UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three-month and nine-month periods ended March 31, 2020 and 2019

Consolidated Statement of Financial Position

(Unaudited - Expressed in Canadian dollars)	As at March 31, 2020 $	As at June 30, 2019 $
Assets		
Current assets		
Cash	**10,553,899**	27,819,140
Accounts receivable	**11,645,906**	15,016,481
Inventory	**7,147,486**	7,589,896
Prepaid expenses	**835,242**	856,672
Lease deposits	**2,750**	10,200
	30,185,283	51,292,389
Non-current assets		
Lease deposits	**91,344**	91,344
Equipment deposits	**1,035,110**	655,465
Right-of-use assets	**4,852,452**	5,502,111
Property, plant and equipment *[Note 4]*	**46,593,453**	30,575,332
Intangible assets	**3,881,842**	4,267,929
Goodwill	**460,164**	460,164
Total assets	**87,099,648**	92,844,734
Liabilities and shareholders' equity		
Current liabilities		
Operating loans *[Note 5]*	**1,574,440**	1,339,480
Accounts payable and accrued liabilities	**13,336,122**	14,712,219
Income taxes payable	**296,736**	285,433
Deferred grant	**—**	231,745
Contract liability	**507,723**	2,512,994
Long-term debt due within one year *[Note 5]*	**3,652,679**	4,170,072
	19,367,700	23,251,943
Non-current liabilities		
Defined benefit liabilities	**967,726**	870,329
Long-term debt *[Note 5]*	**19,225,302**	20,692,925
Convertible debentures - Loan *[Note 5]*	**8,035,837**	7,703,414
Deferred taxes liabilities	**1,897,776**	2,230,398
Total liabilities	**49,494,341**	54,749,009
Shareholders' Equity		
Share capital	**60,537,116**	53,445,389
Reserve *[Note 6]*	**3,504,650**	3,604,511
Convertible debentures - Options	**2,240,000**	2,240,000
Foreign currency translation reserve	**85,723**	12,927
Deficit	**(28,762,182)**	(21,207,102)
Total equity	**37,605,307**	38,095,725
Total equity and liabilities	**87,099,648**	92,844,734

See accompanying notes to condensed interim consolidated financial statements

Note 1 – Nature of operations and liquidity risk

Approved on behalf of the Board of Directors

Soroush Nazarpour

Soroush Nazarpour

Benoit Gascon

Benoit Gascon

Consolidated Statement of Loss and Comprehensive loss

(Unaudited - Expressed in Canadian dollars)	Three-month periods ended March 31 2020 $	2019 $	Nine-month periods ended March 31 2020 $	2019 $
Revenues	**14,866,180**	20,720,455	**52,582,779**	46,775,190
Cost of Sales and Expenses				
Cost of sales	**11,981,803**	17,202,828	**44,089,794**	38,440,589
Research and development expenses	**810,177**	669,883	**2,346,288**	1,914,933
Selling, general and administrative expenses	**2,926,542**	4,047,117	**8,648,102**	8,393,360
Share-based compensation expenses	**128,634**	420,601	**549,825**	673,019
Depreciation (production)	**766,029**	569,453	**2,287,618**	1,439,196
Depreciation (other)	**222,810**	204,835	**643,594**	474,937
Amortization	**147,020**	63,580	**445,037**	140,581
Foreign exchange	**591,172**	(31,207)	**503,269**	309,168
	17,574,187	23,147,090	**59,513,527**	51,785,783
Operating loss	**(2,708,007)**	(2,426,635)	**(6,930,748)**	(5,010,593)
Interest on operating loans, long-term debt and convertible debentures	**(305,528)**	(512,767)	**(994,994)**	(921,455)
Interest accretion on lease liability	**(93,106)**	(78,220)	**(279,237)**	(139,251)
Interest revenue	**86,375**	106,648	**348,038**	170,716
Loss before income taxes	**(3,020,266)**	(2,910,974)	**(7,856,941)**	(5,900,583)
Current income taxes expense	**(22,044)**	—	**(79,238)**	—
Deferred income taxes recovery	**48,931**	174,125	**346,212**	14,316
	26,887	174,125	**266,974**	14,316
Loss for the period	**(2,993,379)**	(2,736,849)	**(7,589,967)**	(5,886,267)
Other comprehensive loss				
Items that may be subsequently reclassified to profit and loss:				
Exchange differences on translation of foreign subsidiaries	**40,767**	266	**72,796**	6,341
Items that will not be reclassified to profit and loss:				
Retirement benefits – Net actuarial gains (losses)	**141,611**	142,355	**34,887**	46,102
Comprehensive loss for the period	**(2,811,001)**	(2,594,228)	**(7,482,284)**	(5,833,824)
Loss per share				
Basic and diluted	**(0.02)**	(0.03)	**(0.06)**	(0.06)
Weighted average number of common shares outstanding (basic and diluted)	**120,995,810**	108,776,306	**119,954,033**	97,088,710

In light of the net loss recognized for the periods, all outstanding conversion options and stock options were excluded from the calculation of diluted loss per share due to their anti-dilutive effect.

See accompanying notes to condensed interim consolidated financial statements

NanoXplore
Performance Through Carbon Chemistry

Consolidated Statement of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian dollars)	Number of common shares	Common shares $	Reserve $	Convertible debentures - Options $	Foreign currency translation reserve $	Deficit $	Total equity $
Balance as at June 30, 2018	88,526,285	23,502,555	2,871,633	—	13,490	(10,629,691)	15,757,987
Loss for the period	—	—	—	—	—	(5,886,267)	(5,886,267)
Other comprehensive loss	—	—	—	—	6,341	46,102	52,443
Comprehensive loss for the period	—	—	—	—	6,341	(5,840,165)	(5,833,824)
Issuance of shares related to Sigma acquisition *[Note 3]*	5,091,707	8,197,648	—	—	—	—	8,197,648
Private placement (net of issuing costs of $621,240)	16,144,800	20,367,000	—	2,240,000	—	—	22,607,000
Exercise of stock options	13,333	8,801	(2,798)	—	—	—	6,003
Exercise of warrants and broker warrants	973,434	745,931	(64,528)	—	—	—	681,403
Share-based compensation	—	—	673,019	—	—	—	673,019
Balance as at March 31, 2019	110,749,559	52,821,935	3,477,326	2,240,000	19,831	(16,469,856)	42,089,236
Loss for the period	—	—	—	—	—	(4,717,098)	(4,717,098)
Other comprehensive loss	—	—	—	—	(6,904)	(20,148)	(27,052)
Comprehensive loss for the period	—	—	—	—	(6,904)	(4,737,246)	(4,744,150)
Exercise of warrants and broker warrants	880,600	623,454	(75,784)	—	—	—	547,670
Share-based compensation	—	—	202,969	—	—	—	202,969
Balance as at June 30, 2019	111,630,159	53,445,389	3,604,511	2,240,000	12,927	(21,207,102)	38,095,725
Loss for the period	**—**	**—**	**—**	**—**	**—**	**(7,589,967)**	**(7,589,967)**
Other comprehensive loss	**—**	**—**	**—**	**—**	**72,796**	**34,887**	**107,683**
Comprehensive loss for the period	**—**	**—**	**—**	**—**	**72,796**	**(7,555,080)**	**(7,482,284)**
Exercise of warrants and broker warrants *[Note 6]*	**9,365,651**	**7,091,727**	**(649,686)**	**—**	**—**	**—**	**6,442,041**
Share-based compensation	**—**	**—**	**549,825**	**—**	**—**	**—**	**549,825**
Balance as at March 31, 2020	**120,995,810**	**60,537,116**	**3,504,650**	**2,240,000**	**85,723**	**(28,762,182)**	**37,605,307**

See accompanying notes to condensed interim consolidated financial statements

NanoXplore
Performance Through Carbon Chemistry

Consolidated Statement of Cash Flow

	Nine-month periods ended March 31	
	2020	**2019**
(Unaudited - Expressed in Canadian dollars)	$	$
Cash flow from operating activities		
Loss for the period	**(7,589,967)**	(5,886,267)
Items not affecting cash:		
Depreciation and amortization	**3,376,249**	2,054,714
Share-based compensation	**549,825**	673,019
Interest accretion on lease liability	**279,237**	139,251
Interest accretion on convertible debentures	**288,027**	84,414
Other financial expenses	**118,201**	(60,259)
Deferred income taxes expense	**(346,212)**	(14,316)
Difference between amounts paid for employee benefits and current period expenses	**43,794**	30,970
Net change in fair value of foreign exchange derivatives *[Note 9]*	**707,555**	479,305
Unrealized foreign exchange	**(93,154)**	12,536
Changes in non-cash operating working capital items:		
Accounts receivable	**3,551,940**	222,969
Inventory	**550,453**	(363,163)
Prepaid expenses	**39,862**	43,012
Accounts payable and accrued liabilities	**(4,507,414)**	1,177,955
Income taxes payable	**(10,891)**	—
Deferred grant	**(231,745)**	182,180
Contract liability	**(2,010,907)**	(2,319,846)
Cash used in operating activities	**(5,285,147)**	(3,543,526)
Cash flows from financing activities		
Private placements	**—**	20,988,240
Issuance of convertible debenture	**—**	10,000,000
Issuing costs	**—**	(917,234)
Exercise of stock options, warrants and broker warrants	**6,442,041**	687,406
Variation of operating loan	**100,000**	(300,000)
Issuance of long-term debt	**—**	2,006,763
Repayment of lease liability	**(1,553,861)**	(917,312)
Repayment of term loans	**(1,486,878)**	(846,501)
Cash from (used in) financing activities	**3,501,302**	30,701,362
Cash flows from investing activities		
Lease deposits	**7,450**	(65,494)
Equipment deposits	**(379,645)**	1,543,319
Business acquisition, net of cash acquired *[Note 3]*	**—**	(7,300,496)
Repayment of balance of purchase price	**(538,188)**	(536,300)
Additions to property, plant and equipment	**(14,605,541)**	(6,900,739)
Cash used in investing activities	**(15,515,924)**	(13,259,710)
Change in cash	**(17,299,769)**	13,898,126
Net effect of currency exchange rate on cash	**34,528**	8,126
Cash, beginning of period	**27,819,140**	15,268,666
Cash, end of period	**10,553,899**	29,174,918
Interest paid	**1,721,451**	269,447
Additions to property, plant and equipment included in accounts payable and accrued liabilities	**2,727,320**	—

See accompanying notes to condensed interim consolidated financial statements

[Unaudited and not reviewed – Unless specified otherwise, amounts are expressed in Canadian dollars]

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

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.

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”.

On September 21, 2018, the Company acquired all of the issued and outstanding shares of Sigma Industries Inc. (“Sigma”). 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 Tennessee (USA).

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.

As a result of the COVID-19 global pandemic, in the middle of March, certain Company’s customers essentially idled their manufacturing operations. NanoXplore followed its customers and also temporarily idled most of its manufacturing operations in March. This suspension of manufacturing operations and rapid dissipation of customer demand had a negative impact on the Company’s financial results during the second half of March and continued into the second civil quarter. Although the potential magnitude and duration of the business and economic impacts of COVID-19 are uncertain, a phased restart of the Company’s manufacturing facilities and dependent functions has slowly begun in May.

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 ultimate duration of the shutdowns, its impact on customers, 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.

Liquidity risk

Management believes that the Company has sufficient funds to meets its obligations, operating expenses and some development expenditures for the ensuing 12 months as they fall due considering the completion of the private placement of $25,000,040 on April 3, 2020 (Note 10). The Company’s ability to continue its development activities is dependent on the impact of the Covid-19 and the beginning of the commercial operation of the graphene products. The graphene commercial activity is in the development stage and as a result the Company has minimal source of operating revenue from those operations and is dependent on external financing to fund its continued development program. 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, from Sustainable Development Technology Canada (“SDTC”) and from the Industrial Research Assistance Program.

The condensed interim consolidated financial statements of NanoXplore for the three-month and nine-month periods ended March 31, 2020 and 2019 were reviewed, approved and authorized for issue by the Company’s Board of Directors on May 27, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The unaudited condensed interim consolidated financial statements of the Company and its subsidiaries for the three-month and nine-month periods ended March 31, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards ["IFRS"], as issued by the International Accounting Standards Board ["IASB"] and as adopted by the Accounting Standards Board of Canada. These condensed interim consolidated financial statements were prepared in accordance with IAS 34, Interim Financial Reporting.

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, the Company's functional currency, except where otherwise indicated. Each entity of the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The significant accounting judgments, estimates and assumptions used in these unaudited condensed interim consolidated financial statements are consistent with those disclosed in the most recent audited annual consolidated financial statements for the year ended June 30, 2019.

These condensed interim consolidated financial statements have been prepared on a going concern basis, at historical cost, except for financial assets and liabilities classified as financial assets/liabilities at fair value through profit or loss and measured at fair value. Management considers that the fair value of financial assets and liabilities recorded in the financial statements approximates the carrying amount.

Basis of consolidation

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. The subsidiaries are using consistent accounting policies and the same reporting period as the parent company. All intercompany transactions, balances and unrealized gains or losses have been eliminated.

Standards, interpretations and amendments to published standards adopted with an effect on the unaudited condensed interim consolidated financial statements

The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements. The condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and notes for the year ended June 30, 2019, except for the amendments to certain accounting standards which are relevant to the Company and were adopted by the Company as of July 1, 2019 as described below:

Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized to the cost of that asset until it is substantially completed, and it can be used as planned; these costs are subsequently amortized over the expected useful life of the asset. All other borrowing costs are expensed as incurred.

Significant management estimations and judgments in applying accounting policies

The following are significant management judgments used in applying the accounting policies of the Company that have the most significant effect on the interim condensed consolidated financial statements.

When preparing the interim condensed consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenues and expenses are discussed below.

[EXPRESSED IN CANADIAN DOLLARS]

i) Government assistance and SR&ED

Government assistance is accounted for as other income during the year in which the costs are incurred, provided that the Company is reasonably certain based on management's judgment that the government assistance will be received. Government assistance must be examined and approved by the tax authorities, and it is possible that the amounts granted will differ from the amounts recorded by management. In cases where it would be reasonable to believe that certain amounts collected would have to be repaid, a provision is taken.

ii) Impairment of property, plant and equipment, goodwill and intangible assets

An impairment loss is recognized for the amount by which the asset or CGU exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or CGU and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future gross profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the company's assets during the next financial years. In most cases, the determination of the discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

iii) Covid-19

The impact the COVID-19 pandemic on our condensed interim consolidated financial statements for the three-month and nine-month periods ended March 31, 2020 has been limited. While the long-term impact of the global COVID-19 pandemic cannot be fully determined or quantified at this time, we anticipate it will likely impact our future operations and results. Estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require the exercise of judgment. As of the date of issuance of these financial statements, the Company is not aware of any specific event or circumstance that would require the Company to update its estimates, assumptions and judgments or revise the carrying value of its assets or liabilities. These estimates may change as new events occur and additional information is obtained and are recognized in the consolidated financial statements as soon as they become known.

3. BUSINESS COMBINATIONS

On September 21, 2018, the Company acquired all of the issued and outstanding shares of Sigma for a total amount of $8,793,581 paid by the issuance of 4,579,988 common shares of its share capital to all existing shareholders of Sigma and acquired all the outstanding debentures of Sigma for a total amount of $9,993,500 of which $9,011,000 was paid by cash and $982,500 was paid by the issuance of 511,719 common shares of its share capital to the Sigma debenture holders. The exchange ratio to determine the amount paid was based on a fixed price; each Sigma common share has been exchanged for 0.39 common share of NanoXplore. The value of Sigma common shares has been set at $0.75 and the value of NanoXplore common shares has been set at $1.92. This acquisition was concluded in order to introduce the Company's graphene-enhanced solution products into the products of Sigma.

Based on the stock price (TSX-V) of NanoXplore shares at the acquisition date of $1.61, the fair value of the total consideration paid amounted to $17,208,648 and is detailed as follows:

	Number of shares	Fair value of shares $	Paid by cash $	Total consideration $
Total consideration paid for:				
All outstanding shares of Sigma	4,579,988	7,373,780	–	**7,373,780**
All outstanding debentures of Sigma	511,719	823,868	9,011,000	**9,834,868**
Total	**5,091,707**	**8,197,648**	**9,011,000**	**17,208,648**

This transaction was financed using the Company's available cash.

Sigma is a manufacturing company specializing in the manufacture of composite products. It operates in the markets for heavy trucks, buses, public transit, machinery and wind energy. Sigma sells its products to original equipment manufacturers and distributors mainly in the United States and Canada.

[EXPRESSED IN CANADIAN DOLLARS]

This transaction qualifies as a business combination and was accounted for using the acquisition method of accounting under IFRS 3, Business Combination. The total purchase price was allocated to the assets acquired and liabilities assumed based on the fair value of the total consideration at the closing date of the transaction.

	$
Identifiable net assets acquired:	
Cash	1,710,504
Accounts receivable	10,495,837
Inventory	5,994,701
Prepaid expenses	342,324
Right-of-use assets	731,083
Deferred taxes assets	859,000
Property, plant and equipment	17,650,161
Equipment deposit	1,674,944
Intangible assets	4,405,673
	43,864,227
Operating loan	3,663,003
Accounts payable and accrued liabilities	8,137,899
Contract liability	2,779,946
Deferred taxes liabilities	2,613,057
Lease liability	731,083
Long-term debt	9,190,755
	27,115,743
Total identifiable net assets	16,748,484
Goodwill arising on acquisition	460,164
Total consideration	**17,208,648**
The cash outflow on acquisition is as follows:	
Consideration paid in cash	9,011,000
Minus: Cash acquired	1,710,504
Net cash flow for the acquisition	7,300,496

The goodwill recognized on the transaction is mainly attributable to the expected synergies of the combination, to broadening the service offering of the Company and its geographic coverage. The goodwill arising from this acquisition is not deductible for income tax purposes.

Transaction costs of $174,140 were expensed and are included in selling, general and administrative expenses.

Since September 21, 2018, the assets and liabilities of Sigma are included in the consolidated statement of financial position and the operating results are reflected in the Company's consolidated statement of loss.

[EXPRESSED IN CANADIAN DOLLARS]

4. PROPERTY, PLANT AND EQUIPMENT

	Land & Building $	Production equipment $	Leasehold improvements $	Laboratory, computer, office equipment and rolling stock $	Total $
Balance as at July 1st, 2018	1,430,062	4,663,345	29,369	365,244	6,488,020
Additions	3,184,785	6,404,014	3,300	239,633	9,831,732
Acquired in a business combination	8,542,500	8,949,482	–	158,179	17,650,161
Disposals	–	(1,330,641)	(640)	(7,243)	(1,338,524)
Depreciation	(105,555)	(1,901,780)	(7,876)	(154,661)	(2,169,872)
Effect of foreign exchange differences	–	106,945	–	6,870	113,815
Balance as at June 30, 2019	13,051,792	16,891,365	24,153	608,022	30,575,332
Additions	**344,847**	**14,687,918**	**2,003,816**	**580,816**	**17,617,397**
Depreciation	**(90,518)**	**(1,774,819)**	**(12,229)**	**(109,860)**	**(1,987,426)**
Effect of foreign exchange differences	**–**	**370,483**	**–**	**17,667**	**388,150**
Balance as at March 31, 2020	**13,306,121**	**30,174,947**	**2,015,740**	**1,096,645**	**46,593,453**
As at June 30, 2019					
Cost	13,282,660	19,138,601	81,069	947,175	33,449,505
Accumulated depreciation	(230,868)	(2,247,236)	(56,916)	(339,153)	(2,874,173)
Net book value	13,051,792	16,891,365	24,153	608,022	30,575,332
As at March 31, 2020					
Cost	**13,627,507**	**34,092,744**	**2,084,885**	**1,545,658**	**51,350,794**
Accumulated depreciation	**(321,386)**	**(3,917,797)**	**(69,145)**	**(449,013)**	**(4,757,341)**
Net book value	**13,306,121**	**30,174,947**	**2,015,740**	**1,096,645**	**46,593,453**

The majority of property, plant and equipment is pledged as security for the credit facilities (Note 5).

Additions of production equipment under lease during the nine-month period ended March 31, 2020 amounted to $284,536 [June 2019 – 2,601,808].

As at March 31, 2020, there are $2,687,807, $2,003,816, $15,700,055 and $163,406 of building, leasehold improvements, production equipment and computers, respectively, that are not yet available for use and for which depreciation has not started [June 30, 2019 – $2,476,948, $3,362,135 and $105,362 of building, production equipment and computers].

The borrowing costs capitalised to production equipment during the three-month and the nine-month period ended March 31, 2020 amount to $257,616 and $691,945 respectively [June 30, 2019 – nil]. The rate used to determine the amount of borrowing costs eligible for capitalisation is 6.76%.

[EXPRESSED IN CANADIAN DOLLARS]

5. CREDIT FACILITIES

	Maturity	Effective interest rate %	As at March 31, 2020 $	As at June 30, 2019 $
Operating loans, fixed and variable rate				
– Authorized amount of $9,845,470	**2020**	**3% to 4.3%**	**1,574,440**	1,339,480
Convertible debentures	**December 2023**	**8%**	**8,035,837**	7,703,414
Long-term debt				
Term loans, fixed and variables rates	**2020 to 2028**	**4% to 10%**	**14,766,321**	16,080,096
Lease liability	**2020 to 2028**	**0.79% to 5.5%**	**8,111,660**	8,782,901
			32,488,258	33,905,891
Less: current portion of operating loans			**1,574,440**	1,339,480
Less: current portion of long-term debt			**3,652,679**	4,170,072
			27,124,109	28,396,339

Under these agreements, the Company has agreed to respect certain conditions and financial ratios. As at March 31, 2020, all conditions and financial ratios were met. Several movable hypothecs on specific assets of the Company and its subsidiaries and on the universality of the Company's present and future, tangible and intangible assets have been given as security for these loans and credit facilities.

Given the impact of Covid-19, our financial institutions have granted us moratoriums ranging from periods of three to six months starting in March 2020 for principal installments.

6. EQUITY

Warrants and broker warrants

The following table summarizes the changes in the number of warrants outstanding for the nine-month period ended March 31, 2020:

	Number of warrants	Weighted average exercise price ($)
Balance as at June 30, 2019	**12,684,935**	**1.10**
Warrants exercised	**(9,365,651)**	**0.69**
Warrants expired	**(3,319,284)**	**2.23**
Balance as at March 31, 2020	–	–

For the nine-month period ended March 31, 2020, 8,909,994 warrants were exercised resulting in cash proceeds of $6,236,996 and a transfer from reserve to share capital of $590,635. The weighted average share price on the date of exercise of the warrants was $1.42.

For the nine-month period ended March 31, 2020, 455,657 broker warrants were exercised resulting in cash proceeds of $205,045 and a transfer from reserve to share capital of $59,051. The weighted average share price on the date of exercise of the warrants was $1.39.

As at March 31, 2020, there were no warrants outstanding.

[EXPRESSED IN CANADIAN DOLLARS]

7. RELATED PARTY TRANSACTIONS

During the nine-month period ended March 31, 2020, the following related party transactions have occurred with Martinrea International Inc., a shareholder of the Company with significant influence:

- Exercise of 2,750,000 warrants for an amount of $1,925,000.
- *Subsequent event:* Participation in the private placement financing closed April 3, 2020 of 3,846,154 shares for an amount of $5,000,000 (Note 10).

The following related party transactions have occurred with Mason Graphite Inc., a shareholder of the Company with significant influence up to September 9, 2019:

- Exercise of 1,111,111 warrants for an amount of $777,778.

8. SEGMENTED DISCLOSURE

Our Chief Operating Decision Maker analyzes the information for the Company as a whole on a consolidated basis only and, as such, the Company determined it has only one operating segment. Revenues are generated from our activities in Canada, in the United States and in Switzerland and all sales of products come from enhanced plastics and composite products.

	Three-month periods ended March 31		Nine-month periods ended March 31	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Revenues *				
United States	**5,702,235**	10,345,903	**23,928,235**	23,895,445
Canada	**7,383,662**	8,120,970	**23,106,258**	16,982,830
France	**902,651**	1,254,828	**3,136,700**	3,017,934
Switzerland	**383,866**	483,359	**1,230,677**	1,527,899
Other	**493,766**	515,395	**1,180,909**	1,351,082
Total	**14,866,180**	20,720,455	**52,582,779**	46,775,190

* Revenues are attributed to countries based on the location of customers.

	As at March 31, 2020	As at June 30, 2019
	$	**$**
Long-lived assets		
Canada	**50,665,933**	35,417,980
Switzerland	**3,500,431**	3,566,074
United States	**2,656,657**	2,476,947
Total	**56,823,021**	41,461,001

9. COMMITMENTS

The Company has committed to purchase raw materials to certain suppliers within two years.

As at March 31, 2020, the Company held options for a minimum of US$7.8 million and a maximum of US$10.3 million depending of the exchange rate of such derivatives contracts. Minimum rates vary from 1.2915 up to 1.3950. The contracts are valid until August 2021. The fair value of the derivative foreign currency forward exchange contracts amounted to $801,464 as at March 31, 2020 and was included in Accounts payable and accrued liabilities [June 30, 2019 – $93,909 included in Accounts payable and accrued liabilities].

10. SUBSEQUENT EVENT

On April 3, 2020, the Company completed a brokered private placement financing of 19,230,800 common shares at a price of $1.30 per share for gross proceeds of $25,000,040.

The aggregate issuance costs related to these issuances, including the commission, is about $705,000 and has been paid in cash.