ANNUAL INFORMATION FORM

SEPTEMBER 18, 2024

For the year ended June 30, 2024

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Except as otherwise indicated, and with the exception of information presented in the documents referred to in this Annual Information Form that were completed on another date, this Annual Information Form presents the results for the year ended June 30, 2024 and all amounts are expressed in Canadian dollars.

1. FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Information Form constitute forward-looking statements. These statements relate to future events or future performance of the Corporation, business prospects or opportunities and product development. All statements other than statements of historical facts may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. 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.

The Corporation believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. These statements speak only as of the date of this Annual Information Form. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the ability for the Corporation to market and sell its products, the relationship with marketing partners and suppliers, the ability for the Corporation to attract capital and other financial risks, business and economic conditions, the ability to attract and retain skilled staff, competition, tax benefits and tax rates, as well as foreign currency exchange rates.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the following risk factors described under the heading “RISK FACTORS” in this Annual Information Form, which reflect, to the Corporation’s knowledge, the material risks and uncertainties it faced as of June 30, 2024:

- Global Economic Issues;
- Revenue from Graphene Sales;
- Long and Complex Sales Cycle;
- Product Development and Technological Change;
- Market Development and Sustained Growth;
- Liquidity Concerns and Future Financing;
- Laws and Regulations, Licenses and Permits;
- Intellectual Property;
- Dependence on Management and Key Personnel;
- Qualified Employees;
- Competition;
- Cybersecurity Threats;
- Share Price Fluctuations;
- Cost Absorption and Purchase Orders;
- Acquisitions;
- Launch and Operational Costs;
- Cyclical Risks;
- Product Warranty, Recall and Liability Risk;
- Material and Commodity Prices;
- Quote/Pricing Assumptions;
- Uninsured Risks;
- Foreign Exchange;
- Litigation;
- Lithium-ion battery cells, which have been observed to catch fire or vent smoke and flame; and
- Supply Chain Dependence and Disruption.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Corporation cautions that the foregoing list of risk factors is not exhaustive. Investors and others who base themselves on the Corporation's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The reader must not unduly rely upon the Corporation’s prospective statements.

Further, the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, except as may be required by applicable laws.

2. CORPORATE STRUCTURE

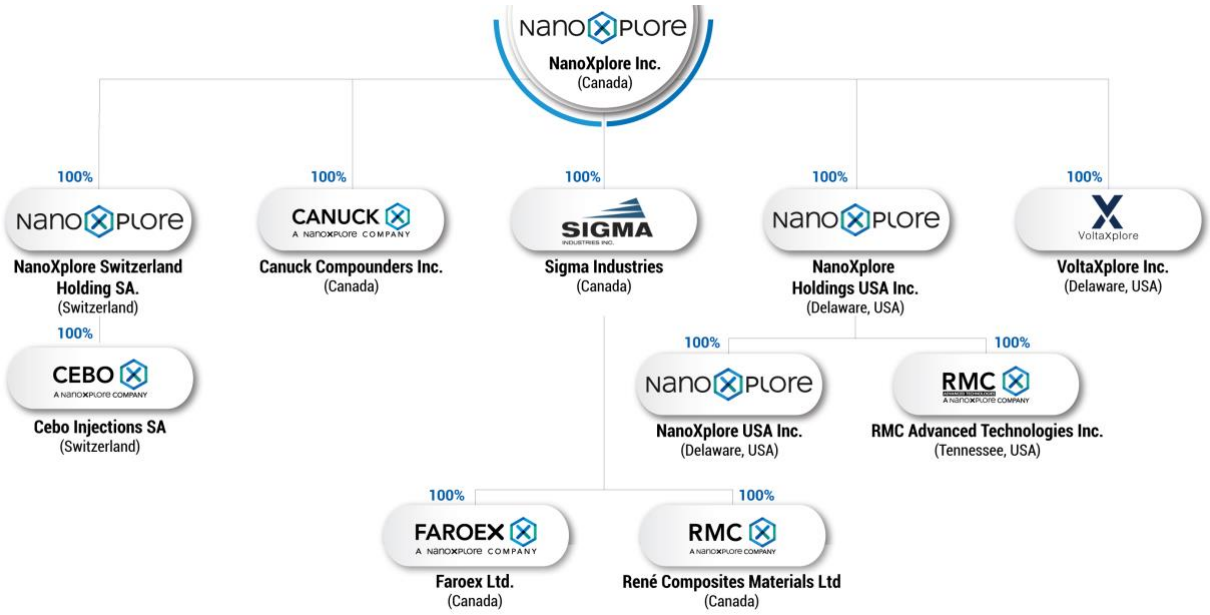
NAME, ADDRESS AND INCORPORATION

NanoXplore Inc. ("**NanoXplore**" or the "**Corporation**") was incorporated on May 5, 1995 under the *Business Corporations Act* (Alberta). On August 17, 2012, the Corporation, formerly known as Graniz Mondal Inc. ("**Graniz**"), was continued under the *Canada Business Corporations Act* ("**CBCA**").

On August 29, 2017, the Corporation completed a three-cornered amalgamation involving Graniz, Group NanoXplore Inc. and 9363-0770 Québec Inc., which constituted a reverse takeover of Graniz by Group NanoXplore Inc. under the policies of the TSX Venture Exchange (the "**RTO**"). Pursuant to the RTO, Graniz changed its name to NanoXplore Inc., merged with Group NanoXplore Inc. and since then operates as "NanoXplore Inc."

NanoXplore is now listed on the Toronto Stock Exchange ("**TSX**") and is trading under the symbol "GRA". It is also listed on the OTCQX and is trading under "NNXPF". The Corporation's head and registered office is located at 4500 Thimens Blvd, Montréal, Québec H4R 2P2.

INTERCORPORATE RELATIONSHIPS



3. GENERAL DEVELOPMENT OF THE BUSINESS

NanoXplore is a graphene company, a manufacturer and supplier of high-volume graphene powder for use in industrial markets. The Corporation provides standard and custom graphene-enhanced plastic and composite products to various customers in transportation, packaging, electronics, and other industrial sectors. The Corporation is also a silicon-graphene-enhanced Li-ion battery manufacturer for the Electric Vehicle and grid storage markets. NanoXplore is headquartered in Montréal, Québec with manufacturing facilities in Canada, the United States and Switzerland.

YEAR ENDED JUNE 30, 2022

Graduation to the Toronto Stock Exchange

On July 15, 2021, NanoXplore's Common Shares began trading on the TSX, following its graduation from the TSX Venture Exchange.

EPA Approval

On August 13, 2021, NanoXplore's U.S. subsidiary RMC Advanced Technologies Inc. entered into a consent order with the U.S. Environmental Protection Agency under the *Toxic Substances Control Act* (TSCA), which consent order allows for the commercial use of its GrapheneBlack™ as an additive for thermoplastics, thermosets and rubbers, with no annual volume limitation.

Acquisition of Canuck Facility

On December 15, 2021, the Corporation acquired all of the issued and outstanding shares of Canuck Compounders Inc. ("Canuck") for a total cash consideration of approximately $9.3 million subject to post-closing adjustments, which represents a multiple of approximately five times of the average EBITDA of the last three years. Canuck, a privately held plastic recycling compounder for the past 30 years, provides sustainable and engineered recycled plastic compounds for use in transportation, building and construction, agriculture and packaging markets. Canuck's manufacturing facility, based in Cambridge, Ontario, has a production capacity of approximately 40 million pounds annually.

Commercial Activities

The Corporation and Solmax Group Inc. formalized their business relationship after five years of collaboration and innovation through a blanket purchase order.

The Corporation and Molding Products LLC entered into a long-term supply agreement to produce and sell graphene-enhanced Sheet Molding Compound called GrapheneBlack™ used to create high quality, lightweight composite exterior and battery enclosure parts for cars and trucks, such as hoods, bumpers, roofs, and battery packs.

Financing Activities

On February 24, 2022, the Corporation completed a "bought deal" private placement for total gross proceeds of $30,001,200, by the issuance of 6,522,000 Common Shares of the Corporation at a price of $4.60.

CORPORATE UPDATE

Joint Venture with Martinrea International Inc.

In January 2022, the Corporation and Martinrea International Inc. ("Martinrea") have provided $1,000,000 each in cash to VoltaXplore Inc. ("**VoltaXplore**"), a joint venture formed in 2021, as for the continued support of a battery demonstration facility.

In March 2022, VoltaXplore announced the commissioning of its one megawatt-hour demonstration facility in Montreal, Quebec. The facility is producing batteries, which are currently being optimized.

YEAR ENDED JUNE 30, 2023

CORPORATE UPDATE

On July 4, 2022, Nathalie Pilon tendered her resignation as board member of NanoXplore.

On July 18, 2022**,** Pedro Azevedo was appointed as Chief Financial Officer as replacement for Luc Veilleux.

On November 15, 2022, Catherine Loubier was appointed as board member of NanoXplore.

On April 6, 2023, Jodie Morgan tendered her resignation as board member of NanoXplore.

On April 6, 2023, Joseph G. Peter was appointed as board member of NanoXplore.

COMMERCIAL ACTIVITIES

On November 14, 2022, NanoXplore unveiled its 5-year strategic plan.

On March 24, 2023, Martinrea International Inc. and NanoXplore agreed to extend their existing graphene commercial agreement by another 5 years to 10 years.

Acquisition of XG Sciences

On August 25, 2022, the Corporation purchased a significant portion of the assets of XG Sciences Inc. ("XG or XG Sciences") for an amount of US$3,000,000 in a sale conducted by XG's senior secured creditor pursuant to Article 9 of Michigan's enactment of the Uniform Commercial Code. The Corporation and the senior creditor entered into an asset purchase agreement pursuant to which the Corporation acquired XG's mechanical milling platform, research and development lab and all issued and pending patents and trademarks, among other items.

Joint Venture with Martinrea

On March 24, 2023, the Corporation announced NanoXplore's purchase of Martinrea Innovation's 50% equity stake in VoltaXplore Inc. ("VoltaXplore") for an aggregate equity consideration of $10 million. NanoXplore now owns 100% of the equity and intellectual property in VoltaXplore.

Corporate structuring

The Corporation proceeded, effective July 2nd, 2023, with a restructuring of its US entities, in an effort to simplify its corporate structure and implement a tax efficient structure.

Year Ended June 30, 2024

Corporate update

On September 20, 2023, Jesse C. H. Stanley was appointed as board member of NanoXplore.

Commercial Activities

On August 31, 2023, NanoXplore concluded an agreement with a well-known heavy commercial OEM for supply of Li-Ion batteries.

On September 20, 2023, NanoXplore won a new business representing $24M in sales at mature volume.

On November 22, 2023, NanoXplore unveiled a large-scale dry process for manufacturing of graphene

On December 13, 2023, NanoXplore announced the successful commissioning of graphene-enhanced silicon and active material pilot line.

On January 30, 2024, NanoXplore announced the expansion of its facility located in Beauce, Québec.

Financial Update

On November 27, 2023, NanoXplore received TSX approval for the adoption of a normal course issuer bid program.

On April 30, 2024, NanoXplore closed a $60M new credit facility with Royal Bank of Canada as lender.

2025 Outlook

NanoXplore's focus remains on further commercialization of graphene powder and pre-mixed graphene enhanced thermoplastic and thermoset products for the transportation, packaging (non-food), building, construction, industrial, battery material, and electronic packaging markets. NanoXplore will also start its production of battery material. Additionally, through VoltaXplore, NanoXplore will focus on manufacturing proprietary silicon-graphene additives and high-performance cylindrical lithium-ion batteries. Furthermore, NanoXplore continues its development to establish a graphite based active anode material (AAM) manufacturing facility. AAM production process has a yield of nearly 50%, meaning that half of graphite input will be converted into a product called Coated Spherical Purified Graphite (CSPG) and the other half will be small chips of graphite. The Corporation will use these small chips of graphite as feedstock for production of graphene through a proprietary process called Dry Exfoliation.

4. DESCRIPTION OF THE BUSINESS

The Corporation was formed for the purpose of commercializing technology to produce graphene and value-added products containing graphene. First isolated and characterized in 2004, graphene is a single layer of carbon atoms configured in an atomic-scale honeycomb lattice. Among many noted properties, monolayer graphene is harder than diamonds, lighter than steel but significantly stronger, and conducts electricity better than copper. Graphene has unique capabilities for energy storage, thermal conductivity, electrical conductivity, barrier properties, lubricity, and the ability to impart physical property improvements when incorporated into plastics, composites or other matrices. The Corporation's business model is based on bringing innovative solutions to market using high quality graphene powders. Such advanced material provides a substantial added value to final products. The Corporation's current product offerings are reflected in Fig 1.

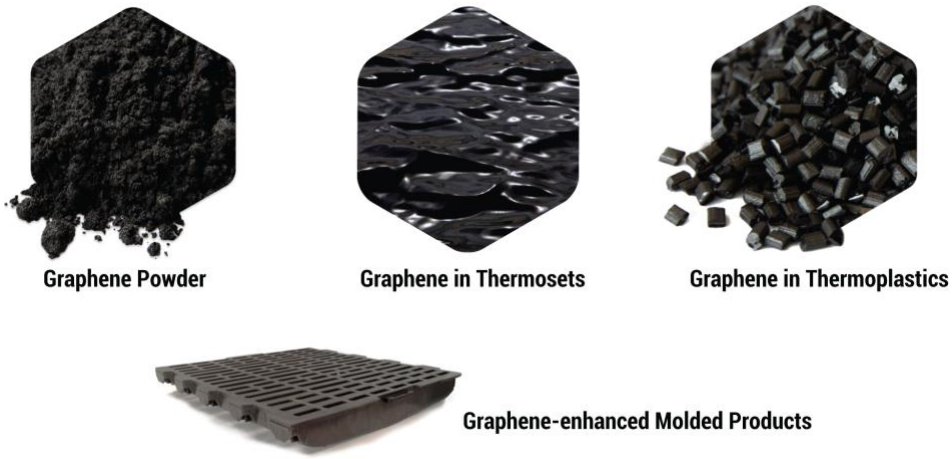


Fig 1: The Corporation's product offering

NanoXplore believes that the unique properties of graphene will enable numerous new product applications and the market for such products will grow at a rapid pace, creating significant market opportunities. The Corporation's business model is to design, manufacture and sell graphene powder under the name "GrapheneBlack™" and value-added intermediary products incorporating GrapheneBlack™, such as graphene enhanced thermoplastics (e.g. Polyethylene and Nylon), and graphene enhanced thermosets (e.g. Polyester), and molded plastic and composite products.

- **Graphene powder and battery materials**

Although the nascent commercial market for graphene-based products is currently small, within the next 10 years, the market is anticipated to achieve unprecedented growth rates through technological advancements. The global graphene market size is expected to gain momentum by reaching US$2,864,100,000 [$3,769,892,083] by 2027, while exhibiting a compound annual growth rate of 39% between 2020 and 2027, according to a study report published in August 2020 by Fortune Business Insights, titled "Graphene Market Size, Share & COVID-19 Impact Analysis, By Product, By End-Use, and Geography Forecast, 2020-2027". The Corporation believes this rapid growth to be attributable in part to the increasing demand for sustainability solutions.

IDTechEx, in its market report published in November 2020 titled "Graphene Market & 2D Materials Assessment 2021-2031", explained that the necessity for improved thermal management, sustainability (with the role of graphene being to enable the use of recycled polymers, energy storage systems, and even concrete), lightweighting and improved product lifetime, will be the key market drivers for graphene.

Currently, thermal management, composites, and energy storage are the largest segments of the graphene market, while composites and energy storage will be the largest segment of the graphene market by 2031 by volume and revenue, according to IDTechEx's report titled "Graphene Market: Orders arrive, consolidation awaits". The Corporation is also involved with producing carbon-based battery materials such as graphene and graphite-based anode materials, such as graphene and graphite Anode Active Material (AAM), graphene based conductive additives for anodes and cathodes, and graphene-enhanced silicon additives for anodes.

- **Concentrates and intermediary products**

In order to benefit from the superior properties of graphene, it is important to mix graphene effectively into different matrices such as thermoplastics and thermosets. Such mixing activities (dispersion) are essentially a complex chemical process in which interfacial reaction between graphene and the matrix is improved. The key to the successful commercialization of graphene is to transfer the properties of graphene to the final product. The interface between graphene particles and matrix is of particular importance as it acts as a bridge. As these mixing processes are highly complex, the Corporation offers graphene pre-mixed products, either internally or through its partners, to simplify the use of its products by customers.

NanoXplore's products are especially appropriate in material composites requiring improved:

  - Mechanical and structural properties;
  - Thermal and/or electrical conductivity; and
  - Wear and abrasion resistant and long-lasting surface properties

- **Graphene enabled plastic and composite parts**

During the past several years, NanoXplore has acquired plastic and composite manufacturing assets and companies, which enabled the Corporation to develop graphene enhanced products for the transportation and the building, construction and industrial markets and introduce graphene to real-world applications. These plastic and composite activities allowed NanoXplore to effectively develop and showcase the benefits of graphene to OEMs. NanoXplore is actively developing products through its acquisitions and has been successful in introducing graphene into products of these acquired companies. Furthermore, these acquisitions strengthened the balance sheet of the Corporation.

The plastic and composite activities of NanoXplore are focused on closed mold processes for a variety of applications and industries in North America and Europe. These range from precision injection molding for the automotive, medical, electro-mechanical and watch-making markets, to closed-mold sheet molding compound ("**SMC**"), reaction injection molding polydicyclopentadiene ("**DCPD**") and resin transfer molding composite parts for the transportation and industrial markets. These include SMC and DCPD parts for trucks and handlers, as well as composite bus flooring. In addition, NanoXplore produces pultruded composite and injected plastic parts for the public transit, wind and agriculture markets.

- **Batteries**

Our research and development, during the last few years along with successful commissioning of VoltaXplore 1MWh battery production facility, enabled us to start supplying Li-ion batteries to interested parties for testing. The facility is capable of producing battery cells with 18650 and 21700 formats, which are the desired formats for the energy storage market. These batteries are produced with a wide variety of attributes, such as batteries for high power applications and batteries for long life applications. Our graphene-enhanced silicon additives enhance the energy density of the high-power batteries while our innovative carbon-based anode materials provide stability and long cycle life. The Corporation is specialized in adjusting battery materials and designs to meet customer's energy storage requirements.

TARGET MARKETS

The Corporation is focused on four target markets to sell its graphene products and solutions.

Transportation

- Large and diverse market with potential for performance elevation by graphene, such as applications in interiors, composite body panels, and energy storage for electric vehicles; furthermore, graphene enhanced recycled plastics are finding their way in several under the hood and interior parts of the vehicles providing a market pull for the Corporation's business;
- Product and design validation process is lengthy; however, the potential growth is significant as graphene offers several added values, such as weight reduction;
- Product offerings are graphene enhanced thermoplastic and thermoset concentrates and molded plastic and composite parts.

Packaging (non-food contact)

- Sustainability and increased consumption of recycled plastic is the main driver for graphene in this market, as graphene assists with the reusability of plastics;

- Regulatory approval process can be lengthy for food-contact applications, which explains the Corporation's initial focus on non-food contact applications;
- Product offerings are graphene powder and graphene enhanced thermoplastic concentrates.

Building, Construction and Industrial

- Sustainability and increased consumption of recycled plastic is the main driver for graphene in this market, as graphene assists with several added values, such as enabling the use of higher concentration of recycled plastics in the products, improved mechanical properties, and enhanced humidity barrier properties; in addition, graphene enhanced concretes are slowly being introduced to the construction market, which present a significant growth opportunity;
- Depending on the application, certification process length varies; however, the Corporation is focused on applications with shorter certification processes;
- Product offerings are graphene powder and graphene enhanced thermoplastic concentrates.

Battery materials

- Enhanced energy density (as a result of stabilizing silicon in the anode formulation) and charging speed (as a result of improved electrical conductivity) are the main drivers for the use of graphene in this market;
- Product offerings consist of specialty formulated graphene enhanced silicon anode, graphene enhanced conductive additives for anodes and cathode slurries, and carbon-based Anode Active Materials.

The addressable markets for the Corporation's graphene materials are large and growing.

For example, in the packaging market, according to a study report published in April 2020 by Grand View Research titled "Plastic Packaging Market Size, Share & Tends Analysis Report By Product (Bottles, Bags, Wraps & Films), By Type (Rigid, Flexible), By Application (Food & Beverages, Industrial), And Segments Forecasts, 2020-2027", the global packaging market for plastics was estimated to be US$234.14 billion in 2019 [$308.19 billion] and US$242.7 billion [$319.46 billion] in 2020, with a forecasted compound annual growth rate of 4% from 2020 to 2027. NanoXplore is involved with customers in this market, in order to increase the recycled plastic content of their products.

Additionally, in the transportation market, there is an industry-wide desire for increased light weighting technologies in vehicles. The objectives of these light weighting initiatives are to reduce fuel consumption in combustion engine vehicles and to extend battery range in electrical vehicles.

Data derived from the US Department of Energy (the "**DOE**"), in a report dated August 2010 titled "Materials Technologies: Goals, Strategies, and Top Accomplishments", indicate that, in 1977, conventional steel accounted for 75% of the weight of all materials used in the manufacture of a vehicle. By 2010, that number was down to about 65%, with a significant increase in high-strength steel, aluminium and polymer composites.

In order to meet industry light weighting targets, it is estimated that by 2035, polymer composites usage will increase to 20% of all materials used in a vehicle, up by approximately 10% from today's current usage[1]. Improvements to today's composite materials are critical for this to occur, and graphene's strength and stiffness attributes make it a good candidate for the broad adoption of polymer composites in the automotive industry.

In 2023, it is estimated that 94 million automobiles were produced globally, based on a study report published in 2024 by Statista. Assuming that the average automobile weights 1,500 kilograms[2] and based on 100 kilograms in a given automobile being comprised of polymer composites, the addition of graphene-related products in such polymer composites at just 1wt% concentration could create potential demand of over 94,000 tons for graphene.

The global battery materials market was valued at USD 58.63B in 2023 and is projected to reach USD 177.78B by 2031, according to Kings Research battery material market report while it is also projected that battery anode materials market will grow from USD 12B in 2023 to USD 46.5B in 2028, within Markets&Markets battery anode market report. Both reports represent a growing opportunity for battery materials as a whole and anode materials. The Corporation believes

[1] DOE, "Materials Technologies: Goals, Strategies, and Top Accomplishments", August 2010; Journal of Engineering Science, Volume 4, Issue 2, Hovorun T.P., Berladir K.V., Pererva V.I., Rudenko S.G., Martynov A.I., "Modern materials for automotive Industry, December 2, 2017.

[2] DOE, "Lightweighting Efforts for Sustainable Transportation", 2nd Lightweighting Summit, March 5, 2015

that its, Anode Active Material, graphene enabled products and its expertise in processing graphite into value added products pave the way for the Corporation to actively participate in this growing market.

COMMERCIALIZATION PROCESS AND DEVELOPMENT

Because graphene is a new material, most of the Corporation's customers are still in the development phase in terms of using graphene in their products. Commercialization is a process for which the exact timing is difficult to predict. It starts with internal R&D, to validate performance for an identified market or customer-specific need. The Corporation's customers then validate the performance of the Corporation's materials and determine whether they can be incorporated into their manufacturing processes. This is generally done at pilot production scale levels. The Corporation's customers then introduce products incorporating NanoXplore's materials to their own customers for further validation. After their customers have validated performance, the project may move to commercial scale production.

Every customer goes through a similar process, but will do so at varying speeds, depending on the customer, the product application, and the end-use market. Thus, it is hard to predict with any precision the start of commercial volumes orders of graphene materials or predict expected volumes over time. However, as customers move through the process, the Corporation generally receives feedback and gains greater insights regarding their commercialization plans.

Presented below are development case studies showing graphene as providing value to the Corporation's customers and partners, at levels that are either already commercial, or where levels are believed to become commercial soon.

Building, Construction and Industrial

The Corporation is developing products with customers in the building, construction and industrial markets, such as piping, roofing, construction materials such as concrete and insulation materials, agricultural products such as geotextiles, paints and coatings (for example protective and anti-corrosion coatings), etc. The Corporation started supplying graphene to this sector and expects growth within the next 24 months.

Transportation

In addition to the existing markets for Corporation's composite products, the Corporation is currently supplying graphene or graphene enhanced products in this market and is expecting rapid growth. NanoXplore's graphene products add value to interior, exterior, and under-the hood parts. Three major trends could become tailwinds for the Corporation's graphene sales activities in the transportation market. The first one is the desire for additional light weighting, the second is the electrification of the transportation sector, and the third lies upon the anti-bacterial and anti-viral properties of the Corporation's graphene.

Regarding the light weighting of the transportation sector, the Corporation's product was tested and approved by OEMs and is sold to Martinrea for use in fuel and brake lines. The addition of graphene improves the corrosion resistance of these products.

The Corporation is also developing graphene enhanced composite parts for passenger and commercial vehicles. NanoXplore's graphene is a key component in the light weighting of these parts, as adding graphene to sheet molding compounded composite parts enhances the strength, stiffness, and smoothness of the part. These attributes could create significant cost savings, resulting from a part's weight reduction and easier painting process. NanoXplore's partnership with Molding Products will assist the Corporation as it develops this market.

Regarding the anti-viral and anti-dirt properties of graphene, as further explained under the heading "**Intellectual Property**" below, the Corporation has filed a provisional patent in the United States in 2020. It also started product development based on these anti-viral and anti-dirt properties with an OEM, who has also filed a patent on this subject.

Packaging (non food-contact)

The Corporation is developing products with several potential customers active in this market. By enhancing the properties of the final plastic part, graphene allows for increased use of recycled plastics in the product. For sustainability reasons, this is of interest to several packaging companies. NanoXplore's partnership with Techmer will assist the Corporation as it develops this market.

SALES

For each of its two most recently completed financial years, the following table identifies NanoXplore's revenues from customers, on a consolidated basis:

	2024 $	2023 $
Transportation	**89,653,200**	88,067,174
Building, Construction and Industrial	**23,365,249**	22,427,811
Agriculture	**1,860,245**	1,936,069
Wind Energy	**736,281**	986,417
Other	**12,985,961**	9,283,015
Total revenues from customers	**128,600,936**	122,700,485

PRODUCTION PROCESS

The output of NanoXplore's graphene production line is a very fine fluffy black powder with particle size ranging from 5 to 35 µm. There is currently one module of 4,000 tpy already installed in the facility. Below is a description of each production step in the graphene production facility.

Raw material feed

In order to produce graphene, the process needs to combine different solids and feed them to the mills. The solids' feed is composed of natural flake graphite, water, salts and active materials. Each of the solids has to be unloaded from their respective bulk bags into storage bins. From the storage bins, the solids then must be weighed before being introduced into the feed system.

Reverse osmosis water

Reverse osmosis water is fed into each mill directly from the reverse osmosis water treatment unit.

Milling

After the addition of all the raw materials to each mill, the milling process begins. During milling, by using a mechano-chemical exfoliation process, graphite turns into graphene. The material of the tanks and the grinding media is stainless steel 316L.

After the milling process is finished, the slurry inside the mills is transferred to two agitating tanks using special pumps. The approximate quality of the run is checked using pH and particle size measurements. If the run fails the quality check, the run is transferred to the waste treatment area.

Purification

The slurry from the agitating tanks is then transferred into the purification area. This stage consists of centrifuges and small agitating tanks. The input slurry has a high pH. The first step is to reduce the pH to an acceptable range, which is lower than neutral, in order to remove all impurities. The next step is to bring the pH up to neutral, in order to have a neutralized product.

Solid liquid separation

A filter separates graphene from the liquid using suction generated by a pump. The graphene is trapped on the filter cloth of a vacuum filter and the liquid is transferred to the liquid-gas separator and transferred to the waste treatment area. The output of this stage is a wet graphene paste with around 50wt% moisture.

Drying and de-agglomeration

Using conveyors, graphene is added to a dryer. The goal is to dry the graphene with around 50wt% moisture content to under 10wt%. At the end of this drying process, graphene forms a friable cake. To turn the cake into powder and de-agglomerate it, the cake enters a secondary mill.

Further drying and classification

From the secondary mill, the graphene is dropped into an air-based drying system, with the goal to dry the graphene to have as low as 2wt% moisture content and also de-agglomerate any small, agglomerated particles. During this process, coarse products are separated from fine products. Based on the particle size of the dried products, they are separated and fed directly to the packaging area as final products.

Ternary milling

The coarse products may undergo a ternary milling process for further particle size reduction, depending upon customer needs.

Product handling, storage and packaging

The fully processed graphene products are then packaged inside the plant in small and big bags in a specific area and, from that area, are transported by forklifts to the wrapping and storage area.

Waste treatment and reverse osmosis unit

In order to minimize the amount of water consumption in the production process, a waste treatment unit followed by a reverse osmosis unit was installed. The waste treatment unit consists of:

- A wastewater tank that collects all of the waste generated throughout the system;
- A reactor, which is a tank where flocculants and other chemicals are added in order to control the pH and sediment the solid waste;
- A filter unit, which consists of multiple filters such as a filter press and ultrafiltration, to separate the solid from the liquid;
- A treated wastewater tank.

The treated wastewater is transferred from the treated tank to the reversed osmosis system. The reverse osmosis water is stored in process water tanks to be reused in the production.

Currently, NanoXplore has 1MWh battery production line within its VoltaXplore's facility in west Montreal. This facility is focused on producing Li-ion battery cells in cylindrical format. Below is a description of each production step in the battery production facility.

Electrode production

- Battery materials enter the mixing tanks and after thoroughly mixing, they will be coated on copper and aluminum foils;
- Coated electrodes follow a pressing and control quality process;
- And then coated electrodes will be slitted into different width depending on the final dimension of the battery cells.

Cell assembly

- Coated electrodes are fully dried using drying ovens;
- Electrodes and separators are rolled together to produce the core (Jelly roll) of the battery cells;
- Then Jelly roll is placed within the aluminum cylinder and electrolyte is injected in the cylinder;
- Jelly roll then electrically connected and the top cap is cramped on the cylinder.

Cell formation

Fully made cylinders undergo a formation step where they are exposed to different temperatures and charging rates.

SPECIALIZED SKILL AND KNOWLEDGE

Recruiting and retaining qualified personnel is critical to the Corporation's success. Especially if it relates to its graphene operations, finding skilled scientists and a sales team familiar with the subject matter is difficult. The number of persons skilled in the high-tech manufacturing business is limited and competition for this workforce is intense. See "*Qualified Employees*" under the heading "RISK FACTORS" below.

COMPETITIVE CONDITIONS

The plastic and composite additive markets and the energy storage markets are extremely competitive. The Corporation believes that its aggressive acquisition plan and strong R&D capabilities will keep it ahead of the competition, as it has better access to OEMs, resulting in faster qualification and integration of graphene into end-products.

The table below summarizes several important players in the graphene market and their product offering:

Competitors	Product Offering	Type	Focused Market	Location
Directa Plus	Graphene Manufacturer	Graphene nanoplatelets	Sporting Goods	North America and Asia
First Graphene	Graphene Manufacturer	Graphene nanoplatelets	Rubber	Australia
Graphenea	Graphene manufacturer	CVD Graphene and Graphene nanoplatelets	Electronics and Research	Europe
G6 Material Corp. (previous known as Graphene 3D Lab)	Graphene Manufacturer	Graphene nanoplatelets	3D Printing and Composites	North America
Haydale	Graphene functionalization	-	Composites and Medical	Europe and Asia
Group 14	Silicon additives		Anode materials	North America
Sila Nanotechnology	Silicon additives		Anode materials	North America
E-One Moli	Battery cells	High power batteries	Tools and sport cars	North America and Asia
Lyten	Graphene Battery cells	Li-sulfur batteries	Transportation	North America

COMPONENTS AND RAW MATERIALS

The main raw material needed for the production of graphene is natural flake graphite. The Corporation believes that there is currently an oversupply in the market of natural flake graphite. The Corporation's graphite is currently procured from a Canadian supplier, but graphite is also readily available from alternative sources. Furthermore, if the electric vehicles market continues to grow and use spherical graphite, NanoXplore believes that there is limited supply risk, as the required feedstock is small flake natural graphite, which is in greater availability than large flake natural graphite. All other raw materials used in the production of graphene are readily available and equipment used in the production of graphene are off-the-shelf equipment. Polyester resin and glass fiber for the production of composite parts are procured from several suppliers, with whom the Corporation has had long term commercial relationships.

INTELLECTUAL PROPERTY

NanoXplore has more than ninety (90) patents and patent applications that protect our cutting-edge technologies and processes related to graphene and anode materials and battery cell design and manufacturing. In addition to holding certain patents and pending patent applications, the Corporation relies on a combination of trade secrets, know-how, and employee confidentiality agreements to safeguard its intellectual property. The Corporation's main patent families are described below.

NanoXplore's first patent family relates to large scale production of thinned graphite, graphene and graphite-graphene composites. This patent family is directed to processes detailing various procedures for producing thinned crystalline

graphite and few layers graphene. The patents relating to this family were filed in the United States, Canada, Australia and Europe, and will expire in 2035.

NanoXplore's second patent family relates to large scale production of oxidized graphene. This patent family is directed to processes of metal hydroxide salts, oxidizers, surfactants, multiple electrolyte solutions and milling. The patents relating to this family were filed in the United States, Canada, Australia and Europe, and will expire in 2035.

NanoXplore's third patent family relates to method of compounding graphene with non-conductive particles and applications. This patent family is directed to processes detailing a method of coating non-conductive polymer particles with graphene nanoflakes. The patents relating to this family were filed in the United States, and will expire in 2037.

NanoXplore's fourth patent family relates to methods of exfoliating and dispersing graphitic material into polymer matrices using supercritical fluids. This patent family is directed to a process of melt mixing a polymer and a graphitic material, applying a supercritical fluid to the mixture, depressurizing the mixture to let the supercritical fluid escape, thereby exfoliating the graphitic material to from thinned graphitic sheets. The patents relating to this family were filed in the United States, Canada, Europe, China and Japan, and will expire in 2038.

NanoXplore's fifth patent family relates to graphene-polymer porous scaffold for stable lithium-sulfur batteries. This patent family is directed to combining functionalized graphene with a nitrogen-containing polymer to form a mixture and forming the mixture into a nanocomposite cathode. The patent was filed in the United States, and will likely expire in 2038.

NanoXplore's sixth patent family relates to a non-oxidized graphene-based anti-viral coating. It is directed at a process of mixing non-oxidized and edge-functionalized graphene with catalysts, additives, and thermosets to develop a composite with anti-viral and anti-dirt properties. It can be particularly useful against COVID-19. The patent was filed in the United States, and will likely expire in 2041.

NanoXplore's seventh patent family relates to sheet molding compound reinforced with graphene, and methods of producing the same. This patent family is directed to a composition comprising a thermoset resin with a plurality of graphene particles dispersed therein. The patents relating to this family were filed in the United States, Canada, and Mexico and will likely expire in 2041.

NanoXplore also has a strong portfolio of patents and pending patent applications on commercial-scale production of battery cells and silicon-graphene battery materials and includes proprietary cell designs, commercial-scale cell engineering know-how, innovative heat management, and electrode densification expertise.

CYCLES

A portion of the business of the Corporation is cyclical, especially as it relates to its activities in the transportation industry. It is dependent on, among other factors, general economic conditions in North America and elsewhere. See "*Cyclical Risks*" under the heading "RISK FACTORS" below.

ECONOMIC DEPENDENCE

In regard to NanoXplore's composites' parts manufacturing operations, North America is a key truck producing region for the Corporation and operating results are dependent on truck production in this region by its customers. Due to the nature of this part of the Corporation's business, it is dependent upon a few large customers such that the loss of an entire program by any of these customers, the loss of any such customers for any reason or the insolvency of any such customers, significantly reduced sales of truck platforms of such customers, or shift in market share on trucks on which it has significant content, or any significant or sustained decline in these customer's truck production volumes in North America, could significantly reduce the Corporation's ongoing revenue and/or profitability, and could materially and adversely affect the Corporation's financial condition. Although the Corporation has reduced its dependence in the past and continues to diversify its business into the future, there is no assurance that it will continue to be successful. The Corporation does not have any significant economic dependence upon its suppliers. See "*Cyclical Risks*" under the heading "RISK FACTORS" below.

ENVIRONMENT, HEALTH AND SAFETY

Large volume production of graphene requires permits and approvals from various government authorities, and is subject to extensive federal, provincial, state, and local laws and regulations governing development, production, exports, taxes, labour standards, occupational health and safety, environment and other matters. As graphene is a new chemical substance, production and sale of graphene may be subject to specific occupational health and safety and

environment regulatory approvals in different jurisdictions including, without limitations, under the *Canadian Environmental Protection Act* (Canada), the *Food and Drug Act* (Canada), the *Toxic Substances Control Act* (USA), the *Food Drug and Cosmetic Act* (USA) and the *Registration, Evaluation, Authorization and Restriction of Chemicals* (Europe). Such laws and regulations are subject to change, can become more stringent, and compliance can be costly. There can be no guarantee that the Corporation will be able to maintain or obtain all necessary licences, permits and approvals that may be required to produce or sell graphene, and such failures could have a material adverse effect on the Corporation. See "*Laws and Regulations, Licenses And Permits*" under the heading "RISK FACTORS" below.

EMPLOYEES

As of June 30, 2024, the Corporation had 438 employees.

REORGANIZATIONS

NanoXplore is the resulting entity from the RTO completed in 2017, described above under the heading "CORPORATE STRUCTURE".

Following the RTO, on November 23, 2017, the Corporation acquired all of the issued and outstanding shares of CEBO through its wholly owned subsidiary NanoXplore Switzerland Holding SA. CEBO is a Swiss-based injection molding company which provides customers with high precision and high-quality injection molded products, and serves the automotive, medical, industrial and watches manufacturing markets. CEBO has expertise in highly precise parts, over molding, insert molding, and complex and precise parts and assemblies of plastic, metal and ceramic. This acquisition was concluded in order to introduce NanoXplore's graphene-enhanced solution products into the products of CEBO.

In September 2018, the Corporation completed an arrangement under the CBCA pursuant to which it acquired all of the issued and outstanding common shares of Sigma, 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 in the United States, Canada and Europe.

On September 11, 2020, through its wholly owned indirect subsidiary RMC Advanced Technologies Inc., the Corporation acquired substantially all of the assets of CSP used in connection with its lightweight composite solutions and material business as conducted in Newton, North Carolina. This acquisition was concluded in order to expand the Corporation's business in the United States.

On December 15, 2021, the Corporation acquired all issued and outstanding shares of Canuck Compounders Inc.

On March 24, 2023, the Corporation acquired from Martinrea Innovation Developments Inc. its 50% equity stake in VoltaXplore.

5. RISK FACTORS

The Corporation has identified certain risks and uncertainties that are difficult to predict and may have a material adverse effect on its business, results of operations, or financial condition. In any such case, the market price of its Common Shares could decline, and investors may lose all or part of their investment.

The following list of risk factors is not exhaustive. Investors should carefully consider these and other risks, one or all of which may be material, before purchasing securities of the Corporation. The Corporation will, on occasion, make forward-looking statements about its expectations, its business and industry, and operations. These forward-looking statements are made at a point in time, based on certain assumptions. They are subject to change without notice as a result of the risks described herein and other risks. Investors or potential investors in the Corporation should not rely on forward-looking statements or the Corporation's historical operating performance as a prediction of actual results, and the Corporation undertakes no obligation to update forward-looking information. In addition, the Corporation operates in a rapidly changing business and economic environment, and new potentially material risk factors emerge from time to time.

GLOBAL ECONOMIC ISSUES

Current global economic conditions, which have been subject to increased volatility, may impact the Corporation's access to public financing and its ability to obtain equity or debt financing on favourable terms. The Corporation operates in a volatile economic environment. As a result, if unemployment, interest or inflation rates fluctuate substantially or increase to significant levels, they could have an impact on the Corporation's operating activities, financial position and

profitability. In addition, the Corporation is exposed to market risk related to the current global inflationary situation, as the various environmental, social, political, economic and health factors had significant consequences on the world economy. In order to reduce inflation, several central banks are now tightening their monetary policies, which has an impact on interest rates, foreign currency exchange rates and economic development. The risks of recession in one or several of the countries where the Corporation operates are growing and could have an adverse impact on the Corporation's net earnings, financial position or cash flows.

LONG AND COMPLEX GRAPHENE SALES CYCLE

It has been the experience of the Corporation that the average sales cycle for its graphene powder and graphene enhanced products can range from one to multiple years from the time a customer begins testing the Corporation's product until the time that they could be used in a commercial product. The product introduction timing will vary based on the target market. The sales and development cycles for the Corporation's products are subject to customer budgetary constraints, internal acceptance procedures, competitive product assessments, scientific and development resource allocations, and other factors beyond the Corporation's control. If the Corporation is not able to successfully accommodate these factors to enable customer development success, the Corporation may be unable to achieve sufficient sales to reach profitability. Failure to achieve profitability may have a material adverse effect on the Corporation's operating results.

Graphene Sales cycle is long and complex. Several milestones have to be reached in order to see a widespread adoption of graphene in several markets.

- **Availability of Supply:** The first step is to demonstrate that the technology has reached a level of maturity that a consistent and reliable supply of graphene is available in an industrial setting and at a cost that is acceptable.
- **Graphene certification as a substance:** Any new material requires to be certified in order to be produced and shipped cross borders. Each jurisdiction has its own requirement, U.S. Environmental Protection Agency ("EPA"), Environmental Canada, and Europe REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) are examples of these entities which aim to provide a high level of protection of human health and the environment from the use of chemicals/substance.
- **Product validation:** This includes technical performance, financial validation, sustainability and life-time analysis, processability and logistic, and more. Different players in the supply chain are involved in validating the performance of graphene. OEMs, molders, and formulators are all involved in these steps, making it a long and unpredictable process.
- **Product level certification:** Majority of products and applications are certified through ASTM or ISO certifications. For instance, for a new additive to be used in plastic pipes, corresponding ASTM and ISO certifications have to be modified.

PRODUCT DEVELOPMENT AND TECHNOLOGICAL CHANGE

As there is limited sustained history of successful use of the Corporation's graphene powder and graphene enhanced products in commercial applications, there is no assurance that broad successful commercial applications may be technically feasible. Most, if not all, of the scientific and engineering data related to the Corporation's products has been generated by the Corporation's own laboratories or laboratory environments at our customers or third-parties, like universities and national laboratories. It is well known that laboratory data is not always representative in commercial applications.

Additionally, the industries in which the Corporation operates are characterized by rapid technological change and frequent new product introductions. Part of the Corporation's business strategy is to monitor such change and take steps to remain technologically current, but there is no assurance that such strategy will be successful. If the Corporation is not able to adapt to new advances in materials sciences, or if unforeseen technologies or materials emerge that are not compatible with the Corporation's products and services or that could replace its products and services, the Corporation's revenues and business would likely be adversely affected.

MARKET DEVELOPMENT AND SUSTAINED GROWTH

Failure to further develop the Corporation's key markets and existing geographic markets or to successfully expand its business into new markets could have an adverse impact on sales growth and operating results. The Corporation's ability to further penetrate its key markets and the existing geographic markets in which it competes, and successfully expand its business into other countries, is subject to numerous factors, many of which are beyond its control. There

can be no assurance that efforts to increase market penetration in the Corporation's key markets and existing geographic markets will be successful. Failure to achieve these goals may have a material adverse effect on the Corporation's operating results.

LIQUIDITY CONCERNS AND FUTURE FINANCING

The Corporation is ultimately dependent on the commercial sales of graphene powder. and graphene enhanced products, including batteries. Any delay in the sales of such products could require additional financing. There can be no assurance that the Corporation will be successful in obtaining the required financing as and when needed. Volatile markets may make it difficult or impossible for the Corporation to obtain debt financing or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Corporation to postpone or slow down its development plans or reduce or terminate some or all of its activities.

LAWS AND REGULATIONS, LICENSES AND PERMITS

Legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non compliance are also increasingly stringent. A significant change in the legal and regulatory environment in which the Corporation currently carries on business could adversely affect the Corporation's operations. In particular, large volume production of graphene requires permits and approvals from various government authorities, and is subject to extensive federal, provincial, state, and local laws and regulations governing development, production, exports, taxes, labour standards, occupational health and safety, environment and other matters. As graphene is a new chemical substance, production and sale of graphene may be subject to specific occupational health and safety and environment regulatory approvals in different jurisdictions including, without limitations, under the *Canadian Environmental Protection Act* (Canada), the *Food and Drug Act* (Canada), the *Toxic Substances Control Act* (USA), the *Food Drug and Cosmetic Act* (USA) and the *Registration, Evaluation, Authorization and Restriction of Chemicals* (Europe). Such laws and regulations are subject to change, can become more stringent, and compliance can be costly. there can be no guarantee that the Corporation will be able to maintain or obtain all necessary licences, permits and approvals that may be required to produce or sell graphene, and such failures could have a material adverse effect on the Corporation.

In addition, the Corporation's operations could be adversely impacted by significant changes in tariffs and duties imposed on its products, particularly significant changes to the United States-Mexico-Canada Agreement on Trade ("**USMCA**"), the adoption of domestic preferential purchasing policies in other jurisdictions, particularly the United States, or positive or negative changes in tax or other legislation. The Corporation could be exposed to increased customs audits due to governmental policy which could lead to additional administrative burden and costs. Changes in legislation or regulation could lead to additional administrative burden and costs in general, and also carry the potential of a material fine or significant reputational risk.

INTELLECTUAL PROPERTY

The Corporation relies on the patent, trade secret and other intellectual property laws of Canada, the United States and the other countries where it does business to protect its intellectual property rights. The Corporation may be unable to prevent third parties from using its intellectual property without its authorization. The unauthorized use of the Corporation's intellectual property could reduce any competitive advantage that it has developed, reduce its market share or otherwise harm its business. In the event of unauthorized use of the Corporation's intellectual property, litigation to protect and enforce the Corporation's rights could be costly, and the Corporation may not prevail.

Many of the Corporation's technologies are not covered by any patent or patent application, and the Corporation's issued and pending Canadian, United States and other countries' patents may not provide the Corporation with any competitive advantage and could be challenged by third parties. The Corporation's inability to secure issuance of pending patent applications may limit its ability to protect the intellectual property rights these pending patent applications were intended to cover. The Corporation's competitors may attempt to design around its patents to avoid liability for infringement and, if successful, could adversely affect the Corporation's market share. Furthermore, the expiration of the Corporation's patents may lead to increased competition.

In addition, effective patents, trade secrets and other intellectual property protection may be unavailable or limited in some foreign countries. In some countries, the Corporation does not apply for patent or other intellectual property protection. The Corporation also relies on unpatented technological innovation and other trade secrets to develop and maintain its competitive position. Although the Corporation generally enters into confidentiality agreements with its employees and third parties to protect its intellectual property, these confidentiality agreements are limited in duration, could be breached and may not provide meaningful protection of its trade secrets. Adequate remedies may not be available if there is an unauthorized use or disclosure of the Corporation's trade secrets and manufacturing expertise.

In addition, others may obtain knowledge about the Corporation's trade secrets through independent development or by legal means. The failure to protect the Corporation's processes, technology, trade secrets and proprietary manufacturing expertise, methods and compounds could have a material adverse effect on its business by jeopardizing critical intellectual property.

Where a product formulation or process is kept as a trade secret, third parties may independently develop or invent and patent products or processes identical to such trade secret products or processes. This could have a material adverse effect on the Corporation's ability to make and sell products or use such processes and could potentially result in costly litigation in which the Corporation might not prevail.

The Corporation could face intellectual property infringement claims that could result in significant legal costs and damages and impede its ability to produce key products, which could have a material adverse effect on its business, financial condition, and results of operations.

Dependence on Management and Key Personnel

The Corporation is dependent on the services of key executives, including a small number of highly skilled and experienced executives and personnel. The Corporation's development to date has largely depended, and in the future will continue to depend, on the efforts of key management and other key personnel to develop its projects. Loss of any of these people, particularly to competitors, in the short term, could have a material adverse impact upon the Corporation's business.

Qualified Employees

Recruiting and retaining qualified personnel is critical to the Corporation's success. Especially if it relates to its graphene operations, finding skilled scientists and a sales team familiar with the subject matter is difficult. As the Corporation grows further, the need for skilled labour will increase. The number of persons skilled in the high-tech manufacturing business is limited and competition for this workforce is intense. This may adversely affect the business of the Corporation if it is unable to recruit and retain qualified personnel as and when required.

Competition

The Corporation competes with other graphene and manufacturing companies, in highly competitive markets. Some of the Corporation's competitors have substantially greater financial, marketing and other resources and higher market share that the Corporation has in certain products or geographic areas. As the markets for the Corporation's products and other services expand, additional competition may emerge and competitors may commit more resources to products which directly compete with the Corporation's products. There can be no assurance that the Corporation will be able to compete successfully with existing competitors or that its business will not be adversely affected by increased competition or by new competitors.

Cybersecurity Threats

The reliability and security of the Corporation's information technology ("**IT**") systems is important to the Corporation's business and operations. Although the Corporation has established and continues to enhance security controls intended to protect the Corporation's IT systems and infrastructure, there is no guarantee that such security measures will be effective in preventing unauthorized physical access or cyberattacks. A significant breach of the Corporation's IT systems could, among other things, cause disruptions in the Corporation's manufacturing operations (such as operational delays from production downtime, inability to manage the supply chain or produce product for customers, disruptions in inventory management), lead to the loss, destruction, corruption or inappropriate use of sensitive data, including employee information or intellectual property, result in lost revenues due to theft of funds or due to a disruption of activities, including remediation costs, or from litigation, fines and liability or higher insurance premiums, the costs of maintaining security and effective IT systems, which could negatively affect results of operations and the potential adverse impact of changing laws and regulations related to cybersecurity or result in theft of the Corporation's, its customers' or suppliers' intellectual property or confidential information. If any of the foregoing events (or other events related to cybersecurity) occurs, the Corporation may be subject to a number of consequences, including reputational damage, a diminished competitive advantage and negative impacts on future opportunities which could have a material adverse effect on the Corporation.

SHARE PRICE FLUCTUATIONS

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Corporation's share price will not occur. In particular, the fluctuations may be exaggerated if the trading volume of the Common Shares of the Corporation is low.

COST ABSORPTION AND PURCHASE ORDERS

Especially as it relates to its activities in the transportation industry, and given the current trends in that industry, the Corporation is under continuing pressure to absorb costs related to product design and development, engineering, program management, prototypes and validation. In particular, OEMs are requesting that suppliers pay for the above costs and recover these costs through the piece price of the applicable component. Contract volumes for customer programs not yet in production are based on the Corporation's customers' estimates of their own future production levels. However, actual production volumes may vary significantly from these estimates due to a reduction in consumer demand or new product launch delays, often without any compensation to the supplier by its OEM customer. Typical purchase orders issued by customers do not require that they purchase a minimum number of the Corporation's products. For programs currently under production, the Corporation is generally unable to request price changes when volumes differ significantly from production estimates used during the quotation stage. If estimated production volumes are not achieved, the product development, design, engineering, prototype and validation costs incurred by the Corporation may not be fully recovered. Similarly, future pricing pressure or volume reductions by the Corporation's customers may also reduce the amount of amortized costs otherwise recoverable in the piece price of the Corporation's products. Either of these factors could have an adverse effect on the Corporation's profitability. While it is generally the case that once the Corporation receives a purchase order for products of a particular vehicle program it would continue to supply those products until the end of such program, customers could cease to source their production requirements from the Corporation for a variety of reasons, including the Corporation's refusal to accept demands for price reductions or other concessions.

ACQUISITIONS

The Corporation has acquired and could continue to acquire complementary businesses, assets, technologies, services or products, at competitive prices. The Corporation could continue to pursue acquisitions in those product areas which were identified as key to the Corporation's long-term business strategy. However, as a result of intense competition in these strategic areas, the Corporation may not be able to acquire the targets needed to achieve its strategic objectives. The completion of such transactions poses additional risks to the Corporation's business. Acquisitions are subject to a range of inherent risks, including the assumption of incremental regulatory/compliance, pricing, supply chain, commodities, labor relations, litigation, environmental, pensions, warranty, recall, IT, tax or other risks. Although the Corporation seeks to conduct appropriate levels of due diligence on acquisition targets, these efforts may not always prove to be sufficient in identifying all risks and liabilities related to the acquisition, including as a result of: limited access to information; time constraints for conducting due diligence; inability to access target Corporation facilities and/or personnel; or other limitations in the due diligence process. Additionally, the Corporation may identify risks and liabilities that cannot be sufficiently mitigated through appropriate contractual or other protections. The realization of any such risks could have a material adverse effect on the Corporation's operations or profitability. The benefit to the Corporation of previous and future acquisitions is highly dependent on the Corporation's ability to integrate the acquired businesses and their technologies, employees and products into the Corporation, and the Corporation may incur costs associated with integrating and rationalizing the facilities (some of which may need to be closed in the future). The Corporation cannot be certain that it will successfully integrate acquired businesses or that acquisitions will ultimately benefit the Corporation. Any failure to successfully integrate businesses or failure of the businesses to benefit the Corporation could have a material adverse effect on its business and results of operations. Such transactions may also result in additional dilution to the Corporation's shareholders or increased debt. Such transactions may involve partners, and the formula for determining contractual sale provisions may be subject to a variety of factors that may not be easily quantified or estimated until the time of sale (such as market conditions and determining fair market value).

LAUNCH AND OPERATIONAL COSTS

The launch of new business, in an existing or new facility, is a complex process, the success of which depends on a wide range of factors, including the production readiness of the Corporation and its suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. A failure to successfully launch material new or takeover business could have an adverse effect on profitability. Significant launch costs were incurred by the Corporation in recent years. The Corporation's manufacturing processes are vulnerable to operational problems that can impair its ability to manufacture its products in a timely manner, or which may not be performing at expected levels

of profitability. The Corporation's facilities contain complex and sophisticated equipments that are used in its manufacturing processes. The Corporation has in the past experienced equipment failures and could experience equipment failure in the future due to wear and tear, design error or operator error, among other things, which could have an adverse effect on profitability. From time to time, the Corporation may have some operating divisions which are not performing at expected levels of profitability. Significant underperformance of one or more operating divisions could have a material adverse effect on the Corporation's profitability and operations.

CYCLICAL RISKS

A portion of the business of the Corporation is cyclical, especially as it relates to its activities in the transportation industry. It is dependent on, among other factors, general economic conditions in North America and elsewhere. Future sales and production volumes are anticipated to be relatively flat or stable in North America over the next several years, but volume levels are uncertain, and volume levels can decrease at any time. There can be no assurance that North American truck production overall or specific
platforms will not decline in the future or that the Corporation will be able to utilize any existing unused capacity or any additional capacity it adds in the future. A continued or a substantial additional decline in the production of trucks overall or by customer or by customer platform may have a material adverse effect on the Corporation's financial condition and results of operations and ability to meet existing financial covenants.

North America is a key truck producing region for the Corporation and operating results are dependent on truck production in this region by our customers. Due to the nature of the Corporation's business, it is dependent upon several large customers such that cancellation of a significant order by any of these customers, the loss of any such customers for any reason or the insolvency of any such customers, reduced sales of truck platforms of such customers, or shift in market share on trucks on which we have significant content, or any significant or sustained decline in truck production volumes in North America, could significantly reduce the Corporation's ongoing revenue and/or profitability, and could materially and adversely affect the Corporation's financial condition. Although the Corporation continues to diversify its business, there is no assurance that it will be successful.

PRODUCT WARRANTY, RECALL AND LIABILITY RISK

Especially as it relates to the Corporation's composites parts manufacturing operations, customers are increasingly requesting that each of their suppliers bear costs of the repair and replacement of defective products which are either covered under a manufacturer's warranty or are the subject of a recall by the manufacturer and which were improperly designed, manufactured or assembled by their suppliers. The obligation to repair or replace such parts, or a requirement to participate in a product recall, could have a material adverse effect on the Corporation's operations and financial condition.

MATERIAL AND COMMODITY PRICES

Prices for key raw materials and commodities used in composite parts and graphene production, particularly graphite, polyester resin, glass fiber and other raw materials, as well as energy prices, have proven to be volatile at certain times. To the extent that the Corporation is unable to fully mitigate its exposure to price change of key raw materials and commodities, particularly through engineering products with reduced content, by passing price increases to customers, or otherwise, such additional costs could have a material adverse effect on profitability. Increased energy prices could also have an impact on production or transportation costs which in turn could affect competitiveness.

QUOTE/PRICING ASSUMPTIONS

Especially as it relates to the Corporation's composites parts manufacturing operations, the time between award of new production business and start of production typically ranges between one to three years. Since product pricing is typically determined at the time of award, the Corporation is subject to significant pricing risk due to changes in input costs and quote assumptions between the time of award and start of production. The inability to quote effectively, or the occurrence of a material change in input cost or other quote assumptions between program award and production, could have an adverse effect on the Corporation's profitability.

UNINSURED RISKS

The Corporation maintains insurance to cover normal business risks. In the course of its manufacturing businesses, certain risks and, in particular, unexpected or unusual catastrophic events including explosions and fire may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities

arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Common Shares of the Corporation.

FOREIGN EXCHANGE

The Corporation operates internationally and is exposed to foreign exchange risk mainly related to expenses and sales in currencies other than the respective functional currencies of the Corporation, primarily with respect to the US dollar. Management has set up a policy that requires the Corporation to manage its currency risk and imposes strict limits on the maximum exposures that can be entered into. Sales denominated in US dollars accounted for around 57% of the Corporation's total sales for the year ended June 30, 2024. Consequently, the Canadian dollar trends in relation to the US dollar add an element of risk and uncertainty for the Corporation. These risks are partially offset by the raw material purchases denominated in US dollars. The Corporation's policy is not to use derivative financial instruments for trading or speculative purposes but only for hedging some risk related to the US dollar. The Corporation sets up credit facilities allowing it to enter into forward foreign or option exchange contract transactions. This amount partially covers the Corporation's potential requirements over the next 24 months. The Corporation will proactively monitor the need to use this facility based on market conditions.

LITIGATION

The Corporation has entered into legally binding agreements with various third parties, including supply, distribution, non-disclosure, consulting and partnership agreements. The interpretation of the rights and obligations that arise from such agreements is open to interpretation and the Corporation may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause the Corporation to incur legal costs in the future. Given the speculative and unpredictable nature of litigation, the outcome of any such disputes could have a material adverse effect on the Corporation’s business.

LITHIUM-ION BATTERY CELLS, WHICH HAVE BEEN OBSERVED TO CATCH FIRE OR VENT SMOKE AND FLAME

VoltaXplore Inc. will manufacture lithium-ion battery cells. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. Also, negative public perceptions regarding the suitability of lithium-ion cells for powersports applications, the social and environmental impacts of cobalt mining or any future incident involving lithium-ion cells, such as a vehicle or other fire could materially adversely affect VoltaXplore business, results of operations or financial condition. In addition, VoltaXplore stores a significant number of lithium-ion cells at its facility. Any mishandling of battery cells, or safety issue or fire related to the cells, may cause damage and disruption to the operation of VoltaXplore’s current or future facilities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) CONSIDERATIONS

The Corporation could be subject to growing stakeholder expectations as it relates to ESG factors, including from investors, who are increasingly placing a greater emphasis on ESG factors when assessing investment options. Future investments made in the Corporation, or future partnerships or business relations made with the Corporation may depend on various ESG standards.

SUPPLY CHAIN DEPENDENCE AND DISRUPTION

The Corporation is dependent on third-party supplierss, and it expects to continue to rely on third parties to supply in the future. While the Corporation obtains raw material, parts and components from multiple sources whenever possible, some of the raw material, parts and components are purchased from a single source. The Corporation seeks to obtain its raw material, parts and components from multiple sources whenever possible, and to further mitigate supply chain risk the Corporation enters into long-term supply agreements with key manufacturers and suppliers where appropriate, While the Corporation believes that it may be able to establish alternate supply relationships and can obtain or potentially replacement components for some of its single source components, it may be unable to do so in the short-term or at all, or at prices, volumes or quality levels that are acceptable to it. The inability of any of the Corporation’s suppliers to deliver necessary raw material parts and components, according to the Corporation’s schedule and at prices, volumes or quality levels acceptable to the Corporation, the Corporation’s inability to efficiently manage these parts and components, or the termination or interruption of any material supply arrangement could materially adversely affect the Corporation’s business, results of operations or financial condition. Any disruption in the supply of raw material, parts and components, whether or not from a single source supplier, could temporarily disrupt manufacturing of the Corporation’s products until an alternative supplier is able to supply the required material. Also, if any of the Corporation’s suppliers become economically distressed or go bankrupt, the Corporation may be required to provide substantial financial support or take other measures to ensure supplies of components or materials, which could

increase its costs, affect its liquidity or cause production disruptions, all of which could materially adversely affect the Corporation's business, results of operations or financial condition. Moreover, The Corporation's profitability is affected by significant fluctuations in the prices of the raw materials, parts and components it uses. The Corporation may not be able to pass along price increases in raw materials, parts or components to its clients. As a result, an increase in the cost of raw materials, parts and components used in the manufacturing of the Corporation's products could reduce its profitability and have a material adverse effect on its business, results of operations or financial condition.

OTHER RISK FACTORS

Additional risks not currently known to the Corporation or that the Corporation currently deems immaterial may also impair the Corporation's operations.

6. DIVIDENDS AND DISTRIBUTION

Until now, the Corporation has never paid any cash dividend on its Common Shares and it currently intends to retain its future earnings, if any, to fund the development growth of its business.

7. DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of Common Shares, without nominal or par value, an unlimited number of First Preferred Shares, without nominal or par value, and an unlimited number of Second Preferred Shares, without nominal or par value.

The holders of Common Shares are entitled to receive notice of and to attend and cast votes at all shareholder meetings of the Corporation and are entitled to one vote per share. The holders of Common Shares are entitled to receive, during each fiscal year, such dividends as may be declared from time to time by the board of directors of the Corporation, subject to the priority of payment of dividends attaching to the series of First Preferred and Second Preferred Shares as noted below. In the event of liquidation or winding up, after payment to the holders of First Preferred Shares and Second Preferred Shares, the holders of Common Shares shall be entitled, on a pro rata basis, to a share of the remaining assets of the Corporation.

The holders of First Preferred Shares are not entitled to receive notice of or to attend shareholder meetings, nor are they entitled to vote at such meetings. The First Preferred Shares are issuable in series. The holders of First Preferred Shares are entitled to receive, during each fiscal year, such dividends as may be declared from time to time by the board of directors of the Corporation in priority to the holders of Second Preferred Shares and Common Shares. In the event of liquidation or winding up, in priority to the holders of Second Preferred Shares and Common Shares, the holders of First Preferred Shares shall be entitled to receive amounts the articles of the Corporation provide must be paid to them in respect of return of capital and dividends remaining unpaid.

The holders of Second Preferred Shares are not entitled to receive notice of or to attend shareholder meetings, nor are they entitled to vote at such meetings. The Second Preferred Shares are issuable in series. The holders of Second Preferred Shares are entitled to receive, during each fiscal year, such dividends as may be declared from time to time by the board of directors of the Corporation in priority to the holders of Common Shares, but subject to the priority of payment of dividends attaching to the series of First Preferred Shares as noted above. In the event of liquidation or winding up, in priority to the holders of Common Shares but after payment to the holders of First Preferred Shares, the holders of Second Preferred Shares shall be entitled to receive amounts the articles of the Corporation provide must be paid to them in respect of return of capital and dividends remaining unpaid.

As of September 18, 2024, 170,608,431 Common Shares of the Corporation were outstanding and fully-paid. No series of First Preferred Shares or Second Preferred Shares were issued and outstanding.

8. MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

The Corporation's Common Shares are listed on the TSX under the symbol "GRA".

The following table provides the historical monthly trading price ranges and volume for the Common Shares during the most recently completed financial year ended June 30, 2024.

	Low $	High S	Volume
July 2023	2.97	3.43	753,100
August 2023	2.29	3.18	1,456,100
September 2023	2.56	3.40	1,206,000
October 2023	2.16	2.66	1,207,000
November 2023	1.87	2.46	5,239,600
December 2023	1.89	2.49	2,495,600
January 2024	2.08	2.51	1,327,300
February 2024	1.95	2.80	1,293,100
March 2024	2.45	2.96	1,450,700
April 2024	2.15	2.67	2,007,700
May 2024	2.33	2.75	1,074,400
June 2024	2.45	2.89	669,000

PRIOR SALES

The following table sets out the number of Common Shares or securities convertible or exchangeable into Common Shares issued or granted by NanoXplore during the financial year ended June 30, 2024, along with the exercise price and date of each respective issuance or grant.

Date of issuance	Price per Security $	Number of Securities	Type of Securities
September 20, 2023	2.87	100,000	Stock Options
November 28, 2023	1.22	100,000	Common Shares (Stock Options)
December 7, 2023	1.93	217,616	Stock Options
December 19, 2023	1.22	150,000	Common Shares (Stock Options)
January 12, 2024	2.19	100,000	Stock Options
January 25, 2024	1.41	880,000	Common Shares (Stock Options)
January 30, 2024	2.14	1,000,000	Stock Options
March 5, 2024	1.27	33,000	Common Shares (Stock Options)
April 10, 2024	1.27	33,000	Common Shares (Stock Options)
April 12, 2024	2.47	100,000	Stock Options
April 30, 2024	1.27	34,000	Common Shares (Stock Options)

9. DIRECTORS AND EXECUTIVE OFFICERS

NAME, OCCUPATION AND SECURITY HOLDING OF DIRECTORS AND EXECUTIVE OFFICERS

The following sets forth certain information concerning the directors and the executive officers of the Corporation as of September 18, 2024.

Name, place of residence	Position with the Corporation and Principal occupation during the last 5 years	Director since
 **Rob Wildeboer** [4] Burlington, Ontario, Canada	Vice-Chairman of the Board of the Corporation. Chairman of the Board of the Corporation. Executive Chairman of Martinrea International Inc.; Advisor to the Governments of Canada and Ontario on a variety of economic, trade, innovation, manufacturing and automotive mandates.	January 2019
 **Benoît Gascon** Montréal, Québec, Canada	Director of the Corporation. Lead Director of the Board of the Corporation. Vice Chairman of the Board of the Corporation. Operations Leader and Interim Site Manager Imerys Graphite & Carbon from September 2021 to October 2022 President and Chief Executive Officer of Mason Graphite Inc. from 2012 to March 2020.	August 2017
 **Soroush Nazarpour** Montréal, Québec, Canada	Director and President and Chief Executive Officer of the Corporation.	August 2017
 **Cameron Harris**[1] [3] Ste-Agathe, Québec, Canada	Lead Director of the Corporation. Director of the Corporation. President of Canadian Engineering Associates Ltd. from March 2017 to July 2023. Senior Vice President and General Manager of SNC Lavalin from June 29, 2015 to November 15, 2016.	August 2017
 **Denis Labrecque**[2] Trois-Rivières, Québec, Canada	Director of the Corporation. Consultant and Director of Norcap Partners Inc.; Director of Fonderie Poitras Ltée; Consultant of ACappella Investissement Inc. from May 2015 to May 2018; Director of A.U.B. Corp. Inc. from May 2014 to April 2020.	August 2017 (Resigned as of December 2023)

Name, place of residence	Position with the Corporation and Principal occupation during the last 5 years	Director since
 **Arinder S. Mahal**[1] [2] Toronto, Ontario, Canada	Director of the Corporation. Founder and CEO of Antera Inc.; Chief Executive Officer of Synoptim Advisory Corp.; Managing Director, Head of Technology Investment Banking of Echelon Wealth Partners Inc. from May 2017 to April 2018.	November 2018
 **Catherine Loubier** [2] [3] Moorpark, California, United States	Director of the Corporation. Québec Delegate General in New York from 2019 to 2021; Deputy Chief of Staff to Québec's Premier from 2018 to 2019; Advisor to business leaders in various industries including the automobile industry from 2016 to 2018; Senior advisor to the 22nd Prime Minister of Canada from 2013 to 2015.	November 2022
 **Joseph G. Peter** [1] Bloomfield, Michigan, United States	Director of the Corporation. Member of Nissan's Executive Committee and Chairman of the Board of Directors at Nissan's sales finance companies from 2009 to 2018; Vice President and Chief Financial Officer of the North American & International Operations at General Motors Corporation from 1984 to November 2009.	April 2023
 **Jesse C. H. Stanley** [2] [3] Houston, Texas, United States	Director of the Corporation. President Operations Americas of Wood plc. General Manager Business Integration, Assurance and Strategy for Shell from 2021 to 2024. Head of Shell North America Pipeline Operations from 2020 to 2021; General Manager Shales – Commercial for Shell from 2019 to 2020.	September 2023
 **Hélène V. Gagnon** Montréal, Québec, Canada	Director of the Corporation. Chief People and Sustainability Officer at CAE. Chief Sustainability Officer and Senior Vice President, Stakeholder Engagement at CAE Inc. from to 2022 to 2024. Senior Vice President, Public Affairs and Global Communications at CAE Inc. from 2015 to 2022.	July 2024

Name, place of residence	Position with the Corporation and Principal occupation during the last 5 years	Director since
 **Pedro Azevedo** Montréal, Québec, Canada	Chief Financial Officer of the Corporation. Chief Financial Officer of Tarkett Sports, from April 2015 to July 2022.	N/A
 **Rocco Marinaccio** Mississauga, Ontario, Canada	Chief Operating Officer of the Corporation. Vice President, Operations of Martinrea International Inc. from September 2014 to January 2019.	N/A

Notes:
(1) Member of the Audit Committee.
(2) Member of the Corporate Governance and Nominating Committee.
(3) Member of the Human Resources and Compensation Committee.
(4) Mr. Wildeboer is the Executive Chairman of Martinrea International Inc., which holds 38,466,360 Common Shares of the Corporation.

Each Director holds office until the next annual meeting of shareholders or until a successor is duly elected or appointed, unless he/she ceases to hold office pursuant to the CBCA, or his/her office is vacated earlier pursuant to the By-laws of the Corporation.

As of the date of this Annual Information Form, the Corporation's directors and executive officers, as a group, own 12,592,372 Common Shares or approximately 7.38% of the Corporation's outstanding Common Shares.

CEASE TRADE ORDER, BANKRUPTCY, PENALTIES OR SANCTIONS

To the Corporation's knowledge, no director or executive officer of the Corporation is, at the date of this Annual Information Form, or has been, within 10 years before the date of the Annual Information Form, a director, chief executive officer or chief financial officer of any company that, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days while that person was acting in that capacity, or (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after that person cease to act in such capacity but which resulted from an event that occurred while that person was acting in such capacity.

To the Corporation's knowledge, no director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, at the date of this Annual Information Form, or has been, within 10 years before the date of the Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Corporation, no director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject or instituted any proceedings, arrangement or compromise with

creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Furthermore, to the knowledge of the Corporation, no director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of the Corporation or its subsidiaries may be subject in connection with the operations of the Corporation or its subsidiaries. Some of the directors and officers are engaged and will continue to be engaged, directly or indirectly, in other businesses and situations may arise where some of the directors and officers will be in direct competition with the Corporation or its subsidiaries. No conflicts of interest currently exist between the Corporation or its subsidiaries and a director or officer of the Corporation or its subsidiaries.

10. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

LEGAL PROCEEDINGS

During the year ended June 30, 2024 and as of the date hereof, there have been and are no legal proceedings outstanding, threatened or pending, by or against NanoXplore or to which NanoXplore is a party, nor to NanoXplore's knowledge are any such legal proceedings contemplated, which could become material to NanoXplore.

REGULATORY ACTIONS

During the year ended June 30, 2024 and as of the date hereof, there have been no penalties or sanctions imposed against NanoXplore (a) by a court relating to securities legislation or by a securities regulatory authority or (b) by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision in NanoXplore. NanoXplore has not entered into any settlement agreements with a court relating to securities legislation or with a security's regulatory authority during the year ended June 30, 2024 and as of the date hereof.

11. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, no director, executive officer or principal shareholder of the Corporation, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the preceding three years or in any proposed transaction that has materially affected or will materially affect the Corporation or any subsidiary of the Corporation.

12. AUDIT COMMITTEE

THE AUDIT COMMITTEE CHARTER

A copy of the audit committee of the Corporation ("**Audit Committee**") charter is attached to this Annual Information Form as Schedule "A".

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is comprised of three members, all of which are are independent within the meaning of *Regulation 52-110 respecting Audit Committees* ("**Regulation 52-110**") and are financially literate, namely: Cameron Harris, Arinder S. Mahal and Joseph G. Peter.

RELEVANT EDUCATION AND EXPERIENCE

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities are as follows:

Dr. Cameron Harris is the former President of Canadian Engineering Associates, an engineering consulting firm that provides services to the global mining industry. He is a former Senior Vice-President and General Manager at SNC-Lavalin, and former head of the Mining Industry Practice for North America at Accenture. He has held a wide range of operational, technical and executive positions at world leading companies such as Noranda, Kvaerner, and Worley Parsons. Dr. Harris has been a director for Cansolv Technology Inc. and has been previously involved in nano-materials production. Dr. Harris holds a PhD in Metallurgy from Imperial College (United Kingdom).

Mr. Arinder S. Mahal is the founder and CEO of Antera Inc., a technology focused merchant bank based in Toronto. He is also the founder and CEO of Synoptim Advisory Corp., a corporate and business advisory firm. Mr. Mahal is a former managing director and head of technology investment banking of Echelon Wealth Partners Inc. and Dundee Capital Markets (now Eight Capital). He has also held senior executive and board advisor positions at a number of technology companies in Canada and in the United States. Prior to that, he was a senior manager with Deloitte Consulting providing management consulting services in the areas of corporate strategy, mergers and acquisitions, and finance to Canadian and Global telecom and technology companies. Mr. Mahal holds a Bachelor of Engineering degree from the University of Victoria and an MBA from Schulich School of Business, York University. He is also a Chartered Financial Analyst (CFA).

Mr. Joseph G. Peter was the chief financial officer for Nissan Motor Company from 2009 through June 2018. He was a member of Nissan's Executive Committee and Chairman of the Board of Directors at Nissan's sales finance companies located in Japan, United States and Mexico. Mr. Peter has spent more than 35 years working in the automotive industry (including 25 years with General Motors). He spent 25 years with General Motors, rising through the company to become the Vice President and Chief Financial Officer of the North American and International Regions. He earned both his MBA and BS in corporate finance from Wayne State University.

The members of the Corporation's audit committee have provided the information disclosed hereinabove.

AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Corporation's most recently completed financial year, a recommendation of the audit committee to nominate or compensate an external auditor was not adopted by the Board of Directors.

RELIANCE ON CERTAIN EXEMPTIONS

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of Regulation 52-110 (*De Minimis Non-Audit Services*) or an exemption from Regulation 52-110, in whole or in part, granted under Parts 6 and 8 of Regulation 52-110, other than the exemption granted under Section 6.1 of Regulation 52-110, which exempts venture issuers from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*).

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee approves the engagement terms for all audit and non-audit services to be provided by the Corporation's auditors before such services are provided to the Corporation or any of its subsidiaries.

EXTERNAL AUDITOR SERVICE FEES

The fees charged to the Corporation by its external auditor in each of the last two financial years are as follows:

	2024 $	2023 $
Audit Fees [1]	**504,341**	**519,485**
Audit-Related Fees	**—**	—
Tax Fees [2]	**63,358**	**90,561**
Other	**—**	—
Total	**567,699**	**610,046**

[1] Includes billing (or estimate) related to the work done on the audit for the year ended June 30, 2024 and 2023.
[2] Such amounts relate to tax compliance services.

13. TRANSFER AGENT AND REGISTRAR

TSX Trust Company, at its place of business in Montreal, acts as the transfer agent and registrar regarding the Corporation's Common Shares.

14. MATERIAL CONTRACTS

Other than those contracts entered into in the ordinary course of business, the Corporation has not entered into any material contract since the beginning of the last financial year ended June 30, 2022 or entered into prior to such date, but which are still in effect and which are required to be filed with any Canadian securities regulatory authorization in accordance with Section 12.2 of *Regulation 51-102 respecting Continuous Disclosure Obligations*.

Please refer to section "General Development of the Business" of this Annual Information Form for the particulars of these material contracts, which are also available in their entirety on the Corporation's profile at www.sedarplus.com.

15. INTEREST OF EXPERTS

PricewaterhouseCoopers LLP, the auditors of the Corporation, prepared an auditors' report on the consolidated financial statements of the Corporation for the years ended June 30, 2024 and 2023. PricewaterhouseCoopers LLP has advised that it is independent with respect to the Corporation within the meaning of the rules of the *Code of ethics of chartered professional accountants* (Québec).

16. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in the Corporation's management information circular dated December 7, 2023 filed under the Corporation's issuer profile on SEDAR+ at www.sedarplus.com.

Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the Corporation's most recently completed financial year.

Additional information relating to the Corporation may also be found under the Corporation's issuer profile on SEDAR+ at www.sedarplus.com.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

1. PURPOSE

1.1 The primary functions of the Audit Committee of NanoXplore Inc. (the "Corporation") are to fulfil its responsibilities in relation to reviewing the integrity of the Corporation's financial statements, financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Corporation's compliance with legal and regulatory requirements; selecting the external auditors for shareholder approval; and reviewing the qualifications, independence and performance of the external auditors.

2. MEMBERSHIP AND ORGANIZATION

2.1 Composition - The Audit Committee shall consist of not less than three independent members of the Board. At the invitation of the Audit Committee, members of the Corporation's management and others may attend Audit Committee meetings as the Audit Committee considers necessary or desirable.

2.2 Appointment and Removal of Audit Committee Members - Each member of the Audit Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of shareholders of the Corporation at which the member's term of office expires, (b) the death of the member or (c) the resignation, disqualification or removal of the member from the Audit Committee or from the Board. The Board may fill a vacancy in the membership of the Audit Committee.

2.3 Chair - At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this mandate, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board. The Chair may vote on any matter requiring a vote and shall provide a second vote in the case of a tie vote.

2.4 Independence - Each member of the Audit Committee shall be "independent" (as such term is used in National Instrument 52-110 - Audit Committees ("NI 52-110").

2.5 Financial Literacy - Members of the Audit Committee shall be financially literate or agree to become financially literate within a reasonable period of time following the member's appointment. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

3. MEETINGS

3.1 Meetings - The members of the Audit Committee shall hold meetings as are required to carry out this mandate, and in any case no less than four meetings annually. The external auditors are entitled to attend and be heard at each Audit Committee meeting. The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board or the President and CEO may call a meeting of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a Chair from their number for a meeting.

3.2 Secretary and Minutes - The Secretary, his or her designate or any other person the Audit Committee requests, shall act as secretary at Audit Committee meetings. Minutes of Audit Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Audit Committee for approval.

3.3 Quorum - A majority of the members of the Audit Committee shall constitute a quorum. If a quorum cannot be obtained for an Audit Committee meeting, members of the Board who would qualify as members of the Audit Committee may, at the request of the Chair or the Chairman of the Board, serve as members of the Audit Committee for that meeting.

3.4 Access to Management and Outside Advisors - The Audit Committee shall have unrestricted access to management and employees of the Corporation, and, from time to time may hold meetings with the external auditor, the CFO or the President and CEO. The Audit Committee shall have the authority to retain and terminate external legal

counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors without consulting or obtaining the approval of the Board or any officer of the Corporation. The Corporation shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors.

3.5 Meetings Without Management - The Audit Committee shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present.

4. FUNCTIONS AND RESPONSIBILITIES

The Audit Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Audit Committee by the Board. In addition to these functions and responsibilities, the Audit Committee shall perform the duties required of an audit committee by applicable corporate securities laws, the binding requirements of the stock exchanges on which the securities of the Corporation are listed, and all other applicable laws.

4.1 Financial Reports

(a) **General** - The Audit Committee is responsible for reviewing the integrity of the Corporation's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation. The external auditors are responsible for auditing the Corporation's annual consolidated financial statements and, if requested by the Corporation, for reviewing the Corporation's unaudited interim financial statements.

(b) **Review of Annual Financial Reports** - The Audit Committee shall review the annual consolidated audited financial statements of the Corporation, the external auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and results of operation to determine whether they present fairly, in all material respects in accordance with International Financial Reporting Standards ("IFRS") in which the financial statements of the Corporation are prepared from time to time, the financial condition, results of operations and cash flows of the Corporation. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) **Review of Interim Financial Reports** - The Audit Committee shall review the interim consolidated financial statements of the Corporation, the external auditors review report thereon, if applicable, and the related MD&A to determine whether they present fairly, in all material respects in accordance with IFRS, the financial condition, results of operations and cash flows of the Corporation. After completing its review, if advisable, the Audit Committee shall, if so authorized by the Board, approve the interim financial statements and the related MD&A, or if not authorized by the Board, then approve and recommend for Board approval.

(d) **Review Considerations** - In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

(i) meet with management and the external auditors to discuss the financial statements and MD&A;

(ii) review the disclosures in the financial statements;

(iii) review the audit report or review report prepared by the external auditors;

(iv) discuss with management, the external auditors and legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;

(v) review critical accounting and other significant estimates and judgments underlying the financial statements as presented by management;

(vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management;

(vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;

(viii) review management's report on the effectiveness of internal controls over financial reporting;

(ix) review results of the Corporation's whistleblowing program; and

(x) review any other matters, related to the financial statements, that are brought forward by the external auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or applicable law.

4.2 Approval of Other Financial Disclosures - The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Corporation, press releases disclosing financial results of the Corporation and any other material financial disclosure, including in Management Information Circulars and Annual Information Forms.

4.3 External Auditors

(a) **General** -The Audit Committee shall be responsible for oversight of the work of the external auditors in auditing and reviewing the Corporation's financial statements and internal controls over financial reporting.

(b) **Appointment and Compensation** - The Audit Committee shall review and, if advisable, select and recommend (i) for shareholder approval, the appointment of the external auditors and (ii) for shareholder or Board approval, as applicable, the compensation of the external auditors.

(c) **Annual Review Report** - At least annually, the Audit Committee shall obtain and review a report by the external auditors describing: (i) their internal quality-control procedures and (ii) any material issues raised by their most recent internal quality-control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors and any steps taken to deal with any of these issues.

(d) **Audit Plan** - At least annually, the Audit Committee shall review a summary of the external auditors' annual audit plan. The Audit Committee shall consider and review with the external auditors any material changes to the scope of the plan.

(e) **Quarterly Review Report** - If the external auditors review the Corporation's unaudited interim financial statements, then the Audit Committee shall review a quarterly review report prepared by the external auditors in respect of each of the interim financial statements of the Corporation.

(f) **Independence of External Auditors** - At least annually, and before the external auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the external auditors a formal written statement describing all relationships between the external auditors and the Corporation, discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the external auditors, and obtain written confirmation from the external auditors that they are objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which it belongs.

(g) **Evaluation and Rotation of Lead Partner** - At least annually, the Audit Committee shall review the qualifications and performance of the lead partners of the external auditors. The Audit Committee shall obtain a report from the external auditors annually verifying that the lead partner of the external auditors has served in that capacity for no more than seven fiscal years of the Corporation and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.

(h) **Pre-Approval of Non-Audit Services** - The Audit Committee shall pre-approve any retainer of the external auditors for any non-audit service to the Corporation in accordance with applicable law and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(i) **Hiring Practices** - The Audit Committee shall review and approve guidelines regarding the hiring of employees or former employees of the external auditors.

4.4 Internal Controls

(a) **General** - The Audit Committee shall monitor the system of internal control.

(b) **Establishment, Review and Approval** - The Audit Committee shall require management to implement and maintain appropriate systems of internal control in accordance with applicable laws, regulations and guidance, including internal control over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the external auditors: (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Corporation's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions; (ii) any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's periodic regulatory filings; (iii) any material issues raised by any inquiry or investigation by the Corporation's regulators; (iv) any related significant issues and recommendations of the external auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

4.5 Whistleblowing Procedures - The Audit Committee shall review and approve the establishment by management of procedures for the receipt, retention and treatment of complaints received by the Corporation from employees or others, regarding accounting, internal accounting controls, or auditing matters.

4.6 Succession Planning - In consultation with the Board, the Audit Committee shall review, if applicable, succession plans for the CFO and Controller of the Corporation. The Audit Committee shall review candidates for the position of CFO of the Corporation and make recommendations to the Board with respect to the appointment of a CFO.

4.7 Adverse Investments and Transactions - The Audit Committee shall review any investments and transactions that could adversely affect the well-being of the Corporation.

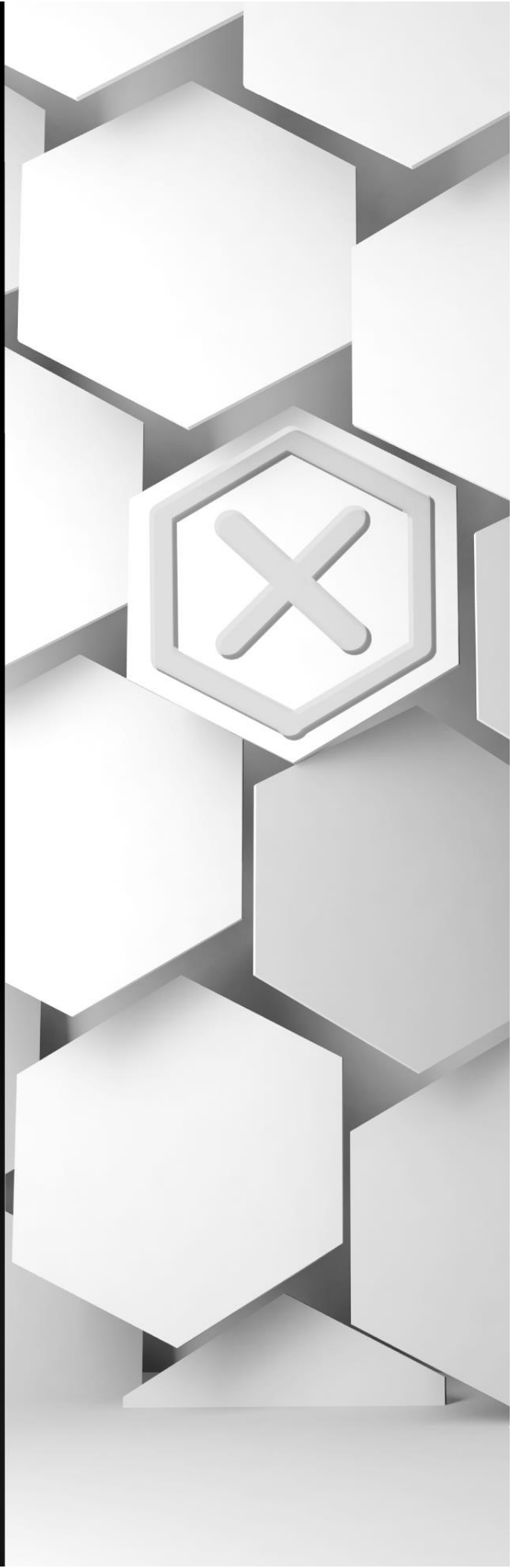
4.8 Audit Committee Disclosure - The Audit Committee shall review and approve any audit committee disclosures required by securities regulators in the Corporation's disclosure documents.

4.9 Assessment of Regulatory Compliance - The Audit Committee shall review management's assessment of compliance with laws and regulations as they pertain to responsibilities under this mandate, report its findings to the Board and recommend changes it considers appropriate.

4.10 Delegation - The Audit Committee may designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

5. REPORTING TO THE BOARD

5.1 The Chair shall report to the Board, as required by applicable law or as deemed necessary by the Audit Committee or as requested by the Board, on matters arising at Audit Committee meetings and, where applicable, shall present the Audit Committee's recommendation to the Board for its approval.



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