

FORM 51-102F3

**MATERIAL CHANGE REPORT
PURSUANT TO REGULATION 51-102**

Item 1 - Name and Address of Company

NanoXplore Inc. (the “Corporation”)
25 Montpellier Blvd
Montréal, QC H4N 2G3

Item 2 - Date of Material Change

July 3, 2018

Item 3 - News Release

A joint news release pertaining to the material change being the subject of the present report was issued through Globe Newswire on July 3, 2018 and subsequently filed on SEDAR. A copy of the news release is attached hereto as Schedule “A”.

Item 4 - Summary of Material Change

On July 3, 2018, the Corporation and Sigma Industries Inc. (“Sigma”) announced the entering into of an arrangement agreement (the “Arrangement”) pursuant to which the Corporation will acquire all of the outstanding Sigma common shares and convertible debentures.

Item 5 - Full Description of Material Change

5.1 Full Description of Material Change

The Corporation entered into an Arrangement with Sigma Industries Inc. on July 3, 2018 pursuant to which the Corporation will acquire all of the outstanding Sigma common shares and convertible debentures.

Under the terms of the Arrangement, each Sigma common share will be exchanged for 0.39 common share of the Corporation. The value of Sigma common shares has been set at \$0.75 and the value of the Corporation common shares has been set at \$1.92. The holders of Sigma Debentures will receive cash and common shares of the Corporation for their Debentures; (i) for every \$1,000 principal amount of the Series 1 Debentures, \$5,000 plus a number of the Corporation common shares equal to \$500; (ii) for each \$1,000 principal amount of the Series 2 Debentures, \$9,000 plus a number of the Corporation common shares equal to \$1,000; and (iii) for each \$1,000 principal amount of the Series 3 Debentures, \$8,800 plus a number of the Corporation common shares equal to \$1,000. The price of the Corporation common shares will also be \$1.92.

The cash consideration offered under the Arrangement is approximately \$9 million and the number of the Corporation common shares issuable is approximately 5.1 million, for a total value of approximately \$18.8 million.

Pursuant to the terms of the Arrangement, the Corporation and Sigma agreed to file an application for interim order to the Québec Superior Court to call a special meeting

of Sigma shareholders to hold a vote on the Arrangement. The independent members of Sigma's Board have received a fairness opinion from their financial advisor Evans & Evans, Inc., an investment banking firm, that the consideration payable to Sigma shareholders under the Arrangement is fair, from a financial point of view, to Sigma shareholders. Based on their review and various other factors, including the fairness opinion, the special committee composed of independent members of Sigma's Board unanimously recommended to the Board to approve the transaction who approved it as of the date hereof. The Board recommends that shareholders vote in favor of the Arrangement. A special meeting of Sigma shareholders is scheduled on September 14, 2018, with a record date of August 10 2018. The hearing of Sigma's motion for interim order is scheduled for July 12, 2018.

Subject to the Interim Order, further details of the Arrangement will be included in a management proxy circular, which should be filed by Sigma with the Canadian securities regulatory authorities and mailed to the shareholders of Sigma during the week of August 13, 2018. The circular will also contain all information regarding the terms of the proposed plan of arrangement and the factors considered by the independent directors of Sigma, as well as a summary and the full text of the fairness opinion prepared by Evans & Evans, Inc.

The holders of Sigma debentures have entered into an agreement with the Corporation concerning the acquisition of all of the Debentures by the Corporation, on the above terms and conditions.

The transaction is subject to customary closing conditions, including receipt of all regulatory approvals, of court approval pursuant to the *Canada Business Corporation Act* and of Sigma's Shareholders approval.

For additional information about the Corporation and the Arrangement, please refer to the news release attached hereto as Schedule "A" which has been filed on the Corporation's profile on SEDAR on July 3, 2018.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 - Reliance on Section 7.1(2) of Regulation 51-102

Not applicable.

Item 7 - Omitted Information

Not applicable.

Item 8 - Executive Officer

For further information, please contact Soroush Nazarpour, President and Chief Executive Officer of the Corporation at (514) 935-1377.

Item 9 - Date of Report

July 10, 2018

SCHEDULE "A"



July 3, 2018

NANOXPLORE ANNOUNCES THE ACQUISITION OF SIGMA INDUSTRIES

NanoXplore Inc. ("NanoXplore") (TSX-V: GRA) and Sigma Industries Inc. ("Sigma") (TSX-V: SSG) are pleased to announce that they entered into an arrangement agreement on July 3, 2018 (the "Arrangement") pursuant to which NanoXplore will acquire all of the outstanding Sigma common shares and convertible debentures.

Under the terms of the Arrangement, each Sigma common share will be exchanged for 0.39 common share of NanoXplore. The value of Sigma common shares has been set at \$0.75 and the value of NanoXplore common shares has been set at \$1.92. The holders of Sigma Debentures will receive cash and common shares of NanoXplore for their Debentures; (i) for every \$1,000 principal amount of the Series 1 Debentures, \$5,000 plus a number of NanoXplore common shares equal to \$500; (ii) for each \$1,000 principal amount of the Series 2 Debentures, \$9,000 plus a number of NanoXplore common shares equal to \$1,000; and (iii) for each \$1,000 principal amount of the Series 3 Debentures, \$8,800 plus a number of NanoXplore common shares equal to \$1,000. The price of the NanoXplore common shares will also be \$1.92.

The cash consideration offered under the Arrangement is approximately \$9 million and the number of NanoXplore common shares issuable is approximately 5.1 million, for a total value of approximately \$18.8 million.

Pursuant to the terms of the Arrangement, NanoXplore and Sigma agreed to file an application for interim order to the Québec Superior Court to call a special meeting of Sigma shareholders to hold a vote on the Arrangement. The independent members of Sigma's Board have received a fairness opinion from their financial advisor Evans & Evans, Inc., an investment banking firm, that the consideration payable to Sigma shareholders under the Arrangement is fair, from a financial point of view, to Sigma shareholders. Based on their review and various other factors, including the fairness opinion, the special committee composed of independent members of Sigma's Board unanimously recommended to the Board to approve the transaction who approved it as of the date hereof. The Board recommends that shareholders vote in favor of the Arrangement. A special meeting of Sigma shareholders is scheduled on September 14, 2018, with a record date of August 10, 2018. The hearing of Sigma's motion for interim order is scheduled for July 12, 2018.

Subject to the Interim Order, further details of the Arrangement will be included in a management proxy circular, which should be filed by Sigma with the Canadian securities regulatory authorities and mailed to the shareholders of Sigma during the week of August 13, 2018. The circular will also contain all information regarding the terms of the proposed plan of arrangement and the factors considered by the independent directors of Sigma, as well as a summary and the full text of the fairness opinion prepared by Evans & Evans, Inc.

The holders of Sigma debentures have entered into an agreement with NanoXplore concerning the acquisition of all of the Debentures by NanoXplore, on the above terms and conditions.

Soroush Nazarpour, President and CEO of NanoXplore commented: "Acquisition of Sigma will allow NanoXplore to incorporate the benefits of graphene to Sigma's existing product lines while providing Sigma with a substantial advantage over its competitors. This acquisition further strengthens our vertically-integrated business model; starting from natural flake graphite mined in Quebec to original equipment manufacturers in transportation market."

Rob Wildeboer, Executive Chairman of Martinrea International, a strategic shareholder of NanoXplore, commented: "I believe this transaction is a good opportunity for NanoXplore to develop and sell graphene enhanced products to transportation market and grow the overall commercial market for graphene."

Denis Bertrand, President and CEO of Sigma said: These are exciting times for both organisations. The acquisition by NanoXplore provides Sigma with next generation products and allows Sigma to penetrate and access existing and new markets. The expertise that NanoXplore brings in the field of innovative materials will enable Sigma to advance formulations and align process developments. I believe this partnership is the best next step in the evolution of our company as we continuously strive to provide creative solutions to each of our customers and partners."

The transaction is subject to customary closing conditions, including receipt of all regulatory approvals, of court approval pursuant to the *Canada Business Corporation Act* and of Sigma's Shareholders approval. This press release does not constitute an offer to sell or the solicitation of an offer to purchase securities or the solicitation of any vote or approval.

About NanoXplore Inc.

NanoXplore is a graphene company, a manufacturer and supplier of high-volume graphene powder for use in industrial markets, as well as standard and custom graphene enhanced plastic and composite products. NanoXplore has manufacturing facilities in Montreal, Canada and Vallorbe, Switzerland and employs more than 100 people.

About Sigma Industries Inc.

Sigma Industries Inc. is a manufacturing company specializing in the manufacture of composite products, has two operating subsidiaries and employs 275 people. 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-looking statements

Certain statements included in this press release may be considered "forward-looking statements". All statements in this release that are not historical facts and refer to future events, developments or performance that NanoXplore and Sigma (collectively, the "Corporations") anticipate, including management's expectations regarding growth corporate information, results of operations, estimates of future revenues, additional capital requirements, future demand and commodity prices, prospects and opportunities are forward-looking statements. Forward-looking statements are statements that are not historical facts and generally, but not necessarily, to be identified by the use of words such as

"plans", "anticipates", "believes", "has 'intent", "estimates", "potential", "schedule", and other similar expressions or variations (including negative variants), or statements that events or conditions "will occur", "may "or" should "occur, including that all conditions precedent to the Arrangement will be met and the realization of the expected benefits of this Arrangement to Shareholders of the Corporations, as well as the opinion on (i) the quality and potential of the assets of the Corporations, (ii) the consideration offered to the shareholders of Sigma, and (iii) the potential of the court order. Although the Corporations believe that the expectations expressed in these forward-looking statements are based on reasonable assumptions, these statements involve known and unknown risks, uncertainties and other factors and do not guarantee future results, and the results of the forward-looking statements. actual results could differ materially from those anticipated in the forward-looking statements.

Potential risks and uncertainties that could cause a material difference between NanoXplore's financial position, results of operations and actual future performance and those expressed or implied by this press release include, but are not limited to, the following: the possibility that the NanoXplore common shares issued as part of the proposed acquisition have a lower than expected market value, the possibility that the NanoXplore and Sigma businesses are not successfully integrated or that this integration is more difficult, more costly than anticipated, the possible delay in completing the necessary steps for a possible merger of the two Corporations, including the possibility that approvals or authorizations to be obtained from regulatory agencies and other agencies cannot be obtained timely, the possibility that disruption of the proposed transaction hampers relationships with customers, employees and suppliers, as well as any other potential risks and uncertainties set out under the heading "Risk Factors" in NanoXplore documents filed with the Canadian securities regulatory authorities.

All forward-looking statements in this press release are expressly qualified by the cautionary statements set forth herein and contained in other NanoXplore filings with the Canadian securities regulatory authorities. NanoXplore undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

For more information, please contact:

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Sigma Industries Inc.

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