Performance Through Carbon Chemistry

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
For the three-month and nine-month periods ended March 31, 2018 and 2017

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

This interim Management's discussion and analysis ("MD&A") provides a review of NanoXplore Inc.'s operations, performance and financial position for the three-month and nine-month periods ended March 31, 2018 and 2017 and should be read in conjunction with the unaudited consolidated financial statements for the three-month and nine-month periods ended March 31, 2018 and 2017 and with the audited consolidated financial statements for the year ended June 30, 2017 and 2016. The purpose of this document is to provide a information on our activities. The information contained herein is dated as of May 28, 2018. You will find more information about us on NanoXplore's website at **www.nanoxplore.ca** and on SEDAR at www.sedar.com, including all press releases.

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

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

BUSINESS OVERVIEW

COMPANY OVERVIEW

NanoXplore Inc. and its subsidiaries (together "NanoXplore" or the "Company") is a graphene company, a manufacturer and supplier of high volume graphene powder for use in industrial markets as well as standard and custom enhanced thermoplastic products to many customers in transportation, packaging, electronics and other industrial sectors. The address of the Company's corporate office is 25, Boul. Montpellier, St-Laurent (Montreal), QC, Canada.

On August 29, 2017, the Company completed the three-cornered amalgamation involving Graniz Mondal Inc. ("Graniz"), the Company and 9363-0770 Québec Inc. which constituted a reverse takeover of Graniz by the Company under the policies of the TSX Venture Exchange (the "Transaction"). After the Transaction, Graniz Mondal changed its name to NanoXplore Inc. Since September 8, 2017, NanoXplore Inc. is listed on the TSX Venture Exchange and has traded under "GRA".

On November 23, 2017, through its wholly-owned subsidiary NanoXplore Switzerland Holding SA incorporated on November 9, 2017, the Company acquired all of the issued and outstanding shares of CEBO Injections SA, based in Switzerland. CEBO 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.

The Company has the following subsidiaries:

- NanoXplore GmbH, based in Germany, with an equity interest of 100% [2017 – 100%];
- 9334-7474 Québec Inc., based in Canada, with an equity interest of 100%. 9334-7474 Québec Inc. holds 100% of Rada Industries Ltd. ("Rada Industries").
- NanoXplore Switzerland SA, based in Switzerland, with an equity interest of 100%. NanoXplore Switzerland SA holds 100% of CEBO Injections SA. ("CEBO").

The Company owns a 50% interest in Two Carbon Inc. ("Two Carbon"). Two Carbon is focused on research and development of graphene solutions for the footwear industry.

KEY BUSINESS STRATEGY

NanoXplore is in the business of developing, manufacturing and marketing graphene and graphene based proprietary polymer nanocomposite materials for a number of industries including automotive, packaging and electronic enclosures.

Research and Development

NanoXplore has a very active internal research and development effort and supplements this with external collaborations at many Canadian universities and research institutes. NanoXplore is currently investing in research programs with McGill University, University of Waterloo, Institut national de la recherche scientifique (INRS-EMT), École de technologie supérieure (ETS), Centre de Technologie Minérale et de Plasturgie (CTMP), Concordia University and the National Research Council (NRC). The Company has highly qualified staff including 6 with PhD qualifications, 7 with MSc, and 4 with engineering or science degrees. Our researches are mainly related to battery and to our efforts to increase strength-to-weight ratio of materials with graphene increases energy efficiency.

NanoXplore has benefited from the support of Canada's National Research Council's (NRC's) Industrial Research Assistance Program. NRC has supported the Company in the development of its graphene products under the following projects which each ran for approximately 12 months and ended in June 2017:

- May 2016 - "A Platform Technology to Produce Graphene Enhanced Epoxy Resins, Slurries, Pastes and Greases", to a maximum of $288,000 for the period from May 26, 2016 to June 9, 2017;
- May 2015 - the project called "A Platform Technology to Enhance Dispersibility of Graphene for approximately $192,000 for the period from April 1, 2015 to March 31, 2016;
- May 2014 - the project called "Production of Graphene Powders" for approximately $132,000 for the period from April 1, 2014 to June 30, 2015.

Starting January 2018, NanoXplore will benefited from the support of NRC for the next 3 years under the project "Development of stable Li Metal Anode for High Density Li-Sulphur Batteries".

SDTC

Sustainable Development Technology Canada ("SDTC") is an arm's-length foundation created by the Government of Canada to promote sustainable development, and support projects that develop and demonstrate new technologies to address issues related to climate change, air quality, and clean water and soil. SDTC invests in Canadian companies that, through their innovative technologies, contribute positively to Canada by creating quality jobs, driving economic growth and protecting the environment.

Since the first quarter of financial 2018, NanoXplore began a 5-year project in collaboration with SDTC. The project will demonstrate that through the strategic application of graphene to engineering plastics, the overall performance of many vehicle components (namely trucks, buses, unmanned aerial vehicles) can be significantly improved in terms of mechanical, thermal and electrical shielding performance, while meaningfully reducing weight. This will be achieved at no cost premium to the customer. The Project's environmental benefits will be achieved through Greenhouse Gas ("GHG") savings related to light weighting of components and of the overall vehicle.

The project will cover the phases of further developing and testing of advanced lightweight engineering plastics utilizing graphene, through initial/advanced prototyping, further testing and certification, up to the market readiness efforts towards full scale production of targeted components using the lightweight plastics developed.

Under the terms and conditions of the agreement, SDTC will reimburse 33% of eligible project cost for a maximum of $3,250,000 for the period from September 1st, 2017 to April 30, 2021.

As part of the contribution agreements with the SDTC, the Company accounted government assistance as detailed below:

	As at March 31, 2018 $	As at June 30, 2017 $
Amount received	**619,997**	–
Distribution to partners	**32,907**	–
Deferred grant	**334,192**	–

	Three-month periods ended March		Nine-month periods ended March 31	
	2018 $	2017 $	2018 $	2017 $
Amount recognized as other income	**180,047**	–	**252,898**	–

Production

NanoXplore currently has six (6) patent applications regarding production of graphene and its applications. Two (2) of them are already issued in US and four (4) are pending. Graphene is a novel material with a variety of outstanding properties. It is currently available in the market at various grades, with performance characteristics such as mechanical strength, and conductivity improving with fewer atomic layers. NanoXplore's patented manufacturing process provides proof of concept to allow for a low-energy, harsh chemical-free manufacture designed to achieve high-grade graphene material at a projected industry leading low cost. Today NanoXplore has capacity to produce 25 metric tonnes of graphene per year.

IP Type	Country	Number	Filing Date	Status	Description
Patent	Canada	CA2837394	19 Dec/13	Pending	Electro-Magneto-Chemical Synthesis of Few Or Multi-Layers Magnetic Graphene, And Graphene Oxide And Uses Thereof
Patent	US	9,586,825	9 Dec/14	Issued March 7, 2017	Large Scale Production of Partially Oxidized Graphene
Patent	US	9,469,542	22 Dec/15	Issued October 18, 2016	Large scale production of thinned graphite, graphene and graphite-graphene composites
Patent	US	62/275,591	4 Jan/16	Pending	Method of compounding graphene with non-conductive particles and applications thereof
Patent	US	62/512,790	31 May/17	Pending	Method of exfoliating and dispersing high concentration graphene nanoplatelets (GNP) into polymeric matrices using supercritical fluid (SCF)
Patent	US	62/573,256	17 Oct/17	Pending	Graphene-based cathodes for lithium-sulfur batteries

The Company has successfully finished the second phase of a development program to advance its manufacturing process from lab scale (200Kg/year in 2014) to pilot scale (4 metric tonnes/ year in 2015). During the first quarter of financial 2018, NanoXplore scaled up its graphene manufacturing to a large-scale manufacturing operation (25 metrics tonnes/year). Furthermore, NanoXplore has compounding and mixing capability and produces graphene enhanced plastic master batch pellets to be used in packaging and automotive applications. During 2015 fiscal year, NanoXplore added a twin-screw extrusion to add the capability of mixing graphene with plastic to produce master batch pellets. As a result of that, NanoXplore has a capacity of 400 metric tonnes/year master batch pellet production. To accelerate the time-to-market, NanoXplore is active in downstream acquisition of plastic forming businesses. Through the acquisition, NanoXplore accesses into the existing relationship of acquired companies with their customers and has the chance to introduce graphene rapidly to them. To support this business model, NanoXplore has acquired, in June 2016, Rada Industries, a custom plastic injection and blow molding company, and has also acquired, in November 2017, CEBO Injections SA, a Swiss-based injection molding company that is specialized in high precision and high-quality injection molded products. Integration of Rada Industries and CEBO Injections SA businesses is ongoing and NanoXplore hopes to access to both companies' customers in order to offer graphene enhanced plastic solutions and products. NanoXplore is constantly looking into potential acquisition opportunities in plastic forming businesses in Europe and Canada.

The graphene production and master batch pellet production facility is located at 25 Montpellier Blvd, H4N 2G3 Montreal Canada, with a lease agreement from October 1st 2015 until October 1st 2020. Company's plastic forming facilities are located at 181 rue Brossard, J5B 1W9, Delson, Canada at Rada Industries location and at Chemin des Rosiers 2, 1337 Vallorbe, Switzerland at CEBO location.

Graphene production plan

In the coming 2 to 3 years, NanoXplore plans to build a facility able to produce 10,000 tons of graphene per year. In order to do so, NanoXplore has set forth a feasibility study to define the design and cost parameters of the new plant in collaboration with DF Mining & Handling and BBA. The Company expects to obtain the results during the fourth quarter of the year ended on June 30, 2018.

FINANCIAL HIGHLIGHTS

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

	Three-month periods ended March 31			Nine-month periods ended March 31		
	2018 $	2017 $	Difference $	2018 $	2017 $	Difference $
Revenues	**2,985,281**	779,299	2,205,982	**5,405,956**	2,553,173	2,852,783
Loss for the period	**(1,137,515)**	(669,239)	(468,276)	**(4,521,668)**	(1,588,750)	(2,923,143)
Basic loss per share	**(0.01)**	(0.01)	(0.00)	**(0.06)**	(0.03)	(0.03)

	Nine-month periods ended March 31			
	2018 $	2017 $	Difference $	 %
Consolidated Statements of Cash Flows				
Operating activities	**(2,370,773)**	(1,306,426)	(1,064,347)	-81%
Investing activities	**(1,712,181)**	(473,520)	(1,238,661)	-262%
Financing activities	**20,003,568**	1,584,081	18,419,487	1163%
Net change in cash	**15,920,614**	(195,865)	16,116,479	8228%

	As at March 31, 2018 $	As at June 30, 2017 $	Difference $	Difference %
Consolidated Statements of Financial Position				
Cash	**16,341,828**	421,214	15,920,614	3780%
Accounts receivable	**3,089,676**	462,322	2,627,354	568%
Inventory	**1,811,833**	293,317	1,518,516	518%
Property, plant and equipment	**5,152,454**	3,383,184	1,769,270	52%
Goodwill	**820,652**	—	820,652	100%
Total assets	**27,631,706**	4,736,483	22,895,223	483%
Operating loan	**1,480,380**	215,000	1,265,380	589%
Long-term Debt	**4,753,460**	2,162,705	2,590,755	120%
Total liabilities	**10,625,879**	3,444,842	7,181,037	208%
Equity	**17,005,827**	1,291,641	15,714,186	1217%

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

Selected Quarterly Information

		Revenue	Net loss	Basic and diluted loss per share	
Q3-2018	March 31, 2018	2,985,281	(1,116,798)	(0.01)	
Q2-2018	December 31, 2017	1,807,020	(1,020,915)	(0.01)	
Q1-2018	September 30, 2017	613,655	(2,363,238)	(0.04)	**Note 1**
Q4-2017	June 30, 2017	813,456	(553,282)	(0.01)	
Q3-2017	March 31, 2017	779,298	(655,257)	(0.01)	
Q2-2017	December 31, 2016	1,043,000	(371,000)	(0.01)	
Q1-2017	September 30, 2016	731,815	(545,727)	(0.01)	
Q4-2016	June 30, 2016	246,100	(675,538)	(0.01)	

Note 1
The higher loss than usual is explained by the listing expenses of $1,443,860 incurred in the RTO.

Private Placement

On August 2, 2017, the Company completed in connection with the Transaction a brokered private placement financing of subscription receipts ("Subscription Receipts") sold at a price of $0.45 per Subscription Receipt for gross proceeds of $9,697,082. At the closing of the Transaction, each Subscription Receipt was converted into one unit which consist of one common share of the Company and one half of one common share purchase warrant (the "First Warrants") of the Company. Each warrant of the Company entitles the holder to acquire an additional Company common share at a price of $0.70 for a period of 24 months from August 2, 2017. As consideration for the services of the broker agent rendered in connection with the private placement, the Company has agreed to pay the broker an aggregate cash fee equal to 7% of the gross proceeds of the private placement and to issue a number of broker warrants (the "Broker Warrants") equal to 7% of the number of Subscription Receipts issued pursuant to the private placement, except in respect of sales to certain purchasers identified by the Company representing $1 million (the "President's List Subscribers") for which the Company agreed to pay a cash fee equal to 3.5% of the gross proceeds in respect of Subscription Receipts subscribed for by President's List Subscribers and to issue that number of Broker Warrants equal to 3.5% of the Subscription Receipts issued to President's List Subscribers. Each Broker Warrant is exercisable to purchase one common share of the Company (a "Broker Warrant Share") at a price of $0.45 per Broker Warrant Share at any time in whole or from time to time in part for a period of 24 months following the closing of the Transaction. The Broker Warrants shall be exercisable following the satisfaction of the Release Conditions.

On March 27, 2018, the Company completed a brokered private placement financing of units sold at a price of $1.65 per unit for gross proceeds of $10,000,155. At the closing of the Transaction, each unit was converted into one unit which consist of one common share of the Company and one half of one common share purchase warrant (the "Second Warrants") of the Company. Each warrant of the Company entitles the holder to acquire an additional Company common share at a price of $2.30 for a period of 24 months from March 27, 2018. As consideration for the services of the broker agent rendered in connection with the private placement, the Company has agreed to pay the broker an aggregate cash fee equal to 6% of the gross proceeds of the private placement and to issue a number of broker warrants (the "Broker Warrants") equal 4% of the number of units issued pursuant to the private placement. Each Broker Warrant is exercisable to purchase one common share of the Company (a "Broker Warrant Share") at a price of $1.65 per Broker Warrant Share for a period of 24 months following the closing of the Transaction.

Reverse takeover related transactions

On August 29, 2017, the Company completed the three-cornered amalgamation involving Graniz Mondal Inc. ("Graniz"), the Company and 9363-0770 Québec Inc. which constituted a reverse takeover of Graniz by the Company under the policies of the TSX Venture Exchange (the "Transaction").

Pursuant to the Transaction, Graniz changed its name to NanoXplore Inc. On September 21, 2017, NanoXplore Inc. and Group NanoXplore Inc. merged and now operate under NanoXplore Inc.

Graniz and the Company completed the Amalgamation Agreement pursuant to which Graniz acquired all the issued and outstanding common shares of the Company. Pursuant to the terms and conditions of the Amalgamation Agreement, under which it issued 56,210,252 common shares to the Company's shareholders, reflecting an exchange ratio of 1:1 (on a post consolidation basis), at a deemed price of $0.45 per share and thereafter continued the Company's commercial and engineering activities as NanoXplore Inc. The capital structure of NanoXplore Inc. has been unchanged from Graniz's current capital structure, other than for the issuance of the shares contemplated by the Transaction. This transaction resulted in a reverse takeover of Graniz by the Company, whereby the Company has been deemed to have acquired control of Graniz through the deemed issuance of 1,412,939 common shares (on a post consolidation basis) to Graniz's shareholders.

Prior to the closing of the Transaction, Graniz completed the consolidation of its common shares on the basis of one Graniz Post-Consolidation Share for every 15 Graniz common shares outstanding. Graniz's outstanding options have been replaced by 141,293 post consolidation new options of NanoXplore Inc. at an exercise price of $0.45 per share.

Prior to the closing of the Transaction, the Company completed the conversion of its common shares on the basis of one to 40.0667 common shares outstanding. Related adjustments have been brought to the Company's outstanding options.
The Transaction constitutes a reverse takeover of Graniz but does not meet the definition of a business combination under IFRS 3, Business Combinations. Accordingly, the Company will account for the reverse takeover transaction in accordance with IFRS 2, Share-based Payment.

As part of the Transaction, NanoXplore Inc. also issued 755,556 common shares to former insiders of Graniz as settlement for debts and NanoXplore Inc. disposed of its option to acquire a 75% interest in the Mousseau West property, in exchange for which it was granted a release for money owed in connection thereof.

NanoXplore Inc. also issued an aggregate of 115,556 common shares to certain advisors pursuant to finder's fee agreements and following the receipt of shareholders' approval at the annual and special shareholders meeting of Graniz held on August 11, 2017.

Acquisition of CEBO Injections SA

On November 23, 2017, through its wholly-owned subsidiary NanoXplore Switzerland Holding SA., the Company acquired all of the issued and outstanding shares of CEBO Injections SA ("CEBO") for a total consideration of 2,300,000 swiss franc ("CHF") [$2,969,300]. Cebo is a Swiss-based injection molding company, from BCR Plastic Group. CEBO 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 its graphene-enhanced solution products into the products of CEBO.

This transaction was financed using the Company's available cash and issued new long-term debt of CHF 1,150,000 [$1,484,650] with Export Development Canada ("EDC"). The purchase price will be paid in three installments: (i) CHF 1,500,000 [$1,936,530] at the closing date; (ii) CHF 400,000 [$516,400] 12 months after the closing date; and (iii) CHF 400,000 [$516,400] 24 months after the closing date (exchange rate at the date of the transaction).

CONSOLIDATED OPERATIONS

Consolidated Statement of Loss

	Three-month periods ended March 31				Nine-month periods ended March 31			
	2018	2017	Difference		2018	2017	Difference	
	$	$	$	%	$	$	$	%
Revenues								
Sales of products	**2,782,337**	662,927	2,119,410	320%	**4,709,149**	2,031,007	2,678,142	132%
Royalties	**12,500**	12,500	—	0%	**37,500**	37,500	—	0%
Laboratory services	**15,919**	—	15,919	100%	**63,169**	50,000	13,169	26%
Other income	**174,525**	103,872	70,653	68%	**596,138**	434,666	161,472	37%
	2,985,281	779,299	2,205,982	283%	**5,405,956**	2,553,173	2,852,783	112%
Expenses								
Wages and salaries	**1,512,184**	597,731	914,453	153%	**3,331,481**	1,561,608	1,769,873	113%
Raw materials, consumables and supplies	**571,296**	249,927	321,369	129%	**1,288,378**	754,783	533,595	71%
Research and development cost	**531,919**	182,507	349,412	191%	**921,933**	553,357	368,576	67%
General administration cost	**774,209**	176,110	598,099	340%	**1,370,725**	543,223	827,502	152%
Energy	**109,903**	47,561	62,342	131%	**213,818**	126,697	87,121	69%
Rent	**97,171**	25,821	71,350	276%	**180,666**	72,183	108,483	150%
Insurance	**24,703**	3,572	21,131	592%	**56,784**	11,304	45,480	402%
Repairs and maintenance	**122,655**	20,958	101,697	485%	**230,473**	66,486	163,987	247%
Share-based compensation	**44,177**	38,428	5,749	15%	**197,996**	78,519	119,477	152%
Depreciation	**219,403**	87,366	132,037	151%	**448,698**	251,192	197,506	79%
Foreign exchange	**56,136**	(3,196)	59,332	-1856%	**46,576**	17,319	29,257	169%
	4,063,756	1,426,785	2,636,971	185%	**8,287,528**	4,036,671	4,250,857	105%
Operating loss	**(1,078,475)**	(647,486)	(430,989)	67%	**(2,881,572)**	(1,483,498)	(1,398,074)	94%

	Three-month periods ended March 31				Nine-month periods ended March 31			
	2018	**2017**	**Difference**		**2018**	**2017**	**Difference**	
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Operating loss	**(1,078,475)**	(647,486)	(430,989)	67%	**(2,881,572)**	(1,483,498)	(1,398,074)	94%
Non-recurring expenses								
Listing expenses [Note 3]	**—**	—	—	100%	**1,443,860**	—	1,443,860	100%
Loss before income taxes and interests	**(1,078,475)**	(647,486)	(430,989)	67%	**(4,325,432)**	(1,483,498)	(2,841,934)	192%
Interest on long-term debt	**(79,697)**	(26,967)	(52,730)	196%	**(143,304)**	(102,809)	(40,495)	39%
Interest revenue	**21,262**	—	21,262	100%	**43,244**	—	43,244	100%
Share of loss of a joint venture	**(1,201)**	—	(1,201)	100%	**(3,392)**	(5,000)	1,608	-32%
Loss before income taxes	**(1,138,111)**	(674,453)	(463,658)	69%	**(4,428,884)**	(1,591,307)	(2,837,577)	178%
Current income taxes recovery	**8,105**	5,214	2,891	55%	**38,245**	2,557	35,688	1396%
Deferred income taxes recovery	**(7,509)**	—	(7,509)	100%	**(131,029)**	—	(131,029)	100%
Loss for the period	**(1,137,515)**	(669,239)	(468,276)	70%	**(4,521,668)**	(1,588,750)	(2,932,918)	185%
Other comprehensive loss								
Items that may be subsequently reclassified to profit and loss:								
Exchange differences on translation of foreign subsidiaries	**20,717**	**—**	20,717	100%	**22,209**	**—**	22,209	100%
Total comprehensive loss	**(1,116,798)**	(669,239)	(447,559)	67%	**(4,499,459)**	(1,588,750)	(2,910,709)	183%

REVENUE

Sales of products

Sales of products increased during the three-month ($2,119,410) and the nine-month ($2,678,142) periods ended March 31, 2018 compared to the corresponding period in 2017 mainly due to the consolidation of CEBO's sales.

OPERATING COST

General increase of expenses for the operating cost during the three-month and the nine-month periods ended March 31, 2018 is mainly due to the consolidation of CEBO's expenses since November 23, 2017, except for general administration cost expenses that increased during the three-month ($598,099) and the nine-month ($827,502) periods ended March 31, 2018 compared to the corresponding period in 2017 mainly due to an increase of $614,839 in professional fees. The increase is mainly related to the feasibility study of the future graphene plan and to the CEBO's acquisition expenses.

Non-recurring expenses

Listing expenses amounts to $1,443,860 for the nine-month periods ended March 31, 2018 compared to $ Nil for 2017. The fees are related to the reverse takeover transactions of Graniz Mondal Inc.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

CONSOLIDATED FINANCIAL POSITION

	As at March 31, 2018 $	As at June 30, 2017 $	Difference $	Main reasons for significant differences
Assets				
Cash	**16,341,828**	421,214	15,920,614	The Company completed two private placements for gross proceeds of $9.6M and $10M and a business combination for a cash payment of $1.9M
Accounts receivable	**3,089,676**	462,322	2,627,354	Increase mainly due to CEBO
Inventory	**1,811,833**	293,317	1,518,516	Increase mainly due to CEBO
Investment in a joint venture	**57,916**	61,308	(3,392)	
Property, plant and equipment	**5,152,454**	3,383,184	1,769,270	Increase due to purchase of equipment related to scale-up of production and to the equipment acquired with CEBO's acquisition
Goodwill	**820,652**	—	820,652	Arise from the business acquisition of CEBO
Other assets	**357,347**	115,138	242,209	
Total assets	**27,631,706**	4,736,483	22,895,223	
Liabilities and shareholders' equity				
Liabilities				
Accounts payable and accrued liabilities	**2,851,142**	753,256	2,097,886	Increase mainly due to CEBO
Deferred grant	**334,192**	—	334,192	Amount received as part of STDC project
Deferred revenue	**146,557**	—	146,557	
Operating loan	**1,480,380**	215,000	1,265,380	Increase mainly due to CEBO
Non-current portion of payable	**491,251**	—	491,251	Second payment related to the acquisition of Cebo due in 24 months
Long-term debt	**4,753,460**	2,162,705	2,590,755	Increase mainly due to an obligation under finance lease acquired from CEBO
Deferred income taxes liabilities	**568,897**	313,881	255,016	
Total liabilities	**10,625,879**	3,444,842	7,181,037	
Equity				
Share capital	**23,339,220**	5,705,879	17,633,341	The Company completed two private placements
Reserve	**2,803,656**	223,352	2,580,304	Increase due to the issuance of warrants and options granted to officers, employees and advisors in connection with the reverse takeover transaction and completion of two private placements
Foreign currency translation reserve	**22,209**	—	22,209	
Deficit	**(9,159,258)**	(4,637,590)	(4,521,668)	Losses of the period
Total equity	**17,005,827**	1,291,641	15,714,186	
Total equity and liabilities	**27,631,706**	4,736,483	22,895,223	

CASH FLOW

	Nine-month periods ended March 31			
	2018	2017	Difference	
	$	$	$	%
Cash used in operating prior to changes in working capital	**(2,511,408)**	(1,191,321)	(1,320,087)	-111%
Changes in non-cash working capital	**140,635**	(115,105)	255,740	222%
Operating activities	**(2,370,773)**	(1,306,426)	(1,064,347)	-81%
Investing activities	**(1,712,181)**	(473,520)	(1,238,661)	-262%
Financing activities	**20,003,568**	1,584,081	18,419,487	1163%
Net change in cash	**15,920,614**	(195,865)	16,116,479	8228%

Operating activities

The negative variance in operating activities cash flows during the Nine-month period is primarily due to an increase of $1,320,087 in cash used in operating prior to changes in working capital, which is mainly due to an increase of professional fees of $614,839 and an increase of $386,295 due to incentive, salary increase and additional employees.

Refer to the above section "**CONSOLIDATED OPERATIONS**" for more information on professional fees variances.

Investing Activities

Cash flows used in investing activities during the nine-month periods of 2018 and 2017 are mainly related to property, plant and equipment regarding our ramp-up project to produce 25 metrics tons of graphene a year. The variation between the two periods is due to the acquisition of CEBO during November 2017 for a cash amount of $1,207,237.

Financing activities

Cash flows generated in financing activities during the nine-month period is mainly due the completion by the Company of a brokered private placement financing of subscription receipts sold at a price of $0.45 per subscription receipt for gross proceeds of $9,697,082, to a second private placement financing of units sold at a price of $1.65 per unit for gross proceeds of $10,000,155 (see Financial Highlight discussion) and to the issuance of a long-term debt with EDC as part of the business combination of CEBO.

LIQUIDITY AND CAPITAL RESOURCES

The graphene business is in the development stage and as result the Company has minimal source of operating revenue from those operations and is dependent on external financing to fund its continued development program. The Company main sources of funding have been the issuance of equity securities for cash, debt, funds from the government of Quebec with respect to R&D tax credit, from the federal government with respect to R&D tax credit, from SDTC and from the Industrial Research Assistance Program.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

For a detailed description of the financial instruments and risk management associated with the Company and its activities, please refer to the annual consolidated financial statements of June 30, 2017. These identified financial instruments and risks are consistent through the periods.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company did not have any off-balance sheet arrangements, except for an operating lease signed from October 1st, 2015 until October 1st, 2020.

OUTSTANDING SHARES

As at May 28, 2018, the Company has:

- 88,250,639 common shares issued and outstanding;
- 1,540,466 options outstanding with expiry dates ranging between January 2, 2020 and April 9, 2023 with exercise price between $0.45 and $1.80. If all the options were exercised, 1,540,466 shares would be issued for proceeds of $1,208,210;
- 14,538,969 warrants and Broker Warrants outstanding with expiry date ranging between August 2, 2019 and March 27, 2020 with exercise price between $0.45 and $2.30. If all the warrants were exercised, 14,538,969 shares would be issued for proceeds of $15,073,481.

RELATED PARTY TRANSACTIONS

For a detailed description of all related party transactions, please refer to the Note 12 “Related party transactions” in the unaudited condensed interim financial statements for the three-month and nine-month periods ended March 31, 2018 and 2017.

RISKS AND UNCERTAINTIES

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

For a detailed description of risks and uncertainties, refer to the annual consolidated financial statements of June 30, 2017.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

For a detailed description of the critical accounting judgments and estimates associated with the Company and its activities, please refer to the Note 3 "Critical accounting judgments and estimates" in the audited financial statements for the years ended June 30, 2017 and 2016. The Company was not required to make significant judgments, estimates and assumptions in areas other than those mentioned in the audited financial statements for the years ended June 30, 2017 and 2016.

FUTURE CHANGES IN ACCOUNTING POLICIES

The standards and amendments to existing standards have been published, and their adoption is mandatory for future accounting periods. Refer to the unaudited condensed interim financial statements for the three-month and nine-month periods ended March 31, 2018 and 2017 for the details of these standards and amendments.

CONTROLS AND PROCEDURES

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

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

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

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

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

The Board of Directors has approved the Financial statements.