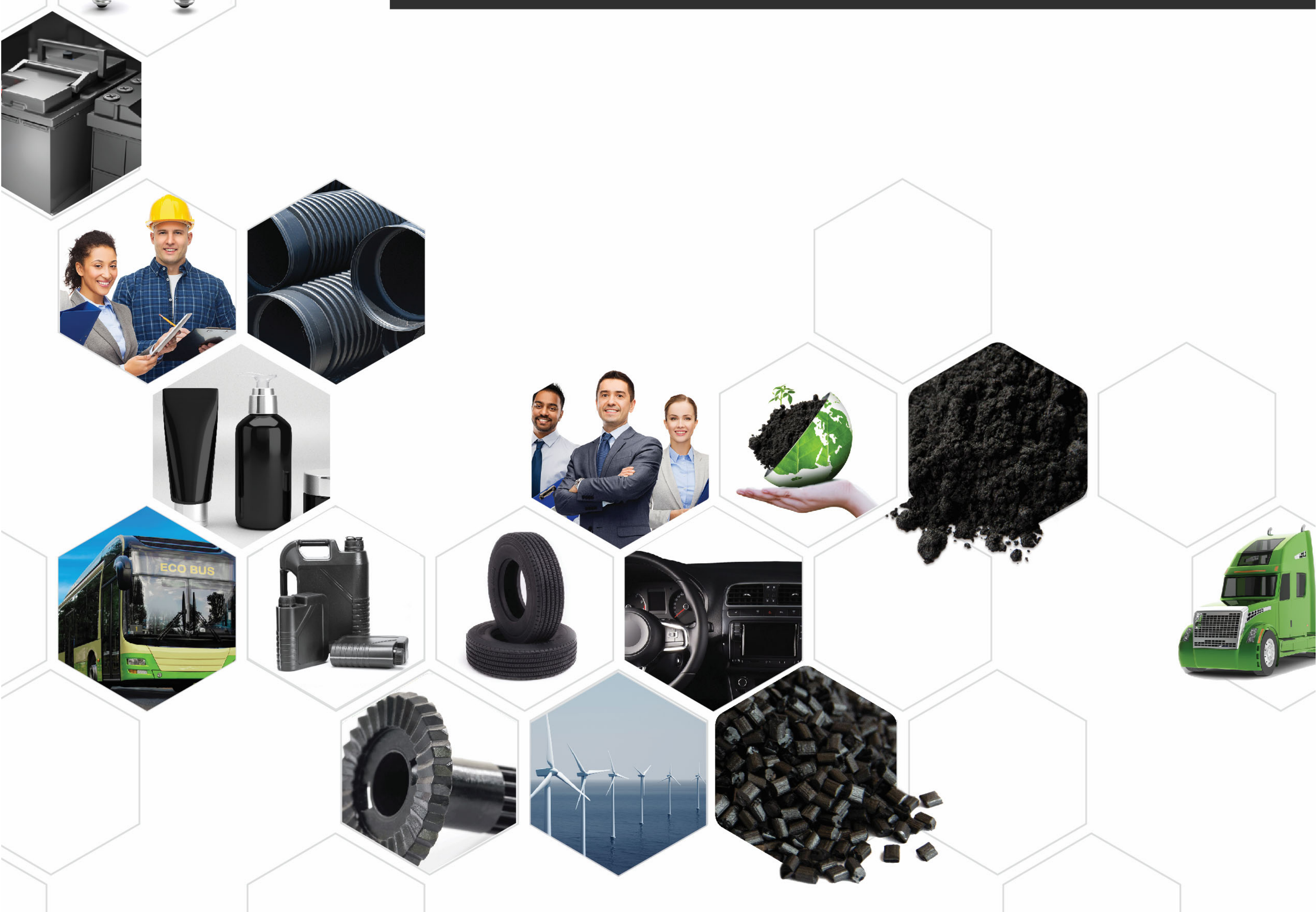
NanoXplore

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month periods ended September 30, 2021 and 2020



[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, 2021 and 2020 and should be read in conjunction with the unaudited consolidated financial statements for the three-month periods ended September 30, 2021 and 2020 and with the audited consolidated financial statements for the year ended June 30, 2021 and 2020. The purpose of this document is to provide information on our activities. The information contained herein is dated as of November 11, 2021. 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.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements within the meaning of applicable Canadian securities laws 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. The Company considers the assumptions on which these forward-looking statements are based to be reasonable, but it advises the reader that these assumptions with regard to future events, many of which are beyond the Company's control, could prove incorrect as they are subject to risks and uncertainties inherent in the Company's 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 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 MD&A. The forward-looking statements are 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 statements are based are reasonable, undue reliance should not be placed on the forward-looking statements since no assurance can be given that they 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 MD&A 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 statements contained in this MD&A about prospective results of operations, financial position or cash flows are 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 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 Company was formed by amalgamation under the Canada Business Corporations Act by Certificate of Amalgamation dated September 21, 2017 and is headquartered at 4500 Thimens Blvd, Montreal, QC, Canada.

On July 15, 2021, NanoXplore Inc. graduated from the Toronto Stock Exchange ("TSX") Venture Exchange to the TSX. NanoXplore is still traded under "GRA" and is also listed on the OTCQX and traded under "NNXPF".

The Company has the following subsidiaries:

- NanoXplore Switzerland Holding SA ("NanoXplore Switzerland"), based in Switzerland, with an equity interest of 100% [2020 – 100%]. NanoXplore Switzerland holds 100% of CEBO Injections SA ("CEBO").
- NanoXplore Holdings USA, Inc. ("NanoXplore Holdings USA"), based in the United States, with an equity interest of 100% [2020 – none]. NanoXplore Holdings USA holds 100% of NanoXplore USA, Inc.
- Sigma Industries Inc. ("Sigma"), based in Canada, with an equity interest of 100% [2020 – 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.

On April 1, 2021, VoltaXplore Inc. ("VoltaXplore") was incorporated. On April 14, 2021, NanoXplore and Martinrea Innovation Developments Inc., a wholly-owned subsidiary of Martinrea International Inc. ("Martinrea"), formed a joint venture through VoltaXplore, a battery-based initiative to service the electric transportation and grid storage market.

BUSINESS HIGHLIGHTS

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of the 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.

The COVID-19 pandemic and its negative collateral effects on the supply of materials and the availability of labor continued 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, and 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.

The discovery of several effective vaccines and their deployment allows us to hope for an end to the crisis. Until the situation is stable, the Company will continue to respond in a measured, prudent and decisive manner with continued emphasis on health and safety, cash conservation and the maintenance of its liquidity position.

Consent order for GrapheneBlackTM

On August 16, 2021, the Company entered into a consent order with the U.S. Environmental Protection Agency ("EPA") under the Toxic Substances Control Act (TSCA) (the "Consent Order"), which Consent Order allows for the commercial use of its GrapheneBlack™ as an additive for thermoplastics, thermosets and rubbers, with no annual volume limitation.

Graphene supply and distribution agreement

On June 16, 2021, the Company entered into a multiyear agreement to supply GrapheneBlack™ grade of products to Techmer PM, LLC ("Techmer PM"), which agreement includes a customer-based exclusivity. Based in Tennessee, Techmer PM is one of the largest plastic compounders in North America, specializing in modifying and fine-tuning the properties of technical polymers. Supported by worldwide manufacturing capabilities, Techmer PM will market its graphene-enhanced plastic compounds to a variety of industries in a number of diverse end uses and applications. Graphene can deliver a host of benefits to various plastic formulations, to include boosting the strength of recycled resins, improving electrical conductivity properties, enabling lightweighting, and enhancing both barrier effectiveness and chemical resistance. Techmer PM's aim is to provide the highest performance properties possible across a wide spectrum of compounds and end products, which makes this agreement a significant technology collaboration for the Company.

On June 23, 2021, the Company entered into a multi-year supply and distribution agreement with Gerdau Grafeno LTDA ("Gerdau Graphene"), a wholly-owned subsidiary of Gerdau S.A. ("Gerdau"). Gerdau is Brazil's largest steel producer and one of the leading producers of long steel in America, as well as special steel in the world. Gerdau Graphene was incorporated by Gerdau to develop and market products based on graphene applications on an industrial scale in the Americas region. Gerdau Graphene benefits from its parent company's existing customer and supplier relationships, allowing it to leverage synergies between graphene operations and existing sales, procurement, and technical application channels.

Advance debt payment

During the current quarter, the Company made advance payments of $1,948,398 on its long-term debt to improve its financial position.

Property held for sale

In June 2021, the Company decided to strategically sell two properties, which are located in Tennessee (United States) and Quebec (Canada). The sale of the property located in Tennessee was completed on August 24, 2021 and the sale of the other property located in Quebec was completed on October 8, 2021. A gain on disposal of the property located in Quebec has been accounted for an amount of approximately $1,600,000.

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, 2021 $	As at June 30, 2021 $	As at June 30, 2020 $
Consolidated Statements of Financial Position			
Cash and cash equivalents	**43,487,643**	50,524,583	33,796,686
Accounts receivable and contract asset	**14,593,501**	12,733,190	11,202,100
Inventory	**11,464,608**	11,036,407	7,116,492
Investment in a joint venture	**3,925,318**	3,983,059	—
Right-of-use assets	**6,353,275**	4,885,169	5,878,706
Property, plant and equipment and equipment deposits	**53,016,531**	55,225,547	50,774,739
Intangible assets and goodwill	**3,895,373**	3,814,610	3,803,674
Total assets	**139,734,182**	145,301,924	113,647,870
Operating loans	**2,364,850**	1,343,300	2,152,568
Long-term debt, lease liability and Convertible debentures	**22,984,083**	21,227,187	34,837,002
Total liabilities	**40,997,964**	42,315,002	52,680,608
Shareholders' equity	**98,736,218**	102,986,922	60,967,262

	Three-month periods ended September 30	
	2021 $	2020 $
Revenues	**18,818,446**	15,576,667
Loss	**(4,730,631)**	(1,218,708)
Basic loss per share	**(0.03)**	(0.01)

	Three-month periods ended September 30	
	2021 $	2020 $
Consolidated Statements of Cash Flows		
Operating activities	**(6,952,913)**	(1,353,018)
Financing activities	**(688,026)**	(1,455,191)
Investing activities	**584,092**	(4,744,221)
Net change in cash and cash equivalent before net effect of currency exchange rate	**(7,056,847)**	(7,552,430)

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

CONSOLIDATED OPERATIONS

	Three-month periods ended September 30			
	2021	2020	Variation	
	$	$	$	%
Revenues				
Revenues from customers	**17,830,017**	13,207,898	4,622,119	35%
Other income	**988,429**	2,368,769	(1,380,340)	(58%)
	18,818,446	15,576,667	3,241,779	21%
Expenses				
Cost of sales	**17,293,847**	11,003,991	6,289,856	57%
Research and development expenses	**843,636**	750,728	92,908	12%
Selling, general and administrative expenses	**3,642,728**	2,942,054	700,674	24%
Share-based compensation expenses	**171,941**	77,598	94,343	122%
Depreciation (production)	**1,138,020**	1,145,710	(7,690)	(1%)
Depreciation (other)	**330,563**	332,427	(1,864)	(1%)
Amortization	**133,124**	137,290	(4,166)	(3%)
Foreign exchange	**82,524**	(126,169)	208,693	(165%)
	23,636,383	16,263,629	7,372,754	45%
Operating loss	**(4,817,937)**	(686,962)	(4,130,975)	601%
Gain on disposal of property, plant and equipment	**322,081**	—	322,081	100%
Interest on operating loans, long-term debt and convertible debentures	**(188,326)**	(519,963)	331,637	(64%)
Interest accretion on lease liability	**(113,351)**	(105,635)	(7,716)	7%
Interest revenue	**81,241**	68,703	12,538	18%
Share of loss of a joint venture	**(57,741)**	—	(57,741)	100%
Loss before income taxes	**(4,774,033)**	(1,243,857)	(3,530,176)	284%
Current income taxes expense	**(79,366)**	(34,407)	(44,959)	131%
Deferred income taxes recovery	**122,768**	59,556	63,212	106%
	43,402	25,149	18,253	73%
Loss	**(4,730,631)**	(1,218,708)	(3,511,923)	288%
Other comprehensive loss				
Items that may be subsequently reclassified to profit and loss:				
Exchange differences on translation of foreign subsidiaries	**(9,842)**	(5,316)	(4,526)	85%
Items that will not be reclassified to profit and loss:				
Retirement benefits – Net actuarial gains (losses)	**105,421**	(272,980)	378,401	(139%)
Total comprehensive loss	**(4,635,052)**	(1,497,004)	(3,138,048)	210%
Loss per share				
Basic and diluted	**(0.03)**	(0.01)		

RESULTS OF OPERATIONS VARIANCE ANALYSIS

Revenues

Revenues from customers during the current quarter were negatively impacted as some of our major customers had to slow down their production cadence due to supply issues (semiconductors among others) while other customers have still not regained their pre-pandemic levels (coach buses and industrial sectors).

Revenues from customers increased from $13,207,898 in 2020 to $17,830,017 in 2021. This increase is mainly explained as follows:

- During this quarter, we have the full impact of revenues from the Continental Structural Plastics-Newton plant ("CSP Newton Plant") as the acquisition was completed on September 11, 2020;
- During last year's quarter, our customers were strongly impacted by the pandemic; and
- Fluctuating tooling revenues were higher in 2021 compared to 2020.

Other income decreased from $2,368,769 in 2020 to $988,429 in 2021. The decrease is explained by the Canada Emergency Wage Subsidy ("CEWS") program set up by the Canadian Federal government to help businesses deal with the COVID-19 pandemic. The Company received $798,641 under this program during 2021 compared to $2,183,492 in 2020.

Loss

The loss increased from $1,218,708 in 2020 to $4,730,631 in 2021. This variation of $3,511,923 is mainly explained as follows:

- Despite an increase in sales, the gross margin is down by $1,667,737 compared to last year.
    - There has been significant increase in the cost of raw materials which we have been able to partially pass on to our customers;
    - Like many manufacturing companies, we are facing a labour shortage. We had to use personnel agencies, work overtime hours and rely more heavily on outsourcing. This had a negative impact on labour costs and consequently, on productivity;
    - Moreover, the FX (USD/CAD) negatively impacted the gross margin;
- A decrease of $1,384,851 in government assistance received from the Canadian federal government through its CEWS program; and
- Higher administrative expenses (SG&A and R&D) of $700,674 mainly due to the addition of strategic new positions, the addition of the CSP Newton Plant's expenses and an increase in salaries.

SUMMARY OF QUARTERLY RESULTS

The table below presents selected financial data for the eight most recently reported quarters. This unaudited quarterly information has been prepared in accordance with IFRS.

		Revenues $	Loss $	Basic and diluted loss per share $	
Q1-2022	September 30, 2021	18,818,446	(4,730,631)	(0.03)	**Note 1**
Q4-2021	June 30, 2021	20,886,168	(3,311,591)	(0.02)	**Note 2**
Q3-2021	March 31, 2021	18,421,736	(3,873,781)	(0.03)	
Q2-2021	December 31, 2020	17,463,831	(3,403,581)	(0.02)	**Note 3**
Q1-2021	September 30, 2020	15,576,667	(1,218,708)	(0.01)	**Note 4**
Q4-2020	June 30, 2020	12,568,227	(682,833)	(0.01)	**Note 5**
Q3-2020	March 31, 2020	14,866,180	(2,993,379)	(0.02)	**Note 6**
Q2-2020	December 31, 2019	17,733,510	(2,266,153)	(0.02)	**Note 7**

Note 1 The loss was higher than usual given less CEWS received and lower gross margin due to increases in raw material and labour costs.

Note 2 Higher revenues are mainly explained by fluctuating tooling revenues.

Note 3 The increase in revenues is explained by the business acquisition of the CSP Newton Plant, completed on September 11, 2020. The pandemic is still negatively impacting our revenues. We also received government assistance of $944,112 from the Canadian federal government through its CEWS program. The loss was higher than usual given less CEWS received, a negative FX (USD/CAD) impact and higher selling, general and administrative expenses is explained by the addition of strategic new positions, the addition of the CSP Newton Plant and higher salary expenses.

Note 4 Resumed activity has been observed among our customers, which explains an increase in revenues compared to the previous quarter, but the pandemic still negatively impacted our revenues. We also received government assistance of $2,183,492 from the Canadian federal government through its CEWS program. Although the COVID-19 pandemic negatively impacted the quarterly results, the loss was less significant than expected given the CEWS received.

Note 5 The decrease in revenues is explained by the negative impact of the COVID-19 pandemic partially offset by government assistance of $1,978,638 from the Canadian federal government through its CEWS program. Although the COVID-19 pandemic negatively impacted the quarterly results, the loss was less significant than expected given the CEWS and the cost reduction plan put in place during the period.

Note 6 The decrease in revenues is mainly explained by a decline in the transportation market (particularly trucks).

Note 7 The decrease in revenues is mainly explained by a decline in the transportation market (particularly trucks).

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

CONSOLIDATED FINANCIAL POSITION

	As at September 30, 2021 $	As at June 30, 2021 $	Variation $	Main reasons for significant variation
Assets				
Cash and cash equivalents	**43,487,643**	50,524,583	(7,036,940)	Refer to section Cash Flows
Accounts receivable and Contract asset	**14,593,501**	12,733,190	1,860,311	
Inventory	**11,464,608**	11,036,407	428,201	
Investment on joint venture	**3,925,318**	3,983,059	(57,741)	
Right-of-use assets	**6,353,275**	4,885,169	1,468,106	New leaseback with Newton building
Property, plant and equipment, and equipment deposits	**53,016,531**	55,225,547	(2,209,016)	Mainly due to the disposal of Newton building
Property held for sale	**1,250,816**	2,424,351	(1,173,535)	Building located in Tennessee was sold
Intangible assets	**3,435,209**	3,354,446	80,763	
Goodwill	**460,164**	460,164	—	
Other assets	**1,747,117**	675,008	1,072,109	Prepaid expenses increase due to insurance premium payment
Total assets	**139,734,182**	145,301,924	(5,567,742)	
Liabilities and Shareholders' Equity				
Liabilities				
Accounts payable, accrued liabilities and income taxes payable	**9,812,387**	15,229,027	(5,416,640)	Payment of the balance of purchase price of CSP Newton Plant, payment of variable compensation and payment timing
Deferred grant	**341,429**	—	341,429	
Contract liability	**2,938,633**	1,740,789	1,197,844	
Operating loans	**2,364,850**	1,343,300	1,021,550	
Defined benefit liabilities	**732,987**	811,316	(78,329)	
Long-term debt and lease liability	**22,984,083**	21,227,187	1,756,896	Increase is mainly due to the new leaseback with Newton building offset by advance debt payment
Long-term debt directly associated with property held for sale	**1,021,231**	1,035,431	(14,200)	
Deferred taxes liabilities	**802,364**	927,952	(125,588)	
Total liabilities	**40,997,964**	42,315,002	(1,317,038)	
Shareholders' Equity				
Share capital	**140,372,998**	140,067,376	305,622	
Reserve	**3,959,281**	3,880,555	78,726	
Foreign currency translation reserve	**78,331**	88,173	(9,842)	
Deficit	**(45,674,392)**	(41,049,182)	(4,625,210)	
Total shareholders' equity	**98,736,218**	102,986,922	(4,250,704)	
Total liabilities and shareholders' equity	**139,734,182**	145,301,924	(5,567,742)	

CASH FLOWS

	Three-month periods ended September 30			
	2021	**2020**	**Variation**	
	$	**$**	**$**	**%**
Cash generated (used) in operating activities prior to changes in non-cash working capital items	**(2,756,078)**	567,027	(3,323,105)	(586%)
Changes in non-cash working capital items	**(4,196,835)**	(1,920,045)	(2,276,790)	119%
Operating activities	**(6,952,913)**	(1,353,018)	(5,599,895)	414%
Financing activities	**(688,026)**	(1,455,191)	767,165	(53%)
Investing activities	**584,092**	(4,744,221)	5,328,313	(112%)
Net effect of currency exchange rate on cash and cash equivalents	**19,907**	8,495	11,412	134%
Net change in cash and cash equivalents	**(7,036,940)**	(7,543,935)	506,995	(7%)

Operating activities

Cash flows used in operating activities prior to changes in non-cash working capital items was $2,756,078 in 2021 compared to cash flows generated of $567,027 in 2020. This variation of $3,323,105 is mainly explained by the year-over-year $3,511,923 loss increase which is due to a lower amount received from the CEWS program and a lower gross margin as explained in previous section of Results of operations variance analysis.

Changes in non-cash working capital items decreased by $4,196,835 for the three-month period ended September 30, 2021. The decrease is explained by a reduction of accounts payable and accrued liabilities of $2,847,104 mainly due to the payment of the variable compensation and timing in payment of inventory purchase. It is also explained by an increase of the accounts receivable and contract asset of $1,568,039 mainly due to timing.

Financing activities

Cash flows used in financing activities were $688,026 in 2021 compared to $1,455,191 in 2020. During 2021, repayment of $3,154,354 was completed on long-term debt and lease liability, which included advance debt payment of $1,948,398. This was offset by lease incentive received of $1,253,921, by an increase of $1,000,000 on operating loans and by stock options exercised for proceeds of $212,407. During 2020, repayment of $1,496,591 was completed on long-term debt, operating loans and lease liability. Repayment of long-term debt was higher in 2021 than 2020 as, due to the pandemic, our banks authorized a moratorium on payments last year.

Investing activities

Cash flows generated in investing activities were $584,092 in 2021 compared cash flows used of $4,744,221 in 2020. During 2021, the Company sold two buildings for an amount of $5,325,052, which was offset by a payment of $2,051,304 for the balance of purchase price of the assets of CSP Newton Plant, and a payment of $2,567,154 for capital expenditures which are mostly related to expenditures of composites equipment. During 2020, $2,303,450 was paid for acquiring the assets of CSP Newton Plant, and $2,440,771 was paid for capital expenditures which were mostly related to expenditures of the extruding line of the graphene plant.

LIQUIDITY AND CAPITAL RESOURCES

Throughout the COVID-19 pandemic, the Company has taken controlled and measured actions to preserve liquidity, including flexing and reducing its cost base, eliminating discretionary spending across its global footprint and delaying capital spending where and when appropriate. In addition, the Company enhanced its liquidity position with public financing for net proceeds of $43,382,567 during the financial year 2021. As at September 30, 2021, the Company had total liquidity of $51,005,413, including cash and cash equivalents and availability under the Company's operating loans.

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 impact of COVID-19 and the speed of introduction of graphene products into different industries. The graphene commercial activity is in the commercial introduction 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 commercial introduction of the graphene is delayed. The Company's main sources of funding have been the issuance of equity securities for cash, debt, and funds from the government of Quebec with respect to R&D tax credits, from Sustainable Development Technology Canada ("SDTC") and from the CEWS program.

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, 2021 and 2020.

Management believes that the Company will be able to meet its obligations with cash on hand, cash flows from operations and drawdowns under existing credit facilities.

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 for the years ended June 30, 2021 and 2020. These identified financial instruments and risks are consistent through the period.

OUTSTANDING SHARES

As at November 10, 2021, the Company has:

- 158,123,059 common shares issued and outstanding;
- 3,715,466 options outstanding with expiry dates ranging between January 2, 2022 and September 21, 2026 with exercise prices between $0.45 and $6.44. If all the options were exercised, 3,715,466 shares would be issued for cash proceeds of $6,641,860.

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, 2021 and 2020.

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, 2021 and 2020.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and judgments about the future. Management periodically reviews these estimates, which are based on historical experience, changes in the business environment and other factors, including expectations of future events, that management considers reasonable under the circumstances. The estimates involve judgments we make based on the information available. However, accounting estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market events or to circumstances beyond the Company's control. Such changes are reflected in the assumptions when they occur. This discussion addresses only those estimates that we consider important based on the degree of uncertainty and the likelihood of a material impact if we had used different estimates. There are many other areas in which we use estimates about uncertain matters.

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 estimates and judgments in applying accounting policies" in the note 2 in the audited consolidated financial statements for the years ended June 30, 2021 and 2020. 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, 2021 and 2020.

FUTURE CHANGES IN ACCOUNTING POLICIES

Certain 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, 2021 and 2020 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 meets 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.

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