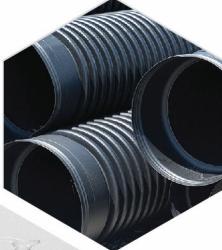
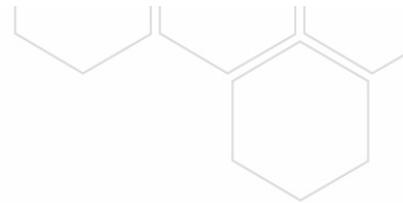




INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the three-month periods ended September 30, 2020 and 2019





[Unless specified otherwise, all amounts are expressed in Canadian dollars]

This interim Management's discussion and analysis ("MD&A") provides a review of NanoXplore Inc.'s operations, performance and financial position for the three-month periods ended September 30, 2020 and 2019 and should be read in conjunction with the unaudited consolidated financial statements for the three-month periods ended September 30, 2020 and 2019 and with the audited consolidated financial statements for the year ended June 30, 2020 and 2019. The purpose of this document is to provide information on our activities. The information contained herein is dated as of November 25, 2020. You will find more information about us on NanoXplore's website at www.nanoxplore.ca and on SEDAR at www.sedar.com, including all press releases.

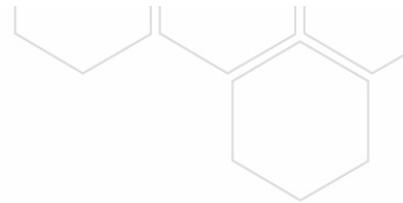
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company has consistently applied the accounting policies used in the preparation of its IFRS financial statements, including the comparative figures. We occasionally refer to non-IFRS financial measures in the MD&A. See the Non-IFRS financial measures section for more information. The terms "we", "our", "us", "NanoXplore" or the "Company" mean NanoXplore Inc. and its subsidiaries, unless otherwise indicated.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements with respect to the Company. Such forward-looking statements are dependent upon a certain number of factors and are subject to risks and uncertainties. Actual results may differ from those expected. We consider the assumptions on which these forward-looking statements are based to be reasonable, but we advise the reader that these assumptions with regard to future events, many of which are beyond our control, could prove incorrect as they are subject to risks and uncertainties inherent in our activities. Management does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information of future events, except when required by the regulatory authorities.

This MD&A contains forward-looking statements. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "project", "expect" and similar expressions are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect NanoXplore's then current views with respect to future events based on certain material facts and assumptions and are subject to certain risks and uncertainties, including without limitation changes in the risk factors described under the section risks and uncertainties of this statement. The forward-looking information is based on certain key expectations and assumptions made by NanoXplore, including expectations and assumptions concerning availability of capital resources, business performance, market conditions and customer demand. Although NanoXplore believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information since no assurance can be given that it will prove to be correct.

Many factors could cause NanoXplore's actual results, performance or achievements to vary from those described in this MD&A, including without limitation those listed above, those described under the section risks and uncertainties of this statement as well as the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements should not be unduly relied upon. NanoXplore does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by these cautionary statements. Forward-looking information contained in this MD&A about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on NanoXplore's management's assessment of the relevant information currently available. Readers are cautioned that outlook information contained in this MD&A should not be used for the purposes other than for which it is disclosed herein or therein, as the case may be.



BUSINESS OVERVIEW

COMPANY OVERVIEW

NanoXplore Inc. (and its subsidiaries together "NanoXplore" or the "Company") is a graphene company, a manufacturer and supplier of high-volume graphene powder for use in industrial markets. Also, the Company provides standard and custom graphene-enhanced plastic and composite products to various customers in transportation, packaging, electronics, and other industrial sectors. The address of the Company's corporate office is 4500, Thimens Blvd, Montreal, QC, Canada, H4R 2P2.

NanoXplore Inc. is listed on the TSX Venture Exchange and has traded under "GRA" and is also listed on the OTCQX and has traded under "NNXPF".

The Company has the following subsidiaries:

- 9334-7474 Québec Inc., based in Canada, with an equity interest of 100% [2019 – 100%].
- NanoXplore Switzerland Holding SA ("NanoXplore Switzerland"), based in Switzerland, with an equity interest of 100% [2019 – 100%]. NanoXplore Switzerland holds 100% of CEBO Injections SA ("CEBO");
- Sigma Industries Inc., based in Canada, with an equity interest of 100% [2019 – 100%]. Sigma has two active wholly owned subsidiaries; Faroex Ltd., based in Manitoba, and Rene Composite Materials Ltd., based in Quebec. Rene Composite Materials Ltd has one active wholly owned subsidiary; RMC Advanced Technologies Inc, based in the United States.

BUSINESS HIGHLIGHTS

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and recommended various containment and mitigation measures. Since then, extraordinary actions have been taken by public health and governmental authorities across the globe to contain the spread of COVID-19, including travel bans, social distancing, quarantines, stay-at-home orders and similar mandates for many businesses to reduce or cease normal operations.

Even though our manufacturing operation resumed during the month of May, the COVID-19 global pandemic had and continue to have a significant negative impact on our customer's business activities. This slowdown of manufacturing operations and dissipation of customer demand had a negative impact on the Company's financial results since the second half of March 2020.

The COVID-19 pandemic is expected to have an adverse effect on our business, results of operations, cash flows and financial position however, the full impact cannot be determined at this time. The extent of the impact will depend on various factors, including the possibility of future shutdowns, impact on customers and suppliers, the rate at which economic conditions, operations return to pre-COVID levels, any continued or future governmental orders or lock-downs due to this wave of COVID-19, or any future wave, and the potential for a recession in key markets due to the effect of the pandemic.

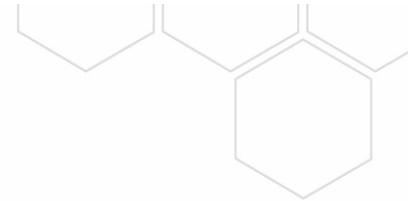
Acquisition of Newton Facility

On September 11, 2020, through its wholly-owned indirect subsidiary RMC Advanced Technologies Inc., the Company acquired substantially all of the assets of CSP Composites, LLC, Continental Structural Plastics, Inc. and Continental Structural Plastics of North Carolina, Inc. (collectively, "CSP") used in connection with its lightweight composite solutions and material business as conducted at 1400 Burris Road, Newton, North Carolina, for a total purchase price of US\$3,500,000. This acquisition was concluded in order to expand the Company's business in the United States.

CSP employs nearly thirty people and operates mainly in the markets of composite products for heavy trucks and machinery. It sells its products to original equipment manufacturers and distributors in the United States, Canada and South America.

Graphene plant project in Montreal

The Company's graphene plant in Montreal of a 4,000/mt capacity became operational on July 7, 2020.



FINANCIAL HIGHLIGHTS

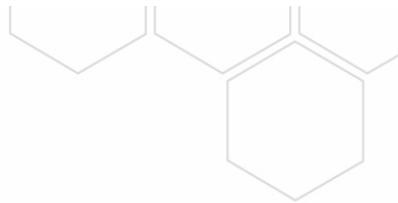
The following selected financial data are derived from the Consolidated Financial Statements of the Company for the following periods:

	As at September 30, 2020	As at June 30, 2020	As at June 30, 2019
	\$	\$	\$
Consolidated Statements of Financial Position			
Cash and cash equivalents	26,252,751	33,796,686	27,819,140
Accounts receivable and Contract asset	11,549,364	11,202,100	15,016,481
Inventory	8,253,532	7,116,492	7,589,896
Right-of-use assets	5,588,495	5,878,706	5,502,111
Property, plant and equipment and equipment deposits	55,527,911	50,774,739	31,230,797
Intangible assets	3,724,517	3,803,674	4,267,929
Goodwill	460,164	460,164	460,164
Total assets	112,624,928	113,647,870	92,844,734
Operating loans	1,269,167	2,152,568	1,339,480
Long-term debt and Convertible debentures - Loan	34,542,529	34,837,002	32,566,411
Total liabilities	53,035,672	52,680,608	54,749,009
Shareholders' equity	59,589,256	60,967,262	38,095,725

	Three-month periods ended September 30	
	2020	2019
	\$	\$
Revenues	15,576,667	19,983,089
Loss for the period	(1,218,708)	(2,330,435)
Basic loss per share	(0.01)	(0.02)

	Three-month periods ended September 30	
	2020	2019
	\$	\$
Consolidated Statements of Cash Flows		
Operating activities	(1,353,018)	(2,220,894)
Financing activities	(1,455,191)	6,538,049
Investing activities	(4,744,221)	(4,494,846)
Net change in cash and cash equivalent before net effect of currency exchange rate	(7,552,430)	(177,691)

Variances are explained in the sections “CONSOLIDATED OPERATIONS” and “FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES”.



Selected Quarterly Information

		Revenues \$	Loss \$	Basic and diluted loss per share \$	
Q1-2021	September 30, 2020	15,576,667	(1,218,708)	(0.01)	Note 1
Q4-2020	June 30, 2020	12,568,227	(682,833)	(0.01)	Note 2
Q3-2020	March 31, 2020	14,866,180	(2,993,379)	(0.02)	Note 3
Q2-2020	December 31, 2019	17,733,510	(2,266,153)	(0.02)	Note 4
Q1-2020	September 30, 2019	19,983,089	(2,330,435)	(0.02)	
Q4-2019	June 30, 2019	22,745,880	(4,717,098)	(0.04)	Note 5
Q3-2019	March 31, 2019	20,720,455	(2,736,849)	(0.03)	Note 6
Q2-2019	December 31, 2018	22,147,009	(1,550,237)	(0.02)	Note 7

Note 1 A resumption of activities has been observed among our customers, which explains an increase in revenues compared to the previous quarter, but the pandemic is still negatively impacted our revenues and we also received government assistance of about \$2,200,000 from the Canadian federal government through its Canada Emergency Wage Subsidy ("CEWS") program. Although the Covid-19 pandemic has impacted negatively the results of the quarter, the loss was less significant than expected given the CEWS received.

Note 2 The decrease in revenues is explained by the negative impact of the COVID-19 pandemic partially offset by received government assistance of about \$1,900,000 from the Canadian federal government through its Canada Emergency Wage Subsidy ("CEWS") program. Although the Covid-19 pandemic has impacted negatively the results of the quarter, the loss was less significant than expected given the CEWS and the cost reduction plan put in place during the quarter.

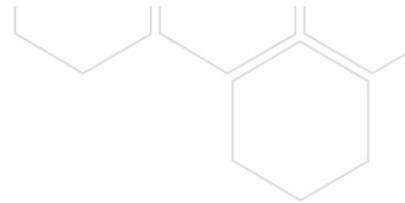
Note 3 The decrease of the revenues is mainly explained by a decline in the transportation market (particularly trucks).

Note 4 The decrease of the revenues is mainly explained by a decline in the transportation market (particularly trucks).

Note 5 The higher loss than usual is attributed to the sales of Rada Industries' equipment, which results into a loss of \$738,524 and an increase of total salaries due to higher incentives.

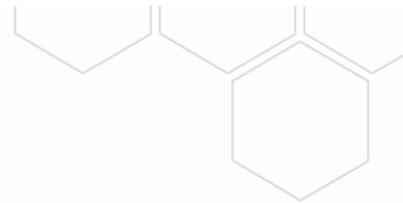
Note 6 The higher loss than usual is resulted from an increase in total salaries due to the addition of strategic new positions and the grant of stock options.

Note 7 The lower loss than usual is mainly explained by the Company's structure before the addition of strategic new positions.



CONSOLIDATED OPERATIONS

	Three-month periods ended September 30		
	2020	2019	Variation
	\$	\$	\$
Revenues			
Revenues from customers	13,207,898	19,751,318	(6,543,420)
Other income	2,368,769	231,771	2,136,998
	15,576,667	19,983,089	(4,406,422)
			(22%)
Expenses			
Cost of sales	11,003,991	16,937,762	(5,933,771)
Research and development expenses	750,728	680,277	70,451
Selling, general and administrative expenses	2,942,054	3,151,738	(209,684)
Share-based compensation expenses	77,598	216,171	(138,573)
Depreciation (production)	1,145,710	749,745	395,965
Depreciation (other)	332,427	210,029	122,398
Amortization	137,290	150,277	(12,987)
Foreign exchange	(126,169)	36,221	(162,390)
	16,263,629	22,132,220	(5,868,591)
			(27%)
Operating loss			
Interest on operating loans, long-term debt and convertible debentures	(686,962)	(2,149,131)	1,462,169
Interest accretion on lease liability	(519,963)	(378,015)	(141,948)
Interest revenue	(105,635)	(84,193)	(21,442)
	68,703	117,022	(48,319)
Loss before income taxes	(1,243,857)	(2,494,317)	(1,250,460)
			(50%)
Current income taxes expense	(34,407)	(43,981)	9,574
Deferred income taxes recovery	59,556	207,863	(148,307)
Loss for the period	(1,218,708)	(2,330,435)	1,111,727
			(48%)
Other comprehensive loss			
<i>Items that may be subsequently reclassified to profit and loss:</i>			
Exchange differences on translation of foreign subsidiaries	(5,316)	(19,836)	14,520
<i>Items that will not be reclassified to profit and loss:</i>			
Retirement benefits – Net actuarial losses	(272,980)	(157,515)	(115,465)
Total comprehensive loss	(1,497,004)	(2,507,786)	1,010,782
			(40%)
Loss per share			
Basic and diluted	(0.01)	(0.02)	



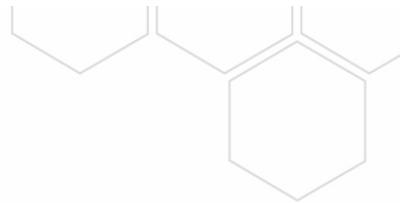
RESULTS OF OPERATIONS VARIANCE ANALYSIS

Revenues from customers decreased from \$19,751,318 in 2019 to \$13,207,898 in 2020. This decrease of sales is explained by the negative impact of the Covid-19 pandemic which has impacted all our markets, mainly the transportation sector.

Other income increased from \$231,771 in 2019 to \$2,368,769 in 2020. The increase is explained by the Canadian federal government's CEWS program set up to help businesses deal with the pandemic Covid-19. The Company received approximately \$2,200,000 under this program during Q1-2021.

The loss for the three-month period decreased from \$2,330,435 in 2019 to \$1,218,708 in 2020 for a positive variation of \$1,111,727 which is mainly explained as follows:

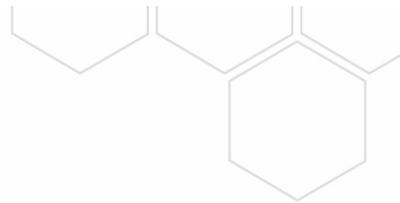
- Government assistance received from the Canadian federal government through its CEWS program of approximately \$2,200,000;
- These gains were partly offset by the decrease of volume in revenues from customers due to the pandemic Covid-19 which as impacted negatively the gross margin for about \$610,000 and additional depreciation and amortization expenses of about \$505,000 mainly explained by the depreciation related to the graphene plant, which became operational in July 2020.



FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

CONSOLIDATED FINANCIAL POSITION

	As at September 30, 2020 \$	As at June 30, 2020 \$	Variation \$	Main reasons for significant variation
Assets				
Cash and cash equivalents	26,252,751	33,796,686	(7,543,935)	Refer to section Cash Flows
Accounts receivable and Contract asset	11,549,364	11,202,100	347,264	
Inventory	8,253,532	7,116,492	1,137,040	Increase related to the business acquisition of CSP
Right-of-use assets	5,588,495	5,878,706	(290,211)	
Property, plant and equipment, and equipment deposits	55,527,911	50,774,739	4,753,172	Additions are mainly related to the business acquisition of CSP and the construction of the extruding line in the graphene plant
Intangible assets	3,724,517	3,803,674	(79,157)	
Goodwill	460,164	460,164	—	
Other assets	1,268,194	615,309	652,885	
Total assets	112,624,928	113,647,870	(1,022,942)	
Liabilities and Shareholders' Equity				
Liabilities				
Accounts payable, accrued liabilities and income taxes payable	12,743,318	11,432,494	1,310,824	Increase is related to the balance of purchase payable with CSP offset by non-recurrent payment related to tooling contracts
Deferred grant	135,882	276,342	(140,460)	
Contract liability	1,059,357	946,751	112,606	
Operating loans	1,269,167	2,152,568	(883,401)	
Defined benefit liabilities	1,619,363	1,310,464	308,899	
Long-term debt	26,263,222	26,680,697	(417,475)	
Convertible debentures – Loan	8,279,307	8,156,305	123,002	
Deferred taxes liabilities	1,666,056	1,724,987	(58,931)	
Total liabilities	53,035,672	52,680,608	355,064	
Shareholders' Equity				
Share capital	84,897,865	84,837,145	60,720	
Reserve	3,646,493	3,588,215	58,278	
Convertible debentures – Options	2,240,000	2,240,000	—	
Foreign currency translation reserve	53,189	58,505	(5,316)	
Deficit	(31,248,291)	(29,756,603)	(1,491,688)	
Total shareholders' equity	59,589,256	60,967,262	(1,378,006)	
Total liabilities and shareholders' equity	112,624,928	113,647,870	(1,022,942)	



CASH FLOWS

	Three-month periods ended September 30			
	2020	2019	Variation	
	\$	\$	\$	%
Cash generated (used) in operating activities prior to changes in non-cash working capital items	567,027	(690,530)	1,257,557	182%
Changes in non-cash working capital items	(1,920,045)	(1,530,364)	(389,681)	25%
Operating activities	(1,353,018)	(2,220,894)	867,876	(39%)
Financing activities	(1,455,191)	6,538,049	(7,993,240)	(122%)
Investing activities	(4,744,221)	(4,494,846)	(249,375)	6%
Net effect of currency exchange rate on cash and cash equivalents	8,495	(1,100)	9,595	872%
Net change in cash and cash equivalents	(7,543,935)	(178,791)	(7,365,144)	4119%

Operating activities

Cash flows generated in operating activities prior to changes in non-cash working capital items was \$567,027 in 2020 compared to cash flows used of \$690,530 in 2019 for a variation of \$1,257,557. The variation is mainly explained by the amount received from the CEWS program offset by the decrease of volume in revenues from customers due to the pandemic Covid-19 which as impacted negatively the gross margin as explained in previous section of Results of operations variance analysis.

Changes in non-cash working capital items decreased by \$1,920,045 for the three-month period ended September 30, 2020. The decrease is mainly explained by a decrease in Accounts payables and accrued liabilities of \$999,059 due to non-recurrent payment related to tooling contracts, and by an increase of prepaid expenses of \$651,982 related to the insurance premium annual payment.

Financing activities

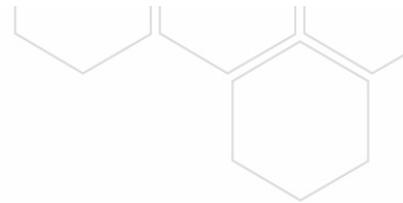
Cash flows used in financing activities was \$1,455,191 in 2020 compared to cash flows generated of \$6,538,049 in 2019. During 2020, repayment of \$1,496,591 was completed for loans and lease liability and as for 2019, warrants and broker warrants were exercised for \$6,422,041, repayment of \$1,103,992 was completed for loans and lease liability and \$1,200,000 was generated from the operating loans.

Investing activities

Cash flows used in investing activities was \$4,744,221 in 2020 compared to \$4,494,846 in 2019. During 2020, approximately \$2,300,000 was paid for the business acquisition of the assets of CSP, and approximately \$2,400,000 was paid for capital expenditures which are mostly related to expenditures of the extruding line of the graphene plant. During 2019, most of the expenditures were for the construction of the graphene plant in Montreal.

LIQUIDITY AND CAPITAL RESOURCES

Management believes that the Company has sufficient funds to meet its obligations, operating expenses and some development expenditures for the ensuing 12 months as they fall due. The Company's ability to continue its development activities is dependent on the beginning of the commercial operations of the graphene products. The graphene commercial activity is in the development stage and, as a result, the Company has minimal sources of operating revenue from those operations and could be dependent on external financing to fund its continued development program, if the beginning of the commercial operation of the graphene activity is delayed. The Company's main sources of funding have been the issuance of equity securities for cash, debt, funds from the government of Quebec with respect to R&D tax credits, funds from the Canadian federal government with respect to Sustainable Development Technology Canada ("SDTC") and funds from the CEWS.



FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

For a detailed description of the financial instruments and risk management associated with the Company and its activities, please refer to the consolidated financial statements of the years ended June 30, 2020 and 2019. These identified financial instruments and risks are consistent through the periods.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company did not have any off-balance sheet arrangements, except for the commitment disclosed in the unaudited condensed interim consolidated financial statements of September 30, 2020 and 2019.

OUTSTANDING SHARES

As at November 25, 2020, the Company has:

- 140,643,610 common shares issued and outstanding;
- 3,585,133 options outstanding with expiry dates ranging between January 2, 2022 and October 10, 2024 with exercise prices between \$0.45 and \$2.34. If all the options were exercised, 3,585,133 shares would be issued for cash proceeds of \$4,379,710;
- \$10,000,000 of nominal value in convertible debentures outstanding with an expiry date of December 31, 2023 with a conversion price of \$1.84. If the conversion option right was exercised, 5,434,783 shares would be issued for non-cash proceeds of \$10,000,000.

RELATED PARTY TRANSACTIONS

For a detailed description of all related party transactions, please refer to the Note 6 "Related party transactions" in the unaudited condensed interim consolidated financial statements of September 30, 2020 and 2019.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, technology and manufacturing. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

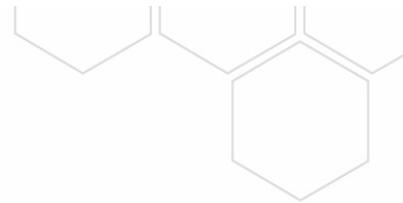
For a detailed description of risks and uncertainties, refer to the annual consolidated financial statements of June 30, 2020 and 2019.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

For a detailed description of the critical accounting judgments and estimates associated with the Company and its activities, please refer to the section "Significant management estimations and judgments in applying accounting policies" in the note 2 in the audited consolidated financial statements for the years ended June 30, 2020 and 2019. The Company was not required to make significant judgments, estimates and assumptions in areas other than those mentioned in the audited consolidated financial statements for the years ended June 30, 2020 and 2019.

FUTURE CHANGES IN ACCOUNTING POLICIES

The standards and amendments to existing standards have been published, and their adoption is mandatory for future accounting periods. Refer to the note 3 in the consolidated financial statements for the years ended June 30, 2020 and 2019 for the details of these standards and amendments.



CONTROLS AND PROCEDURES

The information provided in this MD&A, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

The Board of Directors oversees management's responsibility for financial reporting and internal control systems. The Board of Directors meet quarterly with management and annually with the independent auditors to review the scope and results of the annual audit and to review the year-to-date financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that the design and implementation of such processes by those responsible for a venture issuer are subject to cost limitation. DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

The Board of Directors has approved the unaudited condensed interim consolidated financial statements.