brokered private placement of 1,500,000 units at a price of \$0.05 per unit for gross proceeds of \$75,000. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.05 for a period of 2 years. This was a further tranche from the May 7, 2013 agreement.
- On January 13, 2014 the Company converted the August 30, 2013 Debenture. The entire outstanding principal amount of the Convertible Debenture in the amount of \$93,750 was converted into 1,250,000 common shares at \$0.075 per share.
- On February 26, 2014 the Company closed a non-brokered flow through private placement of 8,000,000 Units at a price of \$0.05 per Unit for gross proceeds of \$400,000. Each warrant entitles the holder to purchase one-half common share of the Company for a period of eighteen months from the closing of the offering at an exercise price of \$0.10. 320,000 finder’s common share purchase warrants were issued at \$0.08.
- On May 2, 2014, a director and officer of the Company provided an unsecured loan of \$50,000 at an interest rate of 12 percent per annum.

St. Jean currently does not have credit facilities with financial institutions and does not anticipate that it will generate revenue from its activities during the year; therefore it will rely on its ability to obtain equity financing for operations.

Management anticipates that it will be able to raise sufficient capital to further explore and develop its properties and carry out its projects in the future. The Company, however, cannot provide any assurance that equity financing will be available on terms and conditions acceptable to the Company.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **CURRENT BUSINESS ACTIVITY**

The focus of Saint Jean Carbon is that it evolve into a pure play lump graphite mining company by acquiring projects as well as looking for ways to build revenue streams by way of joint ventures, partnerships and acquisitions. This has been accomplished in the year through the further acquisition of further Quebec properties, namely Wallingford, Saint Jovite and subsequent to the reporting year, Clot, East Miller and Page (Ontario). The company has a team with experience encompassing the marketing, sales, legal and the operational fields.

Paul Ogilvie, CEO, joined St. Jean in April 2013 and has worked in the graphite mining space, first with Industrial Minerals (now Northern Graphite) from 2007-2009 where he built the management and engineering team as well as working with the investment bankers to fund the company. His next project was Mega Graphite (2009-2012) which he funded and was CEO. Mega Graphite is now public. He then became CEO with Canada Carbon (2012-2013) and has built a full team and acquired graphite properties.

On January 15, 2014 the Company entered into a non-binding agreement with an arm's length party to acquire Minmet Carbons Inc., a private company generating approximately \$1.4 million in revenue. It has been a supplier of raw materials to the steel, foundry and mining industries since 1993. Both companies have mutually agreed to suspend negotiation to merge the companies and rather work on a project to project basis within the steel industry.

On January 16, 2014 the Company announced that it has closed an arm's length transaction to acquire the Wallingford and St. Jovite lump graphite properties. On closing, the Company issued 1,000,000 shares as partial consideration for the Wallingford Property and 1,000,000 shares for partial consideration for the St. Jovite Property. The shares have a deemed value of \$0.06 per share. Additional consideration for the transaction included a \$2,000 payment on the signing of the term sheet for each of the properties. A further \$5,000 was made on each property in 2014.

On January 22, 2014 the Company announced that it entered into an Exclusive Distribution Agreement with an arms-length party Miluo Zinziang Carbon Products Co. Ltd. Of Minuo, Hunan China to market, distribute and sell a range of synthetic graphite products in the territory of Canada, the United States and Mexico. The company is pleased with the continued sales efforts with Miluo, however, the long sales cycle to sell both natural and synthetic graphite is a multiyear process and we are hopeful that efforts will start to bring in sales orders.

The Company has a definitive agreement to acquire the Han Tal properties in Sri Lanka. The Company is presently completing a formal opinion on the Sri Lanka claims (grids) and waiting on foreign ownership approval from the Sri Lana

government. In the case of both the Canadian Properties and Sri Lankan properties, the Company will also take all necessary steps to complete informative NI 43-101's to further provide disclosure on the potential of the sites and the recommend work programs.

A NI 43-101 was produced for Walker in January, 2014 and reports are in process for the remaining Canadian properties.

## RISK AND UNCERTAINTIES

Exploration and mining companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible.

The principal activity of the Company is mineral exploration and it is inherently risky. Exploration is also capital intensive and the Company currently has no source of income. Only the skills of its management in the mineral exploration and exploration financing serve to mitigate these risks and therefore are one of the main assets of the Company.

## SHARES ISSUED AND OUTSTANDING

### ISSUED SHARE CAPITAL:

#### Statement of Changes in Shareholders' Equity

Common Shares	2014		2013	
	Number of shares	Share Capital	Number of shares	Share Capital
Balance, beginning of year	63,821,871	\$12,640,087	38,494,993	\$11,272,533
Private Placement	15,500,000	775,000	13,035,714	445,000
Inducement Shares	-	-	3,279,260	194,725
Property Acquisition	7,000,000	190,000	5,500,000	412,500
Convertible Debenture	1,250,000	93,750	-	-
Debt settled in shares	4,129,089	61,936	3,511,904	315,000
Subscription Rec. in Advance	-	-	-	40,000
Share issue costs	-	(62,478)	-	(43,671)
Flow through shares	-	-	-	4,000
Flow through premium	-	(80,000)	-	-
<b>Balance, end of year</b>	<b><u>91,700,960</u></b>	<b><u>\$13,618,295</u></b>	<b><u>63,821,871</u></b>	<b><u>\$12,640,087</u></b>

## OPTIONS

	Number of options	Weighted Average Exercise Price
Balance, October 31, 2012	2,715,000	\$0.18
Granted	-	-
Expired	(415,000)	\$0.31
Exercised	-	-
Balance, October 31, 2013	2,300,000	\$0.15
Granted	-	-
Expired	-	-
Exercised	-	-
<b>Balance October 31, 2014</b>	<b>2,300,000</b>	<b>\$0.15</b>

### Options Granted

A summary of options granted as at October 31, 2014 is as follows:

Number of Shares Under Option	Exercise Price	Expiry Date
915,000	\$0.20	August 5, 2015
400,000	\$0.20	January 3, 2016
985,000	\$0.10	February 7, 2017
<b>2,300,000</b>		

## WARRANTS:

A summary of outstanding warrants as at October 31, 2014 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, October 31, 2012	6,777,500	\$0.16
Granted	13,877,142	\$0.07
Expired	(2,677,500)	\$0.21
Exercised	-	-
Balance, October 31, 2013	17,987,142	\$0.09
Granted	14,690,000	\$0.08
Expired	(3,100,000)	\$0.10
Exercised	-	-
<b>Balance October, 2014</b>	<b>29,577,142</b>	<b>\$0.07</b>

A summary of warrants granted as at October 31, 2014 is as follows:

Number of Warrants	Exercise Price	Expiry Date
4,250,000	\$0.10	November 23, 2014
1,000,000	\$0.20	March 31, 2015
2,142,857	\$0.10	May 16, 2015
171,428	\$0.10	May 16, 2015
2,500,000	\$0.10	June 1, 2015
200,000	\$0.10	June 1, 2015
240,000	\$0.10	July 2, 2015
320,000	\$0.08	August 26, 2015
4,000,000	\$0.10	August 26, 2015
80,000	\$0.10	August 30, 2015
1,250,000	\$0.10	August 31, 2015
2,142,857	\$0.10	September 18, 2015
2,000,000	\$0.075	October 31, 2015
160,000	\$0.10	October 31, 2015
1,500,000	\$0.05	December 9, 2015
6,000,000	\$0.05	December 30, 2015
120,000	\$0.10	January 3, 2016
1,500,000	\$0.05	January 3, 2016

**29,577,142**

## RELATED PARTY TRANSACTIONS

During the quarter, the Company incurred charges from directors and officers. The total related party transactions for the financial year to date are summarized as follows:

Key Management Compensation	YTD ended October 31,	
	2014	2013
Retainers, wages and benefits	\$377,979	\$284,484
Share based payments	-	269,435
Expense reimbursement	14,757	36,890
<b>Total</b>	<b>\$392,736</b>	<b>\$590,809</b>

Services & reimbursement of expenses	YTD ended October 31,	
	2014	2013
Company controlled by the CEO	138,231	265,000
Company controlled by the CFO	112,500	106,963
Company controlled by the COO	90,000	107,000
Salaries and benefits	37,248	74,956
Reimbursement of expenses	14,757	36,890

These transactions occurred during the normal course of operations.

On May 2, 2014, a Director and Officer of the Company provided an unsecured loan to the Company in the amount of \$50,000. This loan bears an interest rate of 12%. As at October 31, 2014, the loan accrued interest of \$2,975.

## **SUBSEQUENT EVENTS**

- On December 10, 2014, the Company announced that it has signed an arm's length definitive agreement to acquire a 100% interest in 9 mineral claims covering approximately 540 ha of Miller East Property in Quebec and 1 claim number consisting of 16 claim units comprising of 256 ha of Page Property in Ontario. The transaction closed on December 18, 2014. The Company issued 3,000,000 common shares at a deemed price of \$0.05 on the closing.
- The TSX-V approved on January 30, 2015 the acquisition of the Clot Property in Quebec to a Non-Arm's Length Party. The Company will issue a total of 4,500,000 common shares at a deemed price of \$0.05 per share, of which 3,500,000 will be issued upon closing and \$2,500 cash.

## **APPROVAL**

The Audit Committee of the Board of Directors appointed by the Board and consisting of three directors, two being independent has reviewed this document pursuant to its mandate and charter. The Board of Directors of Saint Jean Carbon Inc. has approved the disclosure contained in the MD&A.

This MD&A is available on the Company's SEDAR site accessed through [www.sedar.com](http://www.sedar.com)

## **FORWARD LOOKING STATEMENTS**

The MD&A contains certain forward looking statements, except for historical information. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, levels of activity, performance, and/or achievements expressed or implied by these forward looking statements to vary.

Actual results could differ materially from those currently anticipated due to any number of factors, including such variables as new information regarding potential mineral reserves, changes in demand for and commodity prices of molybdenum, legislative, environmental and other regulatory approval or political changes.

## **OTHER REQUIREMENTS**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website [www.saintjeancarbon.com](http://www.saintjeancarbon.com).