

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “1933 Act”), or any securities laws of any state of the United States and may not be offered or sold to, or for the account or benefit of, persons within the United States of America, its territories or possessions, the District of Columbia or any state of the United States (collectively, the “United States”) or “U.S. persons”, as such term is defined in Regulation S under the 1933 Act (“U.S. Persons”), unless registered under the 1933 Act and any applicable securities laws of any state of the United States or an exemption from such registration requirements is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby to, or for the account or benefit of, persons within the United States or U.S. Persons. See “Plan of Distribution”.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Corporation at 4500 Thimens Blvd., Montréal, Québec H4R 2P2 Telephone: (514)935-1377, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

February 5, 2021



NANOXPLORE INC.

\$40,000,000

10,000,000 Common Shares

\$4.00 per Common Share

This short form prospectus (the “**Prospectus**”) qualifies the distribution (the “**Offering**”) of 10,000,000 common shares (the “**Offered Shares**”) of NanoXplore Inc. (“**NanoXplore**” or the “**Corporation**”) at a price of \$4.00 per Offered Share (the “**Offering Price**”).

The Offered Shares are being issued and sold pursuant to an underwriting agreement dated January 29, 2021 (the “**Underwriting Agreement**”) entered into by the Corporation with Echelon Wealth Partners Inc. and National Bank Financial Inc. (collectively, the “**Lead Underwriters**”), acting as co-lead underwriters and co-bookrunners, and Paradigm Capital Inc., Raymond James Ltd., Stifel GMP, Beacon Securities Limited and Cormark Securities Inc. (together with the Lead Underwriters, the “**Underwriters**”). The Offered Shares will be offered in each of the provinces of Canada through the Underwriters, their affiliates and such other registered dealers as may be designated by the Lead Underwriters. The Offering Price was determined by arm’s length negotiation between the Corporation and the Lead Underwriters. See “Plan of Distribution”.

The outstanding common shares of the Corporation (the “**Common Shares**”) are currently listed and posted for trading on the TSX Venture Exchange (the “**TSXV**”) under the symbol “**GRA**” and on the OTCQX under the symbol “**NNXP**”. On February 4, 2021, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$3.91. The TSXV has conditionally approved the listing of the Offered Shares (including the Over-Allotment Shares (as defined below)) distributed under the Prospectus. Listing of such securities will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

	Price to Public	Underwriters' Fee⁽¹⁾⁽⁴⁾	Proceeds to the Corporation⁽²⁾⁽⁴⁾
Per Offered Share	\$4.00	\$0.20	\$3.80
Total ⁽³⁾	\$40,000,000	\$2,000,000	\$38,000,000

Notes:

- (1) In consideration for the services rendered by the Underwriters in connection with the Offering, the Corporation agreed to pay to the Underwriters a fee in an amount equal to 5% of the aggregate gross proceeds of the Offering (the “**Underwriters' Fee**”) (including in respect of any Over-Allotment Shares (as defined below)), subject to a reduced fee of 2% with respect to Offered Shares purchased by certain investors designated by the Corporation (the “**President's List**”), subject to the terms and conditions of the Underwriting Agreement. See “Plan of Distribution”.
- (2) After deducting the Underwriters' Fee but before deducting expenses of the Offering, estimated to be \$380,000, which will be paid from the proceeds of the Offering.
- (3) The Corporation has granted the Underwriters an over-allotment option (the “**Over-Allotment Option**”), exercisable, in whole or in part, at the sole discretion of the Lead Underwriters, on behalf of the Underwriters, for a period of 30 days following the Closing Date (as defined below), enabling them to purchase up to such additional number of Common Shares (the “**Over-Allotment Shares**”) as is equal to 15% of the number of Offered Shares sold under the Offering at \$4.00 per Over-Allotment Share, solely to cover over-allotments, if any, and for market stabilization purposes. A purchaser who acquires Over-Allotment Shares forming part of the Underwriters' over-allotment position acquires those securities under this Prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total number of Offered Shares sold pursuant to the Offering will be 11,500,000, the total price to the public will be \$46,000,000, the total Underwriters' Fee will be \$2,300,000, and the aggregate net proceeds will be \$43,700,000.
- (4) Assumes no Offered Shares are sold to President's List purchasers under the Offering.

The following table sets out the number of Over-Allotment Shares that may be issued by the Corporation in connection with the Offering:

Underwriters' Position	Number of Securities Available	Exercise Period	Acquisition Price
Over-Allotment Option	Up to 1,500,000 Over-Allotment Shares	Exercisable for a period of 30 days after the Closing Date	\$4.00 per Over-Allotment Share

Unless the context otherwise requires, when used herein, all references to the “Offering” and the “Offered Shares” shall include the Over-Allotment Option and the Over-Allotment Shares, respectively.

The Underwriters, as principals, conditionally offer the Offered Shares in each of the provinces of Canada, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters on behalf of the Corporation by Lavery, de Billy, L.L.P. and on behalf of the Underwriters by Dickinson Wright LLP.

Subject to applicable laws and in connection with this Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market in accordance with applicable stabilization rules. Such transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Offered Shares initially at the Offering Price. Without affecting the firm obligation of the Underwriters to purchase the Offered Shares from the Corporation in accordance with the Underwriting Agreement, after the Underwriters have made reasonable efforts to sell all of the Offered Shares offered by this Prospectus at the price specified herein, the Offering Price may be decreased, and further changed from time to time, to an amount not greater than the Offering Price. Such decrease in the Offering Price will not affect the proceeds of \$3.80 per Offered Share to be paid to the Corporation by the Underwriters. The Underwriters shall inform the Corporation if the Offering Price is decreased. See “Plan of Distribution”.

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing is expected to take place on February 12, 2021, or such other date as may be agreed upon by the Corporation and the Underwriters, but in any event not later than 90 days following the date of the receipt for this Prospectus (the “**Closing Date**”). The Offering will be conducted under the book-based system. Upon purchase of any Offered Share, the owner will receive only the customary confirmation from the Underwriters or the registered dealer from or through whom a beneficial interest in the Offered Shares is purchased and who

is a participant in the depository service of CDS Clearing and Depository Services Inc. (“CDS”). CDS will record the CDS participants who hold the Offered Shares on behalf of owners who have purchased or transferred the Offered Shares in accordance with the book-based system. See “Plan of Distribution”.

An investment in the Offered Shares is highly speculative and involves a high degree of risk, and should only be made by persons who can afford the total loss of their investment. Investors should carefully consider the risk factors described or incorporated by reference in this Prospectus. See “Notice to Investors”, “Disclosure Regarding Forward Looking Information” and “Risk Factors” in this Prospectus and in the AIF (as defined herein), which is available electronically on SEDAR at www.sedar.com.

The Offering is subject to the approval of certain legal matters on behalf of the Corporation by Lavery, de Billy, L.L.P. and on behalf of the Underwriters by Dickinson Wright LLP. In the opinion of these counsels, the Offered Shares would be qualified investments for certain plans. See “Eligibility for Investment”.

NanoXplore’s head and registered office is located at 4500 Thimens Blvd., Montréal, Québec H4R 2P2.

Ms. Jodie Lynn Morgan is a director of the Corporation and resides outside of Canada. She has appointed the Corporation as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See “Agent for Service of Process”.

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Unless specifically referred to herein, or required by securities legislation in Canada, information contained on the Corporation's website (www.nanoxplore.ca) shall not be deemed to be part of this Prospectus or incorporated by reference herein and should not be relied upon by prospective investors for the purposes of determining whether to invest in the Offered Shares.

NOTICE TO INVESTORS

Readers should rely only on the information contained in this Prospectus (including the documents incorporated by reference) and should not rely on some parts of the Prospectus to the exclusion of others. The Corporation has not, and the Underwriters have not, authorized any other person to provide investors with additional or different information. If anyone provides you with additional, different or inconsistent information, including information or statements in media articles about the Corporation, readers should not rely on it. The Corporation is not, and the Underwriters are not, offering the securities in any jurisdiction in which the Offering is not permitted. Investors should assume that the information contained in this Prospectus is accurate only as of the date on the front of this Prospectus and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this Prospectus or of any sale of the securities pursuant thereto. The Corporation's business, financial condition, results of operations and prospects may have changed since the date on the front of this Prospectus. **Information contained in this Prospectus should not be construed as legal, tax or financial advice and readers are urged to consult their own professional advisors in connection therewith.**

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus or documents incorporated by reference herein may contain forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "contemplate", "believe", "estimate", "predict", "potential", "targeting", "intend", "could", "might", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. These factors are not intended to represent a complete list of the general or specific factors that could affect us. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements in this Prospectus speak only as of the date of this Prospectus or as of the date specified in the documents incorporated by reference herein and include, but are not limited to, statements with respect to:

- completion of the Offering;
- risk of an investment;
- negative cash flow from operations;
- no guarantee of a positive return in an investment;
- use of net proceeds of the Offering;
- market price of Common Shares;
- ongoing impact of the COVID-19 pandemic on the corporation's business, operating results, cashflows and financial condition;
- dilution if issuance of additional securities of the Corporation;
- future sales of substantial amounts of Common Shares by NanoXplore's shareholders;
- future operating and financial results;
- liquidity risk;
- ability to raise additional capital;
- economic and political conditions;
- 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; and
- litigation.

Such factors are discussed in more detail under the heading “Risk Factors” in this Prospectus, the AIF, the Annual MD&A and the Interim MD&A (as such terms are defined herein). New factors emerge from time to time, and it is not possible for management to predict all of those factors or to assess in advance the impact of each such factor on the Corporation’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Readers are cautioned that the foregoing list of factors is not exhaustive and it is recommended that readers consult the more complete discussion of risks and uncertainties facing the Corporation included in this Prospectus and in the documents incorporated by reference herein. See “Risk Factors”. Except as may be required by law, the Corporation undertakes no obligation and disclaims any responsibility to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise. All of the forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified by this cautionary statement.

FINANCIAL INFORMATION AND CURRENCY PRESENTATION

Unless otherwise indicated, all references to monetary amounts in this Prospectus are denominated in Canadian dollars. The financial statements of the Corporation incorporated herein by reference are reported in Canadian dollars and are prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless otherwise indicated, all references to “\$”, “C\$” and “dollars” in this Prospectus refer to Canadian dollars.

ELIGIBILITY FOR INVESTMENT

In the opinion of Lavery, de Billy, L.L.P., counsel to the Corporation, and Dickinson Wright LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”), as of the date hereof, the Offered Shares will be “qualified investments” under the Tax Act as of the date hereof for a trust governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), registered disability savings plan (“**RDSP**”), registered education savings plan (“**RESP**”), tax-free savings account (“**TFSA**”, and collectively, “**Registered Plans**”) or deferred profit sharing plan, all as defined in the Tax Act, provided that, either

- (i) the Offered Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSXV), or
- (ii) the Corporation is a “public corporation” as defined in the Tax Act.

Notwithstanding that the Offered Shares may be “qualified investments”, in certain circumstances, the Offered Shares may be a “prohibited investment” for a trust governed by a Registered Plan. The Offered Shares will be a prohibited investment where the holder of a TFSA or RDSP, the annuitant of a RRSP or RRIF or the subscriber of a RESP does not deal at arm’s length with the Corporation for purposes of the Tax Act or has a “significant interest” (within the meaning of paragraph 207.01(4) of the Tax Act) in the Corporation, unless the Offered Shares are “excluded property” (within the meaning of paragraph 207.01(1) of the Tax Act) for the particular Registered Plan. If the Offered Shares are a “prohibited investment”, the holder of such TFSA or RDSP or the annuitant of a RRSP or RRIF or the subscriber of the RESP may be subject to a penalty tax under the Tax Act. Prospective investors to whom these rules may apply should consult their own tax advisors having regard to their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Corporation, filed with certain securities commissions or similar authorities in the provinces of Canada in which the Corporation is a reporting issuer, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the revised annual information form of the Corporation for the financial year ended June 30, 2020, dated February 5, 2021 (the “**AIF**”);
- (b) the management information circular of the Corporation dated October 20, 2020 relating to the annual meeting of shareholders of the Corporation held on November 25, 2020;
- (c) the audited consolidated financial statements of the Corporation as at and for the years ended June 30, 2020 and 2019, together with the notes thereto and the auditor’s report thereon, dated October 15, 2020 (the “**Annual Financial Statements**”);
- (d) the management’s discussion and analysis of the Corporation for the years ended June 30, 2020 and 2019 (the “**Annual MD&A**”);
- (e) the unaudited condensed interim consolidated financial statements of the Corporation as at and for the three-month periods ended September 30, 2020 and 2019, together with the notes thereto (the “**Interim Financial Statements**”);
- (f) the management’s discussion and analysis of the Corporation for the three-month periods ended September 30, 2020 and 2019 (the “**Interim MD&A**”);
- (g) the Corporation material change report dated January 26, 2021 with respect to the Offering; and
- (h) the term sheet dated January 25, 2021 (the “**Marketing Material**”).

Any documents of the type required by Regulation 44-101 *respecting Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditor’s report thereon, information circulars, annual information forms and business acquisition reports filed by the Corporation with the securities commissions or similar authorities in Canada in which the Corporation is a reporting issuer subsequent to the date of this Prospectus and prior to the termination of this Offering, shall be deemed to be incorporated by reference in this Prospectus.

Documents referenced in any of the documents incorporated by reference in this Prospectus but not expressly incorporated by reference therein or herein and not otherwise required to be incorporated by reference therein or in this Prospectus are not incorporated by reference in this Prospectus.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Corporation at 4500 Thimens Blvd., Montréal, Québec H4R 2P2 Telephone: (514) 935-1377, and are also available electronically at www.sedar.com.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this Prospectus shall be deemed to be modified or superseded, for the purposes of this Prospectus, to the extent that a statement contained in this Prospectus or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference in this Prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

MARKETING MATERIALS

The template version of the Marketing Material is not part of this Prospectus to the extent that its contents have been modified or superseded by a statement contained in this Prospectus. Any “template version” of “marketing materials” (as defined in *Regulation 41-101 respecting General Prospectus Requirements* (“**Regulation 41-101**”) filed by the Corporation with a securities commission or similar authority in Canada after the date of this Prospectus and before the termination of the distribution under the Offering will be deemed to be incorporated into this Prospectus.

THE CORPORATION

General

NanoXplore 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."

As of the date of this Prospectus, NanoXplore is a reporting issuer in the provinces of British Columbia, Alberta, Ontario and Québec. The head office and principal place of business of NanoXplore is located at 4500 Thimens Blvd., Montréal, Québec H4R 2P2.

Overview of the Corporation's Business

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

NanoXplore's head offices operate out of a 69,652 square foot manufacturing facility located in Montréal, Québec in which 44 people are currently employed. The Montréal operation houses corporate administration, finance, sales, R&D, engineering, supply chain, manufacturing, and service and support.

NanoXplore's business relates to carbon and composites technology. With respect to carbon technology, NanoXplore interacts with end-customers and compounders that use graphene powder or pre-mixed graphene enhanced thermoplastic or thermoset products. NanoXplore also specializes in plastics forming within various industries. NanoXplore has established large original equipment manufacturer (OEM) customers that rely on applications that range from precision injection molding to forming of large composite plastic parts. NanoXplore believes that incorporating graphene for these applications would allow for better products with improved performance at lower cost to the end-customer.

NanoXplore's business objectives are primarily focused on the sale of graphene powder and graphene enhanced products. At this time, as NanoXplore's graphene operations are still in an early stage, its graphene facility becoming operational only in July 2020, the Corporation's sales are derived in most part from sales of composite parts. To date, the Corporation has recorded minimal revenues from graphene powder and graphene enhanced product sales.

For further information regarding the Corporation, see the Corporation's AIF, and other documents incorporated by reference in this Prospectus available at www.sedar.com under the Corporation's profile.

CONSOLIDATED CAPITALIZATION

Other than as disclosed herein, there have been no material changes in the share capitalization or in the indebtedness of the Corporation since September 30, 2020, the date of the Interim Financial Statements.

On December 8, 2020, the Corporation received a notice of conversion from BDC Capital Inc. of its 10,000 convertible unsecured subordinated debentures of the Corporation bearing interest at 8% per annum, for an aggregate principal amount of \$10,000,000 (the "**Debentures**"). The Debentures were converted into Common Shares at a price of \$1.84 per Common Share, resulting in the issuance of 5,434,782 Common Shares.

The following table sets forth the capitalization of the Corporation as at September 30, 2020, as well as at September 30, 2020, after giving effect to the conversion of the Debentures, as well as at September 30, 2020 after giving effect to the Offering, and as at September 30, 2020 after giving effect to the Offering and the full exercise of the Over-Allotment Option. The table should be read in conjunction with the Interim Financial Statements and Interim MD&A, which are

incorporated by reference in this Prospectus as well as the other disclosure contained in this Prospectus, including the risk factors described under the heading “Risk Factors” in this Prospectus and in the AIF.

	As at September 30, 2020	As at September 30, 2020 after giving effect to the conversion of the Debentures	As at September 30, 2020 after giving effect to the Offering and the conversion of the Debentures and prior to the exercise of the Over-Allotment Option ⁽³⁾	As at September 30, 2020 after giving effect to the Offering, the conversion of the Debentures and the full exercise of the Over-Allotment Option ⁽⁴⁾
Cash and cash equivalents	<u>\$26,252,751</u>	<u>\$26,252,751</u>	<u>\$63,872,751</u>	<u>\$69,572,751</u>
Operating Loans	\$1,269,167	\$1,269,167	\$1,269,167	\$1,269,167
Long-Term Debt	\$26,263,222	\$26,263,222	\$26,263,222	\$26,263,222
Convertible Debentures	<u>\$8,279,307</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$35,811,696	\$27,532,389	\$27,532,389	\$27,532,389
Shareholders' Equity ⁽¹⁾	<u>\$59,589,256</u>	<u>\$67,868,563</u>	<u>\$105,488,563⁽²⁾</u>	<u>\$111,188,563⁽²⁾</u>
Total Capitalization	<u>\$95,400,952</u>	<u>\$95,400,952</u>	<u>\$133,020,952</u>	<u>\$138,720,952</u>

Notes:

- (1) 140,318,610 Common Shares issued and outstanding as of September 30, 2020; 145,753,392 Common Shares issued and outstanding as of September 30, 2020 after giving effect to the conversion of the Debentures; 155,753,392 Common Shares issued and outstanding as of September 30, 2020 after giving effect to the conversion of the Debentures and the Offering (excluding the Over-Allotment Shares issuable pursuant to the Over-Allotment Option), and 157,253,392 Common Shares issued and outstanding as of September 30, 2020 after giving effect to the conversion of the Debentures and the Offering (including the exercise in full of the Over-Allotment Option for Over-Allotment Shares).
- (2) After deducting the Underwriters' Fees, assuming no Offered Shares are sold to President's List purchasers, of \$2,000,000 (\$2,300,000 if the Over-Allotment Option is exercised in full) and expenses of the Offering estimated to be \$380,000 which will be paid from the proceeds of the Offering.
- (3) Assumes the Over-Allotment Option is not exercised, in whole or in part, by the Underwriters.
- (4) Assumes the Over-Allotment Option is exercised in full by the Underwriters.

USE OF PROCEEDS

The gross proceeds paid to the Corporation from the Offering will be \$40,000,000 (\$46,000,000 if the Over-Allotment Option is exercised in full). Assuming no Offered Shares are sold to President's List purchasers under the Offering, the net proceeds to be received by the Corporation from the Offering, after deducting the Underwriters' Fee of \$2,000,000, and the expenses of the Offering, estimated to be \$380,000, will be approximately \$37,620,000 (or \$43,320,000 if the Over-Allotment Option is exercised in full for Over-Allotment Shares and after deducting the Underwriters' Fee of \$2,300,000).

The net proceeds of the Offering are expected to be used by the Corporation within the next 24 months following the Closing Date, as follows:

	Not including the Over-Allotment Option	Including the Over-Allotment Option ⁽¹⁾
Battery initiatives	\$4,000,000	\$4,000,000
Sales and marketing of graphene	\$18,620,000	\$20,000,000
Debt reduction	\$15,000,000	\$15,000,000
General corporate purposes	-	\$4,320,000
Total	\$37,620,000	\$43,320,000

Note:

(1) Assumes the full exercise of the Over-Allotment Option.

The Corporation had negative cash flow from operating activities for the year ended June 30, 2020 and the three months ended September 30, 2020. The Corporation's working capital amount was \$26,275,407 as at September 30, 2020. The Corporation cannot guarantee if it will have positive or negative cash flow from operating activities in future periods. To the extent that the Corporation has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities. See "Risk Factors - *Negative Cash Flow From Operations*".

BUSINESS OBJECTIVES AND MILESTONES

The principal business objectives of the Corporation are its battery initiatives, the reduction of its debt and the sales and marketing of graphene powder and pre-mixed graphene enhanced thermoplastic and thermoset products for the transportation, packaging (non food-contact), building, construction, industrial and electronic packaging markets.

With respect to its battery initiatives, over the next 24 months, the Corporation expects to accomplish the following:

- Completion of commissioning of internal production and testing lab for Lithium-ion ("**Li-ion**") batteries. The anticipated costs of such initiative are approximately \$500,000;
- Further research and development and small-scale production of graphene enhanced silicon alloy anodes. The anticipated costs of such initiative are approximately \$500,000;
- Development of a binder-free and solvent-free anode for solid-state Li-ion batteries based on the Corporation's intellectual property. The anticipated costs of such initiative are approximately \$2,000,000;
- Completion of the development of stress absorbing and conductive polymer for Silicon anodes. The anticipated costs of such initiative are approximately \$1,000,000.

With respect to its sales and marketing of graphene activities, over the next 24 months, the Corporation expects to accomplish the following:

- Hiring of sales and marketing individuals to support the commercialization of graphene and graphene enhanced products;
- Marketing and advertisement of our graphene products in tradeshows and industry magazines or other forums;
- Potential acquisition of assets and/or companies involved in the production of graphene intermediary products, such as plastic compounder and thermoset blenders, as well assets and/or companies that are directly active in the sales and marketing of graphene and graphene enhanced products;
- Potential investments or partnerships that will result into the commercialization of the corporation's intellectual property related to graphene enhanced products, such as those related to Li-ion batteries.

With respect to the reduction of the Corporation's debt, over the next 24 months, the Corporation expects to gradually reduce its debt obligations, to provide a fertile ecosystem for growth. The Corporation is aware of the potential early payment fees resulting from repayment of debt before maturity and will take a balanced approach to minimize such fees.

The Corporation intends to spend the funds available to it as stated above. However, there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The actual amount that the Corporation spends in connection with each of the intended uses of proceeds will depend on a number of factors, including those referred to under “Risk Factors” in this Prospectus and in the AIF.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to issue and sell, and the Underwriters have agreed severally, and not jointly, to purchase or arrange for the purchase, as principals, from the Corporation on the Closing Date, 10,000,000 Offered Shares (11,500,000 Offered Shares if the Over-Allotment Option is exercised in full) at the Offering Price, payable in cash to the Corporation against delivery of the Offered Shares, for gross proceeds to the Corporation of \$40,000,000 (\$46,000,000 if the Over-Allotment Option is exercised in full), subject to the terms and conditions of the Underwriting Agreement.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at each Underwriter’s discretion if (i) the Underwriters are not satisfied, in their sole discretion, with the completion of their due diligence investigations, (ii) there should occur any material change or change in a material fact which, in the reasonable opinion of the Underwriters (or any of them), has or would be expected to have a significant adverse effect on the market price or value of the Common Shares (provided that the impacts of the COVID-19 pandemic on the Corporation prior to January 25, 2021 already disclosed publicly by the Corporation (including to the Underwriters) shall not give rise to a termination right), (iii) there should develop, occur or come into effect or existence any event, action, state, condition (including terrorism, accident or pandemic) or major financial occurrence of national or international consequence, including by way of the COVID-19 pandemic but only to the extent that there are any material adverse development related thereto after January 25, 2021, or any law or regulation which in the sole opinion of the Underwriters, or anyone of them, seriously adversely affects, or involves, or would seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Corporation and its subsidiaries taken as a whole or the market price or value of the Common Shares, (iv) an enquiry, action, suit, investigation or other proceeding, whether formal or informal, is commenced, announced or threatened or any order or ruling is issued or made under or pursuant to any relevant statute or by any governmental authority (other than any proceeding, order or ruling based upon the activities or alleged activities of the Underwriters or their agents), or there is any change of law (or the interpretation or administration thereof), which, in any such cases, in the opinion of that Underwriter, acting reasonably, operates or will operate to impact, suspend, restrict, inhibit, prevent or otherwise adversely impact the distribution or trading of the Offered Shares, and (v) the Corporation is in breach of a term, condition or covenant of the Underwriting Agreement or any representation or warranty given by the Corporation in the Underwriting Agreement becomes or is false in any respect.

The Underwriters are, however, obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement. The Offering Price was determined by arm’s length negotiation between the Corporation and the Lead Underwriters.

The Corporation has agreed to pay to the Underwriters the Underwriters’ Fee, in consideration for their services rendered in connection with the Offering, in the amount equal to 5% of the gross proceeds of the Offered Shares sold by the Underwriters pursuant to the Offering, subject to a reduced fee of 2% with respect to Offered Shares purchased by President’s List purchasers, subject to the terms and conditions of the Underwriting Agreement. Assuming no Offered Shares are sold to President’s List purchasers under the Offering, the aggregate Underwriters’ Fee will be \$2,000,000 (or \$2,300,000 if the Over-Allotment Option is exercised in full).

The Corporation has granted the Underwriters an Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Lead Underwriters, on behalf of the Underwriters, for a period of 30 days following the Closing Date, enabling them to purchase up to such additional number of Over-Allotment Shares as is equal to 15% of the number of Offered Shares sold under the Offering at \$4.00 per Over-Allotment Share, solely to cover over-allotments, if any, and for market stabilization purposes.

This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Shares to be issued and sold upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Underwriters’ over-allocation position acquires those securities under this Prospectus, regardless of whether the Underwriters’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Pursuant to the terms of the Underwriting Agreement, the Corporation has agreed to pay the reasonable out-of-pocket expenses incurred by the Underwriters in connection with the Offering and has also agreed to indemnify the Underwriters, their affiliates and their respective directors, officers, employees, partners, agents and shareholders against certain liabilities.

The Underwriters propose to offer the Offered Shares initially at the Offering Price. Without affecting the firm obligation of the Underwriters to purchase the Offered Shares from the Corporation in accordance with the Underwriting Agreement, after the Underwriters have made reasonable efforts to sell all of the Offered Shares offered by this Prospectus at the price specified herein, the Offering Price may be decreased, and further changed from time to time, to an amount not greater than the Offering Price. Such decrease in the Offering Price will not affect the proceeds of \$3.80 per Offered Share to be paid to the Corporation by the Underwriters. The Underwriters shall inform the Corporation if the Offering Price is decreased.

The Offered Shares will be offered in all the provinces of Canada through the Underwriters or their affiliates who are registered to offer the Offered Shares for sale in such provinces and such other registered dealers as may be designated by the Underwriters.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Closing is expected to take place on February 12, 2021, or such other date as may be agreed upon by the Corporation and the Underwriters, but in any event not later than 90 days following the date of the receipt of the Prospectus. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer from or through which the Offered Shares are purchased and who is a CDS depository service participant. No certificates will be issued to purchasers except in certain limited circumstances, and registration will be made in the depository service of CDS.

The Corporation has agreed that it will not, for a period of 90 days following the Closing Date, directly or indirectly, offer, sell, issue or grant or enter into any agreement or announce any intention to offer, sell, issue or grant any Common Shares or other securities of the Corporation convertible into or exchangeable for Common Shares, other than issuances (i) for purposes of directors', officers' or employee stock options and other share compensation arrangements, (ii) upon the exercise of convertible securities, warrants, options, agreements, instruments or other arrangements outstanding as of the Closing Date, (iii) pursuant to obligations in respect of existing agreements, (iv) in connection with an arm's length acquisition (including to acquire assets or intellectual property rights); and (v) Common Shares issuable pursuant to the Offering, without the prior written consent of the Lead Underwriters, such consent not to be unreasonably withheld or delayed.

Except for the concurrent sale of 1,000,000 Common Shares by Soroush Nazarpour to Martinrea International Inc. at the Offering Price to occur on the Closing Date, the Corporation has agreed that it shall cause each of its executive officers and directors, for a period of 90 days following the Closing Date, not to offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Common Shares or other securities of the Corporation convertible into, exchangeable for or exercisable to acquire, Common Shares, directly or indirectly, unless (i) they first obtain the prior consent of the Lead Underwriters, such consent not to be unreasonably withheld or delayed, (ii) there occurs a take-over bid, arrangement or similar transaction involving the acquisition of the Corporation.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Offered Shares to, or for the account or benefit of, persons in the United States or U.S. Persons. The Offered Shares have not been and will not be registered under the 1933 Act or any securities laws of any state of the United States, and may not be offered or sold to, or for the account or benefit of, persons within the United States or U.S. Persons, except in transactions registered under the 1933 Act or exempt from the registration requirements of the 1933 Act and in accordance with all applicable laws of any state of the United States. The Underwriters have agreed pursuant to the terms of the Underwriting Agreement that they will not offer, sell, transfer, deliver or otherwise dispose of, directly or indirectly, the Offered Shares at any time to, or for the account or benefit of, persons within the United States or U.S. Persons, except to "qualified institutional buyers" (as defined in Rule 144A under the 1933 Act) that execute and deliver to the Underwriters and the Corporation the letter in the form provided to them by the Underwriters in transactions that are exempt from the registration requirements under the 1933 Act, and in compliance with applicable securities laws of any

state of the United States. In addition, until 40 days after the commencement of the Offering of the Offered Shares pursuant to this Prospectus, an offer or sale of Offered Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act. All sales of Offered Shares in the United States will be made by U.S. registered broker/dealers.

The Offered Shares may also be sold in certain foreign jurisdictions as agreed to between the Corporation and the Underwriters provided that no prospectus filing or comparable obligation arises in such jurisdictions.

Subject to applicable laws, the Underwriters may, in connection with this Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market in accordance with applicable stabilization rules. Pursuant to the rules and/or policy statements of certain Canadian securities regulators, the Underwriters may not, throughout the period of distribution under this Prospectus, bid for or purchase Common Shares for their own account or for accounts over which they exercise control or direction. The foregoing restrictions are subject to certain exceptions including a bid for or purchase of Common Shares: (i) if the bid or purchase is made through the facilities of the TSXV, in accordance with the *Universal Market Integrity Rules* of the Investment Industry Regulatory Organization of Canada, (ii) made for or on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriters, or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period, and (iii) to cover a short position entered into prior to the commencement of a prescribed restricted period. The Underwriters may engage in market stabilization or market balancing activities on the TSXV where the bid for or purchase of the Common Shares is for the purpose of maintaining a fair and orderly market in the Common Shares, subject to price limitations applicable to such bids or purchases. Such transactions, if commenced, may be discontinued at any time.

The outstanding Common Shares are currently listed and posted for trading on the TSXV under the symbol "GRA". On February 4, 2021, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$3.91. The TSXV has conditionally approved the listing of the Offered Shares (including the Over-Allotment Shares) distributed under the Prospectus. Listing of such securities will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value. As at February 4, 2021, there were 146,230,059 Common Shares issued and outstanding.

The rights, privileges, conditions and restrictions attaching to the Common Shares, as a class, are equal in all respects and include the following rights:

Dividends

The holders of the Common Shares shall have the right to receive, if, as and when declared by the board of directors of the Corporation, any dividend on such dates and for such amounts as the board of directors of NanoXplore may from time to time determine, subject to the priority of payment of dividends attaching to the series of First Preferred and Second Preferred Shares of the Corporation.

Participation in case of Dissolution or Liquidation

After payment to the holders of First and Second Preferred Shares, the holders of the Common Shares shall have the right, upon the liquidation, dissolution or winding-up of the Corporation, to receive the remaining property of the Corporation.

Right to Vote

The holders of the Common Shares shall have the right to one vote per Common Share held at any meeting of the shareholders of the Corporation.

The Common Shares have not been, and will not be, registered under the 1933 Act, or any U.S. state securities laws. The Common Shares issued to, or for the account or benefit of, persons in the United States or U.S. Persons will each be “restricted securities” within the meaning of Rule 144(a)(3) of the 1933 Act and may only be offered, sold, transferred, delivered or otherwise disposed of pursuant to certain exemptions from the registration requirements of the 1933 Act and any applicable state securities laws.

PRIOR SALES

For the 12-month period before the date of this Prospectus, the Corporation issued or granted the following Common Shares or securities convertible into Common Shares:

Date	Securities	Exercise Price per Security or Price per Security Issued	Number of Securities
April 3, 2020 ⁽¹⁾	Common Shares	\$1.30	19,230,800
July 24, 2020 ⁽²⁾	Common Shares	\$0.45	38,000
August 7, 2020 ⁽²⁾	Common Shares	\$0.45	32,000
August 18, 2020 ⁽²⁾	Common Shares	\$0.45	10,000
August 27, 2020 ⁽²⁾	Common Shares	\$0.45	12,000
October 7, 2020 ⁽²⁾	Common Shares	\$1.33	50,000
October 9, 2020 ⁽²⁾	Common Shares	\$1.33	50,000
October 13, 2020 ⁽²⁾	Common Shares	\$1.33	35,000
October 15, 2020 ⁽⁴⁾	Stock Options	\$2.34	160,000
October 16, 2020 ⁽²⁾	Common Shares	\$1.33	60,000
October 16, 2020 ⁽²⁾	Common Shares	\$1.39	75,000
October 19, 2020 ⁽²⁾	Common Shares	\$1.33	55,000
November 25, 2020 ⁽³⁾	Stock Options	\$3.75	100,000
November 25, 2020 ⁽⁴⁾	Stock Options	\$3.75	50,000
November 30, 2020 ⁽²⁾	Common Shares	\$0.45	16,667
December 8, 2020 ⁽⁵⁾	Common Shares	\$1.84	5,434,782
December 17, 2020 ⁽²⁾	Common Shares	\$1.60	100,000
December 29, 2020 ⁽²⁾	Common Shares	\$1.35	35,000

Notes:

- (1) Such Common Shares were issued by the Corporation pursuant to the brokered private placement offering of Common Shares that closed on April 3, 2020.
- (2) Such Common Shares were issued by the Corporation as a result of the exercise of stock options.
- (3) These Stock Options were issued to Ms. Jodie Lynn Morgan upon her appointment as Director of the Corporation.
- (4) These Stock Options were issued to employees of the Corporation.
- (5) Such Common Shares were issued by the Corporation as a result of the conversion of the Debentures.

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSXV under the trading symbol “GRA”. The following table sets forth trading information for the Common Shares for the periods indicated, as reported on the TSXV for each month during the twelve-month period preceding the date of this Prospectus:

<u>Period</u>	<u>TSXV</u>		
	<u>High</u> <u>(\$)</u>	<u>Low</u> <u>(\$)</u>	<u>Volume</u> <u>(Shares)</u>
February 2021 (as at February 4, 2021)	4.05	3.86	361,136
January 2021	4.55	3.67	3,049,473
December 2020	4.86	3.09	2,045,426
November 2020	4.15	2.56	4,313,710
October 2020	3.00	2.06	3,006,399
September 2020	2.09	1.48	1,016,707
August 2020	1.72	1.54	226,120
July 2020	1.80	1.43	962,242
June 2020	1.66	1.40	1,010,967
May 2020	1.65	1.35	541,329
April 2020	1.75	1.20	302,628
March 2020	1.75	0.90	637,724
February 2020	2.10	1.60	1,108,182
January 2020	1.88	1.30	646,335

On February 4, 2021, the closing price of the Common Shares was \$3.91 on the TSXV.

RISK FACTORS

An investment in the Offered Shares involves a high degree of risk. Prospective investors should carefully consider before purchasing the Offered Shares, the risks as well as the other information contained in this Prospectus and the documents incorporated herein by reference. In particular, reference is made to the risk factors set forth under the heading “Risk Factors” in the AIF, the Annual MD&A and the Interim MD&A, which are incorporated herein by reference.

Risk of an Investment

An investment in the Offered Shares and the Corporation’s prospects are speculative due to the risky nature of its business and the present stage of its development. Investors may lose their entire investment. Investors should carefully consider the risk factors described in this Prospectus and under the heading “Risk Factors” in the AIF. The risks described in this Prospectus and in the AIF are not the only ones facing the Corporation. Additional risks not currently known to the Corporation, or that the Corporation currently deems immaterial, may also impair the Corporation’s operations. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. If any of the risks described below or in the AIF occur, the Corporation’s business, financial condition and operating results could be adversely affected. Investors should carefully consider the risks below and in the AIF and the other information elsewhere in this Prospectus (including the documents incorporated by reference) and consult with their professional advisors to assess any investment in the Corporation.

Negative Cash Flow from Operations

The Corporation had negative cash flow from operating activities for the year ended June 30, 2020 (loss of \$8,272,800, negative cash-flow from operating activities of \$2,930,615, non-current portion of long-term debt and convertible debentures totalling \$30,284,025 and positive working capital of \$33,311,411) and the three months ended September 30, 2020 (loss of \$1,218,708, negative cash-flow from operating activities of \$1,353,018, non-current portion of long-term debt and convertible debentures totalling \$28,759,863 and positive working capital of \$26,275,407). The Corporation cannot guarantee if it will have positive or negative cash flow from operating activities in future periods. The Corporation cannot assure that it will achieve sufficient revenues from sales to achieve or maintain profitability or positive cash flow from

operating activities. If the Corporation does not achieve or maintain profitability or positive cash flow from operating activities, then there could be a material adverse effect on the Corporation's business, financial condition and results of operation and the Corporation may need to deploy a portion of its working capital to fund such negative operating cash flows or seek additional sources of funding.

No Guarantee of a Positive Return in an Investment

There is no guarantee that an investment in the Offered Shares will earn any positive return in the short term or long term. An investment in the Offered Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Offered Shares is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Use of Net Proceeds

The Corporation currently intends to allocate the net proceeds to be received from this Offering as described under the heading "Use of Proceeds". However, management will have discretion in the actual application of the net proceeds, and may elect to allocate net proceeds differently from that described under the heading "Use of Proceeds" if it believes it would be in the Corporation's best interest to do so. The Corporation's security holders, including holders of the Common Shares, may not agree with the way management chooses to allocate and spend the net proceeds. The failure by management to apply these funds effectively could have a material adverse effect on the Corporation's business.

Market Price of Common Shares

There can be no assurance that an active market for the Common Shares will be sustained after the Offering. Securities markets have a high level of price and volume volatility, especially in the context of the COVID-19 pandemic, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Common Shares will be subject to market trends generally and the value of the Common Shares on the TSXV may be affected by such volatility in response to numerous factors. Factors unrelated to the financial performance or prospects of the Corporation include macroeconomic developments in North America and globally, public health crisis and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in commodity prices will not occur. As a result of any of these factors, the market price of the securities of the Corporation at any given point in time may not accurately reflect the long-term value of the Corporation.

Public Health Risk

Global financial conditions and the global economy in general have, at various times in the past and may in the future, experience extreme volatility in response to economic shocks or other events, such as the ongoing situation concerning the COVID-19. Many industries are impacted by volatile market conditions in response to the widespread outbreak of epidemics, pandemics or other health crises. Generally, such public health crises and the responses of governments and private actors can result in disruptions and volatility in economies, financial markets and global supply chains as well as declining trade and market sentiment and reduced mobility of people, all of which could impact commodity prices, interest rates, credit ratings, credit risk and inflation.

As at the date hereof, the global reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel and gatherings of individuals, quarantines, temporary business closures and a general reduction in consumer activity. While these effects are expected to be temporary, the duration of the disruptions to business internationally and the related financial impact cannot be estimated with any degree of certainty at this time. In addition, the increasing number of individuals infected with COVID-19 could result in an even greater global health crisis that could adversely affect global economies and financial markets, resulting in a protracted economic downturn that could have an adverse effect on the Corporation's prospects.

The responses of governmental authorities and corporate entities, including through mandated or voluntary shutdowns, may also lead to a general long-term slow-down in the economy and may lead to disruptions to the Corporation's workforce and facilities, customers, sales and operations and supply chain.

Measures taken by the governments worldwide and voluntary measures undertaken by the Corporation with a view to the safety of the Corporation's employees, may adversely impact the Corporation's business.

In particular, as a result of the foregoing, COVID-19 could materially and adversely impact NanoXplore's business, including without limitation, employee health, workforce availability and productivity, limitations on travel, supply chain disruptions, increased insurance premiums, and restrictions to the Corporation's ability to conduct its business. Also, the Corporation's revenues and cash resources may be negatively affected, it may need to assist potential customers with obtaining financing or government incentives to help customers fund their purchases of the Corporation's products and demand for NanoXplore's products may decrease as partners and potential customers defer their projects. Any such disruptions or closures could have a material adverse effect on the Corporation's business. In addition, parties with whom the Corporation does business or on whom the Corporation is reliant may also be adversely impacted by the COVID-19 pandemic which may in turn cause further disruption to the Corporation's business. Any long-term closures or suspensions may also result in the loss of personnel or the workforce in general as employees seek employment elsewhere.

The impact of COVID-19 and government responses thereto may also continue to have a material impact on financial results and could constrain the Corporation's ability to obtain equity or debt financing in the future, which may have a material and adverse effect on its business, financial condition and results of operations.

NanoXplore is actively monitoring the situation and will respond as the impact of the COVID-19 pandemic evolves, which will depend on several factors set out above. The extent to which the pandemic will impact the Corporation's operations in the future is highly uncertain and cannot be predicted with confidence as at the date of this Prospectus, but could have a material adverse effect on the Corporation's business, financial condition and results of operations. These uncertainties include, but are not limited to, the duration of the outbreak, the ability of governments in countries in which NanoXplore conducts business to curtail the spreading of the virus, the economic recovery as well as community and social stabilities. Any of these uncertainties, and others, could have further material adverse effect on the Corporation's business and operations.

Dilution

Additional financing needed to continue funding the development and operation of the activities of the Corporation may require the issuance of additional securities of the Corporation. The issuance of additional securities and the exercise of common share purchase warrants, stock options and other convertible securities will result in dilution of the equity interests of any persons who are or may become holders of Common Shares.

Future Sales of Substantial Amounts of Common Shares by NanoXplore's Shareholders

If NanoXplore's shareholders sell substantial amounts of Common Shares in the public market, the market price of the Corporation's Common Shares could decline. These sales also might make it more difficult for the Corporation to sell its equity or equity-related securities in the future at a time and price that it deems appropriate.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Lavery, de Billy, L.L.P., counsel to the Corporation, and Dickinson Wright LLP, counsel to the Underwriters, the following is, as at the date of this Prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable as of the date hereof to an investor who acquires, as beneficial owner, Common Shares pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, (i) deals at arm's length with the Corporation and the Underwriters, (ii) is not affiliated with the Corporation or the Underwriters, and (iii) acquires and holds the Common Shares as capital property (a "**Holder**"). Generally, the Common Shares will be considered to be capital property to a Holder thereof provided that the Holder does not use the Common Shares in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a "financial institution" for the purposes of the mark-to-market rules contained in the Tax Act, (ii) that is a "specified financial institution" as defined in the Tax Act, (iii) an interest in which would be a "tax shelter investment" as defined in the Tax Act, (iv) that makes or has made a functional currency reporting election under the Tax Act, (v) that has or will enter into a "derivative forward agreement", or "synthetic disposition arrangement" as those terms are defined in the Tax Act, with respect to the Common Shares or (vi) that is a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Common Shares controlled by a non-resident corporation, non-resident individual or non-resident trust, or

a group of any of the foregoing not dealing with each other at arm's length, for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to an investment in Common Shares.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA"). This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to a Holder in respect of the transactions described herein. The income or other tax consequences will vary depending on the particular circumstances of the Holder. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Holder. Holders should consult their own legal and tax advisors for advice with respect to the tax consequences of the transactions described in this Prospectus based on their particular circumstances.

Holders Resident in Canada

The following portion of this summary is generally applicable to a Holder who at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a "**Resident Holder**"). Certain Resident Holders whose Common Shares might not constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Common Shares, and every other "Canadian security" as defined in the Tax Act, held by such persons, in the taxation year of the election and each subsequent taxation year to be capital property. Resident Holders should consult their own tax advisors regarding this election.

Dividends

Dividends received or deemed to be received on the Common Shares will be included in computing a Resident Holder's income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (as defined in the Tax Act). An enhanced dividend tax credit will be available to individuals in respect of "eligible dividends" designated by the Corporation to the Resident Holder in accordance with the provisions of the Tax Act. There may be limitations on the ability of the Corporation to designate dividends as "eligible dividends".

Dividends received or deemed to be received on a Common Share by a Resident Holder that is a corporation will be included in computing the corporation's income and will generally be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of a disposition or a capital gain.

A Resident Holder that is a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act) may be liable to pay a refundable tax under Part IV of the Tax Act on the dividends received or deemed to be received to the extent such dividends are deductible in computing the Resident Holder's taxable income.

Resident Holders that are corporations should consult their own tax advisors regarding their particular circumstances.

Dispositions of Common Shares

Upon a disposition (or a deemed disposition) of a Common Share, a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of the Common Shares, to the Resident Holder immediately before the disposition. The adjusted cost base to the Resident Holder will be determined in accordance with the Tax Act by averaging the cost of the Resident Holder of a Common Share with the adjusted cost based of all other Common Shares

held by a Resident Holder as capital property. For a description of the treatment of capital gains and capital losses, see “Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Capital Gain / Loss” below.

Capital Gain / Loss

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such year to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of Common Shares by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on such shares or shares substituted for such shares to the extent and in the circumstance described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly through a partnership or. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year which will include taxable capital gains. Resident Holders that are “Canadian-controlled private corporations” should consult their own tax advisors regarding their particular circumstances.

Alternative Minimum Tax

Capital gains realized and dividends received or deemed to be received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to alternatives minimum tax under the Tax Act. Such Resident Holders should consult their own tax advisors.

Holders Not Resident in Canada

The following portion of this summary is generally applicable to a Holder who at all relevant times, for purposes of the Tax Act: (i) is not resident in Canada and is not deemed to be resident in Canada, and (ii) does not use or hold and is not deemed to use or hold its Common Shares in, or in the course of carrying on, a business in Canada (a “**Non-Resident Holder**”). This summary does not apply to a Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or that is an “authorized foreign bank” (as defined in the Tax Act). Such Non-Resident Holders should consult their own tax advisors.

Dividends

A Non-Resident Holder will be subject to Canadian withholding tax on the amount of any dividends paid or credited or deemed to be paid or credited to it on any Common Shares owned by it. Under the Tax Act, the rate of withholding is 25% of the gross amount of the dividend. The withholding rate may be reduced pursuant to the provisions of an applicable income tax treaty or convention. Under the *Canada-United States Tax Convention* (1980), as amended (the “**Canada - US Tax Treaty**”), the withholding rate on any such dividend beneficially owned by a Non-Resident Holder that is a resident of the United States for purposes of the Canada-US Tax Treaty and fully entitled to the benefits of such treaty is generally reduced to 15%, and to 5% if such Non-Resident Holder is a corporation that beneficially owns at least 10% of the voting stock of the dividend payor.

Dispositions of Common Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Common Share, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Share constitutes “taxable Canadian property” to the Non-Resident Holder thereof for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty or convention.

Provided the Common Shares are listed on a “designated stock exchange”, as defined in the Tax Act (which includes the TSXV), at the time of disposition, the Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are met concurrently: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length, partnerships in which the Non-Resident Holder or such non-arm’s length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the Corporation, and (ii) more than 50% of the fair market value of the shares of the Corporation was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists. Notwithstanding the foregoing, a Common Share may be deemed to be “taxable Canadian property” in certain other circumstances. **Non-Resident Holders should consult their own tax advisors as to whether their Common Shares constitute “taxable Canadian property”.**

If the Common Shares are “taxable Canadian property” to a Non-Resident Holder and such Non-Resident Holder is not exempt from tax under the Tax Act in respect of the disposition of such Common Shares pursuant to an applicable income tax treaty or convention, the tax consequences as described above under the heading “Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Capital Gain/Loss” will generally apply.

AGENT FOR SERVICE OF PROCESS

Ms. Jodie Lynn Morgan is a director of the Corporation and resides outside of Canada. She has appointed the following agent for service of process in Canada.

Name of Person	Name and Address of Agent
Ms. Jodie Lynn Morgan	NanoXplore Inc. 4500 Thimens Blvd., Montréal, Québec H4R 2P2

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

LEGAL MATTERS

Certain Canadian legal matters relating to the Offering and this Prospectus will be passed upon by Lavery, de Billy, L.L.P. on behalf of NanoXplore and by Dickinson Wright LLP on behalf of the Underwriters.

INTERESTS OF EXPERTS

Certain legal matters in connection with the issuance of the Offered Shares offered hereby will be passed upon on behalf of NanoXplore by Lavery, de Billy, L.L.P. and on behalf of the Underwriters by Dickinson Wright LLP. As of the date hereof, “designated professionals” (as such term is defined in Form 51-102F2 – *Annual Information Form*) of each of Lavery, de Billy, L.L.P. and Dickinson Wright LLP, as respective groups, beneficially own, directly and indirectly, less than one percent of the outstanding Common Shares.

AUDITORS, TRANSFER AGENT AND REGISTRAR AND WARRANT AGENT

The auditors of the Corporation are PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, located at Place de la Cité, Tour Cominar, 2640 Laurier Boulevard, Suite 1700, Québec, Québec G1V 5C2.

The transfer agent and registrar for the Common Shares is TSX Trust Company, at its principal offices located at 1190 Canadiens-de-Montréal Avenue, Suite 1800, Montréal, Québec H3B 0G7.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission, or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, price revision or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights and consult with a legal advisor.

CERTIFICATE OF THE CORPORATION

Dated: February 5, 2021

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

By: (signed) “*Soroush Nazarpour*”
President and Chief Executive Officer

By: (signed) “*Luc Veilleux*”
Chief Financial Officer

On Behalf of the Board of Directors:

By: (signed) “*Rob Wildeboer*”
Director

By: (signed) “*Benoît Gascon*”
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: February 5, 2021

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

ECHELON WEALTH PARTNERS INC.

NATIONAL BANK FINANCIAL INC.

Signed: "*David Cusson*"
Chief Executive Officer

Signed: "*Thomas Bachand*"
Director

PARADIGM CAPITAL INC.

RAYMOND JAMES LTD.

STIFEL GMP

Signed: "*John Booth*"
Head of Investment Banking

Signed: "*Russell Green*"
Managing Director, Investment Banking

Signed: "*Derek Lithwick*"
Director, Investment Banking

BEACON SECURITIES LIMITED

CORMARK SECURITIES INC.

Signed: "*Daniel Belchers*"
Managing Director Investment Banking

Signed: "*Alfred Avanesy*"
Managing Director, Head of Investment Banking