GRAPHENE 3D LAB INC.
Management Discussion and Analysis
For the quarter ended November 30, 2015

This Management Discussion and Analysis of Graphene 3D Lab Inc. (the "Company" or "Graphene 3D") provides analysis of the Company's financial results for the quarter ended November 30, 2015. The following information should be read in conjunction with the unaudited condensed interim consolidated financial statements and the notes to the unaudited condensed interim consolidated financial statements for the quarter ended November 30, 2015, which are prepared in accordance with International Financial Reporting Standards. All amounts are expressed in US dollars unless otherwise noted. Canadian dollars are indicated by the symbol "C$". This Management Discussion and Analysis should also be read in conjunction with the audited financial statements of Graphene 3D Lab Inc. and the accompanying notes for the year ended May 31, 2015, which were also prepared in accordance with IFRS.

This discussion contains forward-looking statements and information that are based on the beliefs of management and reflect the Company's current expectations. When used in this Discussion, the words "estimate", "project", "belief", "anticipate", "intend", "expect", "plan", "predict", "may" or "should" and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. Such statements and information reflect the current view of the Company with respect to risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: risks associated with the marketing and sale of securities, the need for additional financing, reliance on key personnel, the potential for conflicts of interest among certain officers or directors with certain other projects, and the volatility of the Company's common share price and volume. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

There are a number of important factors that could cause the Company's actual results to differ materially from those indicated or implied by forward-looking statements and information. Such factors include, among others, risks related to Graphene 3D's proposed business such as failure of the business strategy, stable supply prices, demand and market prices for 3D printing products, and government regulation; risks related to Graphene 3D's operations, such as additional financing requirements and access to capital, reliance on key and qualified personnel, insurance, competition, intellectual property and reliable supply chains; risks related to Graphene 3D and its business generally such as potential exposure to tax under Canadian and US income tax laws, laws and regulations relating to cross-border mergers and acquisitions, infringement of intellectual property rights, product liability, environmental protection, currency exchange rates and conflicts of interest.

The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors. While the Company may elect to, it does not undertake to update this information at any particular time.

1.1 Date of Report

This report is prepared as of January 29, 2016.

1.2 Company Overview

Graphene 3D Lab Inc. (the "Company"), formerly MatNic Resources Inc. ("MatNic") was incorporated pursuant to the British Columbia Business Corporations Act on January 17, 2011. On August 8, 2014, the Company acquired Graphene 3D Lab (U.S.) Inc. through a reverse acquisition/takeover transaction ("Transaction"). Graphene 3D Lab (U.S.) Inc., which is deemed to be the continuing entity for financial reporting purposes, was incorporated on September 3, 2013 in the State of Delaware, U.S.A.

In association with the Transaction, MatNic changed its name to Graphene 3D Lab Inc. and concurrent with the closing of the transaction, the Company effected a change in directors, management and business. On August 11, 2014 the Company's common shares resumed trading on the TSX Venture Exchange ("TSX-V") under the symbol "GGG." On October 7, 2014, the Company began trading on OTCQB, the venture marketplace for entrepreneurial and development stage companies operated by OTC Markets Group, under the symbol "GPHBF".

Graphene 3D Lab (U.S.) Inc. is a C-corporation, organized on September 3, 2013 under the laws of the State of Delaware. The founders of the corporation include Elena Polyakova, Ph.D, Co-CEO and Daniel Stolyarov, Ph.D, Co-CEO. Founding team members have many years' worth of combined experience in 3D printing, graphene material production, R&D, and the commercialization of new nano-materials. Graphene 3D Lab (U.S.) Inc. was initially a spinout of Graphene Laboratories Inc. ("Graphene Laboratories"). During the quarter ended August 31, 2015, the Company entered a Share Exchange Agreement ("SEA") to acquire all of the issued and outstanding shares of Graphene Laboratories. This transaction reviewed and accepted for filing by the TSX Venture Exchange and closed in December 2015. Graphene Laboratories now operates as a wholly-owned subsidiary of Graphene 3D Lab.

Graphene Laboratories, a leader in manufacturing and retailing of graphene and advanced materials, owns the Graphene Supermarket, www.graphene-supermarket.com, a leading supplier of such products to customers around the globe. Graphene Laboratories' client list is comprised of more than 10,000 customers worldwide, including nearly every Fortune 500 tech company and major research university. Some notable clients are: NASA, Ford Motor Co., GE, Apple, Xerox, Samsung, Harvard University, IBM and Stanford University.

Graphene Laboratories also holds a provisional patent relating to the manufacture and processing of graphene. In its most pure form, graphene is a single atomic layer of carbon atoms. Graphene is currently available in the market at various grades, with performance characteristics such as mechanical strength, and conductivity improving with fewer atomic layers. Graphene Laboratories patented manufacturing process provides proof of concept to allow for a low-energy, chemical-free manufacture designed to achieve high-grade graphene material at a projected industry leading low cost. Graphene Laboratories has begun planning on a two-phased development program to advance this manufacturing process from bench-top prototype to a large-scale manufacturing operation.

Graphene 3D is in the business of developing, manufacturing, and marketing proprietary polymer nanocomposite graphene-based materials for various types of 3D printing, including fused filament fabrication as well as the design, manufacture and marketing of three-dimensional printers and products for worldwide customers, including in the aerospace and automotive industries, manufacturers of medical prosthetics and the military. Graphene 3D currently has six US patent applications pending for its technology.

1.3 Nature of Business

Graphene 3D Lab, Inc. is located in Calverton, New York at Stony Brook University's Business Incubator. The Company's current facility is well equipped with wet chemistry benches, material processing areas and can accommodate up to 20 employees in its office and general production space. The facility is well-suited to small to mid size projects. The Company has established partnerships with two world-class research institutions located relatively close to the Company's facilities: Brookhaven National Laboratory and Stony Brook University. The Company takes advantage of these partnerships by having access to local talent, teaming up with local research staff, and by having on-demand access to advanced scientific equipment.

The Company's vision is to capitalize on the extraordinarily disruptive potential of graphene and graphene related products in addition to 3D printing to offer products and services which enable printing of entire devices, from aesthetics to electronics in a one-step, fully-computerized process. 3D printing is considered as significant to manufacturing as the advent of the modern assembly line; it is already being taken advantage of by multi-billion dollar industries including aerospace, automotive, biotechnology and defense. The 3D printing industry itself is currently a few-billion dollar industry and

continues to experience significant growth. The Company aims to utilize graphene – widely recognized for its extraordinary strength and conductivity – to offer technology enabling the printing of entire operational devices; this as of yet unrealized advancement can move 3D printing from a novel and niche technology to the manufacturing process of choice in nearly every industry. Over the past few quarters, Graphene 3D Lab has continued to meet milestones as established in its business plan. Several notable steps taken to achieve the Company's timelines include: completion of development and beta testing of its webstore, where Graphene 3D retails its specialty graphene-enhanced 3D printing filaments; continued development of its intellectual property portfolio; the purchase, delivery, and assembly of industrial-scale filament manufacturing equipment for extruding specialty filaments and the acquisition of Graphene Laboratories.

In September 2014, Graphene 3D Lab filed a provisional patent application related to its 3D printed battery technology with the U.S. Patent and Trademark Office. The patent application includes the materials and methods used to develop a 3D printed battery which incorporates graphene technology. The 3D printed battery technology was presented at the Inside 3D Printing conference in Santa Clara, CA by Co-CEO Dr. Stolyarov in October 2014. The demonstration was positively received by media outlets including Forbes and VICE, and garnered a high-degree of commercial interest.

In late 2014, the Company ordered lab and commercial scale extruders. The latter was put in operation in February 2015. The first product, Conductive Graphene FDM Filament ("BlackMagic®") started being offered to customers in late March 2015 and it was very well received. Due to the high demand of the product, the Company made a decision to expand the production capacity and ordered two more similar commercial scale extruders. The extruders arrived in late spring and became operational in late summer. The new industrial equipment allowed the Company to expand the production of the BlackMagic® filament and also introduce new products. The Company has also recently ordered a new Industrial Twin Screw Extruder to increase its current production capacity and efficiency.

During the last quarter of fiscal 2015, the Company launched commercial sales of its Conductive Graphene Filament for 3D printing. The filament, a significant development in the 3D printing industry, incorporates highly conductive proprietary nano-carbon materials to enhance the properties of PLA, a widely used thermoplastic material for 3D printing. The filament is therefore compatible with most commercially available 3D printers. The Company's conductive filament is ideally suited for 3D print projects that required electrical connections including conductive traces (such as electrical connections found in circuit boards) or touch sensors (as found in trackpads, controllers or switches). The extra manufacturing capacity will also allow the Company to move forward with the production of new specialty filaments which it will introduce throughout the ensuing year. Graphene 3D Conductive Filament is being distributed through the Company's recently launched brand and e-commerce platform, Black Magic 3D (www.blackmagic3d.com) as well as through a variety of international distribution agreements. Black Magic 3D has been established as the trade name for all current and future Graphene 3D filaments.

In this quarter the Company continued to optimize its production facility. An extra extrusion line was put in service. This allowed the Company to substantially expand its product line and the Company started to offer a new series of phosphorescent Glow in the Dark filaments. This product was well received by customers and the Company offered this product line on its e-commerce platform, Black Magic 3D (www.blackmagic3d.com), as well as, on Amazon.com utilizing the 'Fulfilled by Amazon' platform thereby adding an extra sales channel.

The Company is rapidly moving from principally a research and development focus to creating a variety of revenue models. The Company has established a revenue channel with its functional 3D filaments and is now expanding its revenue opportunities as a leading graphene manufacturer. The recent acquisition of Graphene Laboratories allows the Company to work with advanced material polymers to expand into markets beyond the 3D printing sector.

During the current quarter the Company announced the release of a new commercial product 'Graphene Flex Foam', a Multilayer Freestanding Flexible Graphene Foam. This material is a combination of highly conductive three-dimensional Chemical Vapor Disposition ("CVD") ultra-light graphene foam and conductive elastomer composite.

The Company has the ability to manufacture Graphene Flex Foam in basically any shape or size, but it is the flexibility of the product that will capture the attention of innovative manufacturers who will want to evaluate the potential of commercializing this material into their products. Graphene 3D contends that companies interested in a freestanding, stable, ultralight, highly conductive material that can flex with their product and fit into any space, will be interested in this innovation. This revolutionary product preserves all the remarkable properties of graphene foam such as superior electrical, with an added remarkable flexibility and ease of handling in an extremely lightweight and highly porous architecture.

Graphene Flex Foam is an excellent substrate candidate in the manufacture of electrodes of lithium-ion batteries. Wearable electronics is an obvious application as the electronics, sensors and conductive properties will all need to be flexible with the wearable material. This innovative product has a bright future for the next generation of flexible batteries and supercapacitors. Graphene Flex Foam offers energy storage as well as catalyst support in numerous organic synthesis

reactions, gas sensors, flexible and ultrasonic acoustic device fabrication.

During the past year, key talks were given by management of the Company, including Dr. Polyakova's panel discussion at the 5th Annual Graphite to Graphene Conference in London, England. During the Conference, Dr. Polyakova overviewed graphene's applications in advanced composites and commercial applications of specialty 3D printing materials, as well as, advances in 3D printing with conductive filaments made by Graphene 3D Lab. Dr. Stolyarov was an invited speaker to the Design and Manufacturing conference being held in Houston, TX in October 2015. His presentation covered various aspects of specialty material for 3D printing including the conductive Black Magic filament.

Graphene Manufacturing Process Patent

The Company filed a non-provisional patent pertaining to the preparation and separation of atomic layers of graphene. This technological breakthrough represents a new, energy and chemically efficient process to manufacture, sort and classify graphene nanoparticles resulting in the potential for large scale production of high grade graphene. This patent relates to graphene nanoplatelets (GNP). Specifically the patent covers a new, energy efficient, non chemically invasive, process that significantly lowers the cost of preparing and separating high quality, low atomic layers of GNP. The application claims priority to provisional application No. 62/058,313, filed on October 1, 2014.

The business implications associated with this filing are significant and near term. The extraordinary qualities of graphene have positioned it as one of the most sought after materials in research and development since its discovery in 2004. However, up to now, the high-cost of quality material has generally restricted its use to R&D labs. The Company is changing that and looks forward to offering these benefits to the client base and to others who will now utilize graphene in mainstream manufacturing. To date, manufacture of graphene has been restricted to manual intensive, high-energy, toxic chemical processes to allow for the production of the highest quality graphene. The Graphene 3D patent intends a low-cost, low-energy, primarily automated, toxic free method of producing and classifying the highest purity graphene nanoplatelets.

The Company has produced a bench-top working prototype of this manufacturing and classification technology. Over the next 12-18 months, and subject to financing, the Company intends to manufacture and put in place a scaled-up operation. The Company expects the unique combination of high-quality, low-cost graphene will significantly impact the commercial marketplace, and will allow an ever widening variety of manufacturers to consider incorporating the extraordinary qualities of graphene in wide range of materials from batteries to consumer electronics to plastics.

Collaborative Projects

In February 2015, ZeGo Robotics (ZeGo) was contracted to begin work on a prototype of a proprietary 3D printer, specifically designed for compatibility with Graphene 3D Lab's Conductive Graphene Filament. As per the agreement, all intellectual property developed during the contract will be assigned to Graphene 3D, and the Company is granted a perpetual, royalty-free license to use pre-existing ZeGo IP for integration with the 3D printer.

As the result of this collaboration finalized in the current quarter, the prototype of the multifunctional 3D printer Romulus III has been developed. This printer combines a variety of deposition techniques and has a capability of making complex structures and functional devices. In particular, this prototype was used in implementing the technology of 3D printing an Organic Light Emitting Device discussed below. The Company is considering various possible scenarios for the ongoing development and commercialization of this project.

A Memorandum of Understanding (MOU) was signed with Taulman 3D LLC, a specialty 3D printing material company focused on high-strength materials, which laid the foundation for joint research and development on conductive nylon materials. The agreement also granted Graphene 3D exclusive distribution rights for Taulman's Nylon 680, a novel high-strength 3D printing material, for a period of two years in the North American market. Nylon 680 was launched with Taulman in March, 2015.

In June 2015, the Company and Ideum Inc., a company which develops large-scale smart-tables and walls, signed a MOU which lays the foundation for joint research, product development, and marketing between the two companies. Graphene 3D and Ideum will consider and co-develop products by Graphene 3D which can be used as capacitive sensors to interface with Ideum's product offerings. Graphene 3D began commercial on-demand 3D printing of coasters, joysticks, and styluses which Ideum clients can use to interact with their smart-tables. Styluses of various shapes, 3D printed in Conductive Graphene Filament, may be used as brushes used in photo editing software, giving a more hands-on feel to creative work done on an Ideum smart-table. All jointly-developed products will be promoted through Ideum sales channels, and Graphene 3D will partner with Ideum in various marketing activities. This was evidenced most notably by Ideum's recent collaborative venture with JCB Wines located in Napa Valley, California.

In June, 2015, the Company entered a distribution and manufacturing partnership with Polymaker. Under the terms of the agreement, Polymaker will distribute all Graphene 3D Lab manufactured specialty and functional filaments and provide filament manufacturing services on an as required basis. Polymaker's manufacturing operation is located in Suzhou, China, and the company operates sales and distribution offices in Shanghai, China, New York, USA, Utrecht, Netherlands, and Tokyo, Japan. This arrangement with Polymaker is an important step for Graphene 3D on several fronts. Polymaker's distribution network will expose our filaments to customers outside of North America, and the contract manufacturing agreement provides us with a high quality manufacturing alternative to supplement our in-house extrusion facility.

Graphene 3D's on-line filament store, www.blackmagic3d.com, will carry unique Polymaker filaments, including PolyMax™ PLA, PolyFlex™, and PolyWood™. Both companies plan to start offering each other's products on their respective on-line stores. The agreement also includes provisions for Graphene 3D and Polymaker to collaborate on the development of an expanded line of graphene filaments.

On December 1, 2015, the Company announced the signing of an important research, development and royalty agreement ("Agreement") with a Fortune 500 listed manufacturer. Initially, the Agreement encompasses the development of multi-phased deliverables over the course of the next 12 months. For competitive reasons and pursuant to confidentially clauses contained with the Agreement, neither specific research objectives nor the identity of the Agreement partner can be publically disclosed. Upon successful completion of the research phase, and subject to approval by the U.S. Food & Drug Administration, the developed materials will become a part of a consumer retail product.

The Agreement calls for all research and development costs and royalty obligations to be paid by the partner, as well as a first-right-of-refusal for supply of any graphene related materials in future manufacturing pertaining to Intellectual Property (IP) developed under the agreement. All IP developed under the scope of the Agreement will be jointly held by both parties. The partner has consecutively been included in the Fortune 500 list for over 15 years.

On December 3, 2015, The Company announced that it had filed a provisional patent application relating to the process of 3D printing an organic LED light source with its innovative multi-functional 3D Printer. The printer patent relates to technology that will lead the global industry in multiple deposition techniques, robotic manipulator, laser and UV curing capabilities. The patent also covers a new 3D printer that can print a light source, an organic LED light that immediately functions when printed. The organic LED device structure utilizes a graphene coated transparent conductor window.

This new IP a dramatic leap forward, offering the ability to 3D print with multiple functional materials at the same time, including the ability to 3D print a working light. This printer was specifically designed to maximize the attributes of the functional materials that the Company has already developed and those it will introduce in the future to the market. The printer will not be available immediately for pre-order. The Company is currently evaluating contract manufacturing and partnership opportunities to support commercialization of the printer.

On January 19, 2016, the Company introduced another new functional magnetic filament to its product line. This new filament was developed by Graphene 3D and allows printing of 3D projects with components that are attracted to magnetic fields. This filament is ideal for producing sensors and mechanical actuators and motors by additive manufacturing. The filament is available for purchase in 1.75mm diameter, 350 gram spools at Amazon and the Company's on-line store, www.blackmagic3D.com. This filament is ideally suited to switches, sensors and actuators. The Company expects this new functionality will challenge more traditional manufacturers to examine incorporating more 3D printing technology into their manufacturing processes. The Company has multiple new functional filaments in the development pipeline and expects to release several new filaments throughout the year.

Management Team Additions

In January 2015, Jason Martin was appointed to the Company's Board of Directors and assumed the role of Board Chair in March. Mr. Martin currently serves as the President and CEO of Iotum Inc., an international company that produces innovative voice and mobile services. In 1998, he founded Navantis, a company focused on solving business problems through technology, where he served as President for 13 years. During his tenure with the company Mr. Martin formed many strategic partnerships; most notably, Navantis became one of the world's first 25 Microsoft solutions partners. Mr. Martin has extensive experience in entrepreneurship, specifically in the technology industry. He has been an active member of YPO (Young Presidents Organization) for ten years. He is a judge for the Queen's Entrepreneur's Competition, a mentor for the Next36, and has taught technology strategy at the University of Toronto. Mr. Martin also serves the boards of several private companies and early stage businesses in Canada and the US. His extensive background with emerging companies in the technology industry and his successful track record in forming successful large scale partnerships will be an asset to the Company moving forward.

In September 2015, the Company has bolstered the management team to ensure its founders have the support they need to maximize future opportunities for Graphene 3D. Co-founders Elena Polyakova and Daniel Stolyarov serve as Co-CEO's. Ian Klassen, Company Director, has been appointed President and COO. Mr. Klassen has 25 years of experience in public company management, public relations, government affairs and entrepreneurialism. He has extensive experience in public company administration, finance, government/legislative policy, media relationship strategies and project management. He has spent many years leading North American mineral exploration companies and sits on the Boards of both private and public companies. Previous to his management activities within private and public companies, Mr. Klassen held a variety of positions within federal Canadian politics including; Senior Political Advisor to the Minister of State (Transportation); and Chief of Staff, Office of the Speaker of the Canadian House of Commons.

1.4 Reverse Acquisition/Takeover Transaction

The consolidated financial statements of the combined entities are issued under the legal parent, Graphene 3D Lab Inc., formerly MatNic Resources Inc. ("Company" or "Matnic"), but are considered a continuation of the financial statements of the legal subsidiary, Graphene 3D Lab (U.S.) Inc. Since Graphene 3D Lab (U.S.) Inc. is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

On August 8, 2014, the Company acquired 100% ownership of Graphene 3D Lab (U.S.) Inc. by issuing 21,100,000 of its common shares to the shareholders of Graphene 3D Lab (U.S.) Inc. and 4,500,000 common shares and 4,500,000 common share purchase warrants to the holders of the convertible promissory notes. For accounting purposes, the acquisition is considered to be a reverse acquisition/takeover transaction since the legal parent, prior to the acquisition, did not constitute a business. Graphene 3D Lab (U.S.) Inc. is deemed to have issued shares and share purchase warrants in exchange for the net obligations of Graphene 3D Lab Inc. together with its listing status at the assessed fair value of the consideration which has been recorded in the consolidated statement of operations as listing fee expense.

1.5 Selected Financial Information

The following table contains selected financial information for the eight quarters ended November 30, 2015:

	Quarter ended Nov 30, 2015 $	**Quarter ended Aug 31, 2015 $**	**Quarter ended May 31, 2015 $**	**Quarter ended Feb 28, 2015 $**	**Quarter ended Nov 30, 2014 $**	**Quarter ended Aug 31, 2014 $**	**Quarter ended May 31, 2014 $**	**Quarter ended Feb 28, 2014 $**
Revenue	**58,369**	33,674	41,056	-	**-**	-	-	-
Cost of goods sold	**71,858**	41,706	47,159	-	**-**	-	-	-
	13,489	8,032	6,103	-	**-**	-	-	-
Research and development	**125,374**	81,004	134,447	98,947	**61,068**	40,177	51,148	7,327
Salaries and benefits	**63,301**	112,361	114,668	121,037	**89,238**	14,618	-	-
Professional fees	**94,757**	87,830	56,237	67,254	**126,655**	71,604	50,622	3,951
Marketing and investor relations	**63,427**	58,212	39,712	44,727	**56,111**	26,335	8,279	6,104
Regulatory fees	**17,533**	13,649	12,798	15,448	**30,729**	4,857	-	-
Listing fee expense	-	-	-	-	**(44,784)**	1,507,998	-	-
Stock based compensation	**24,438**	213,543	217,847	411,454	**390,886**	300,585	-	-
Office and administrative	**35,367**	57,055	52,615	24,147	**21,626**	15,972	10,334	2,520
Travel	**12,932**	7,870	10,439	25,063	**26,111**	1,805	5,080	-
Depreciation	**16,035**	16,035	17,500	13,776	**2,176**	2,176	3,316	1,865
Foreign exchange loss (gain)	-	-	(2,207)	44,515	**1,777**	2,026	4,824	4,043
Net loss	**466,653**	655,592	660,159	866,368	**761,593**	1,988,153	133,603	25,810
Foreign currency translation	**(466)**	12,556	5,629	11,093	**7,538**	5,674	-	-
Comprehensive Loss	**466,187**	668,148	665,788	877,461	**769,131**	1,993,827	133,603	25,810
Net loss per share	**$0.011**	$0.016	$0.015	$0.02	**$0.02**	$0.08	$0.006	$0.001
Weighted average number of common shares outstanding	**41,164,954**	42,266,932	43,387,500	42,812,915	**40,694,423**	25, 616,875	21,100,000	24,680,605

1.6 Results of Operations

The consolidated net loss for the quarter ended November 30, 2015 was $466,653 or $0.011 per share as compared to $761,593 or $0.02 per share in the quarter ended November 30, 2014. In the quarter ended August 31, 2014, there is a full accounting for the RTO Transaction including the listing fee expense of $1,507,997. The early 2014 quarters include the operations of private company - Graphene 3D Lab (U.S.) Inc., which has been deemed to be the acquirer for accounting purposes. The financial results after the RTO transaction include the operating results of both Companies.

The Company's acquisition of Graphene Laboratories closed on December 9, 2015. As a result, these operating results do not include any operations of Graphene Laboratories. The next quarter ending February 28, 2016 will include the acquisition of Graphene Laboratories and virtually a full quarter of its operations.

During the last quarter of fiscal 2015, the Company launched commercial sales of its Conductive Graphene Filament for 3D printing. In late 2014, the Company ordered lab and commercial scale extruders. The latter was put in operation in February 2015. The first product, Conductive Graphene FDM Filament started being offered to customers in late March 2015. Due to the high demand of the product, the Company made a decision to expand the production capacity and ordered two more similar commercial scale extruders. The extruders arrived in late spring and become operational in late summer. The installation work slowed down the production and negatively affected the sale volume in the past two quarters. As a result, the Company has experienced a loss on sales during its first three quarters after the launch. The new industrial equipment has allowed the Company to expand the production and also introduce new products. In the current quarter, the Company introduced new glow in the dark filaments and the Company has recently introduced a new magnetic filament to its product line.

Since the corporate RTO transaction, the Company has ramped up its research and development budget and activities incurring significant expenditures on its R&D activities over the past few quarters. The Company has expanded these activities with the purchase of research and development equipment and supplies to set-up the extruder equipment acquired earlier in the year. In the final quarter of fiscal 2015, the Company continued to expand these activities with the hiring of additional personnel and incurred approximately $60,000 associated with the design and development of a prototype 3D printer. These expenditures leveled off in the quarter ended August 31, 2015 and one additional contractor was added in the current quarter

Many new recipes have been developed for 3D printing materials which are being optimized for production. The optimization requires large amounts of raw materials to be utilized which accounts for the increased supplies identified within the current quarter. The abovementioned R&D activity also required allocation of the time of operation of the production equipment, which affected the efficiency of the production floor operation. Management believes that once the R&D activity is finished, the operation will become considerably more efficient.

These research and development activities generated an important research, development and royalty agreement with a Fortune 500 listed manufacturer which was announced at the end of the current quarter.

These costs are summarized as follows:

	Qtr ended Nov 30, 2015 $	Qtr ended Aug 31, 2015 $	Qtr ended May 31, 2015 $	Qtr ended Feb 28, 2014 $	Qtr ended Nov 30, 2014 $	Qtr ended Aug 31, 2014 $
Research personnel	73,525	50,176	102,890	41,573	27,864	27,238
Research and development equipment and supplies	51,849	22,430	26,177	29,759	29,759	2,301
Patent registration expense	-	8,399	5,380	3,445	3,445	10,836

Upon completion of the RTO Transaction, the Company commenced funding salaries and benefits for its executive and other permanent staff in mid August 2014. This included the costs of the executive and mid-management salaries, none of which were incurred prior to the RTO in 2014. In the last few quarters, the Company funded salaries and benefits for the full three months hiring additional employees in each of the second and third fiscal quarters. The full cost of these new employees was included was included starting in the quarter ended February 2015. At the end of the prior quarter the management team was reduced buy one member and there was actually one less bi-weekly pay period in the current quarter. The compensation for the Company's new President and COO has been included with professional fees.

The Company has incurred professional fees of $321,750 during its full year of operations with its listing on the TSX Venture Exchange (TSX-V) through the RTO acquisition transaction. This includes financial consulting fees of $151,361 for the Company's financial reporting, regular financial processing and external audit fees. The Company incurred legal fees of $77,582 for many legal services including initial legal fees associated with the establishment of the company's structure and business activities and certain fees associated with the Company's patents. The Company also incurred certain patent filing costs and other consulting fees associated with its business transition and development processes.

After the RTO Transaction, the Company initially incurred significant professional fees. These included consulting fees associated with its establishment of the business and development processes. Professional services also included legal and financial services associated with its business transition, including its transition from a private to a public company. These professional fees have leveled off over the last two quarters of fiscal 2015. In the quarter ended August 31, 2015, these professional services increased with the completion of the Company's external audit, the engagement of business advisory services and valuation services associated with its planned acquisition of Graphene Labs. In the current quarter, the Company has accrued legal fees and audit expenses associated with its acquisition of Graphene Labs Inc. The consulting fees also included the costs associated with the Company's new President and COO who was appointed in September 2015.

The professional fees are summarized as follows:

	Qtr ended Nov 30, 2015 $	Qtr ended Aug 31, 2015 $	Qtr ended May 31, 2015 $	Qtr ended Feb 28, 2015 $	Qtr ended Nov 30, 2014 $	Qtr ended Aug 31, 2014 $
Financial and audit fees	48,288	45,654	25,961	21,393	42,656	32,552
Legal fees	12,133	15,200	16,167	20,054	16,626	24,736
Consulting and other fees	34,336	26,978	14,109	25,807	67,373	14,316

With the Company's listing on the TSX-V, the Company also incurred fees associated with marketing and investor relations in the amount $166,885 during the year ended May 31, 2015. This includes costs of external service providers including investor relations services costs of $52,999, public relations costs of $40,561 and management service fees of $42,467. This also includes website development and other marketing fees in the amount of $30,858. In the last two quarters, the Company incurred a reduced level of marketing and investor relations expenditures and increased marketing/website development charges with the Company's development and launch of its Share Station website. In the current quarter, the company issue numerous press release with a new service provider which has replaced the annual fixed fee option. The marketing and investor relation fees are summarized as follows:

	Qtr ended Nov 30, 2015 $	Qtr ended Aug 31, 2015 $	Qtr ended May 31, 2015 $	Qtr ended Feb 28, 2015 $	Qtr ended Nov 30, 2014 $	Qtr ended Aug 31, 2014 $
Investor relations	7,833	15,248	19,667	15,983	9,324	8,025
Public relations	24,031	5,865	2,579	15,046	22,936	-
Management service fees	13,275	11,729	12,075	12,400	17,992	-
Marketing/website development	18,288	25,370	5,391	1,298	5,859	18,310

In association with its new public listing, the Company incurred regulatory filing costs with the TSX-V. In the quarter ended November 30, 2014, the Company was verified to trade on the OTCQB operated by OTC Markets Group. The initial costs to list on the OTCQB included $3,700 for the preparation of the Company's corporate description in recognized security manuals under the individual state securities laws also known as the "Blue Sky" laws. The Company incurred a one-time fee of $10,000 payable to EuroPac, the Company's qualified Principal American Liaison ("PAL"). The Company also incurred a prepaid PAL fee of $25,000 which is being amortized over one year. In the February quarter, the Company incurred approximately $4,000 in association with its last annual general meeting of MatNic for its year ended July 31, 2014. The regulatory fees are summarized as follows:

	Qtr ended Nov 30, 2015 $	Qtr ended Aug 31, 2015 $	Qtr ended May 31, 2015 $	Qtr ended Feb 28, 2015 $	Qtr ended Nov 30, 2014 $	Qtr ended Aug 31, 2014 $
Regulatory fees	5,311	4,594	2,268	9,179	4,800	4,857
Press release processing	8,382	2,955	2,230	1,794	4,429	1,500
OTC Markets - OTCQB	3,840	6,100	6,300	6,474	20,000	-

The office and administrative amounts includes rent, communication, insurance and other general office cost. With the expansion of operations and commencement of extensive research and development activities, the Company began to incur many of these costs for the first time after the RTO transaction. These amounts increased slightly to $24,147 in the third quarter and $52,615 in the final quarter of 2015 continuing at $57,055 in the current quarter. In the final quarter of fiscal 2015, the Company increased its rental space in its Calverton facility and added some rental costs associated with its arrangement with Zego for the development of its prototype 3D printer. Travel costs increased significantly in the second and third quarters of fiscal 2015 with extensive travel for conferences, speaking engagements, financing meetings as well as some European travel followed by corporate meetings in Toronto in March and Halifax in October.

The Company ordered lab and commercial scale extruders from China and Florida for the manufacture of filament, and has devised several formulations of filaments. Equipment costing $217,254 was purchased during fiscal 2015 and the Company added equipment costing $16,000 in the previous quarter. The Company is depreciating the cost of its equipment over the equipment's useful life which ranges from three to five years. As a result, the Company began to record depreciation expense in the quarter ended February 28, 2015. The Company is also currently assessing the acquisition of a new Industrial Twin Screw Extruder and compounder to increase its current production capacity and efficiency.

In the quarter ended February 28, 2015, the Company completed a financing of C$1.22 million, the proceeds of which were primarily denominated in Canadian dollars. Since the financing in early January to the end of the quarter the exchange rate of the Canadian dollar against the US dollar weakened from 1.186 on January 9th to 1.251 at the end of February. This resulted in the Company recording a realized foreign exchange loss in the third quarter of $44,515. Otherwise only miscellaneous amounts have been recorded since the RTO transaction. The foreign exchange loss in fiscal 2014 totaling $8,867 related to the convertible promissory notes payable which were denominated in Canadian dollars.

In the current quarter, the foreign currency adjustment to other comprehensive income of $(466) as compared to $12,556 in the previous quarter and $7,538 in the quarter ended November 30, 2014. This represents the effect of changes in exchange rates on the foreign currency translation of the Canadian listed entity. In the year ended May 31, 2015, a foreign currency translation expense of $29,934 has been recorded in other comprehensive income.

Stock-based Compensation

During the period ended August 31, 2014, the Company granted 2,075,000 stock options to directors, employees and consultants of the Company. Since then 325,000 have been cancelled. During the quarter ended February 28, 2015, the Company issued an additional 400,000 to a new director and two consultants. The exercise price of the options is C$1.00. During the quarter ended August 31, 2015, the Company granted 200,000 options with an exercise price of C$0.69. The fair value of the stock options was estimated at the grant date using the Black-Scholes option pricing model. The resulting weighted average fair value at the date of grant was assessed at C$0.73. The weighted average assumptions used in the option pricing model include a volatility rate of 130% based on comparable companies, an expected life of five years based on the contractual term of the options, a risk free rate of 1% with no expected dividend yield. The options have various vesting schedules over a period of one year to 36 months.

Based on the Black-Scholes option pricing model and the assumptions outlined, the estimated fair value of the stock option grants is $1,779,344. This includes $447,494 for the initial tranche (less cancellations) granted in August 2014, $236,808 for the February tranche and $95,042 for the options granted in the quarter ended August 31, 2015. The estimated fair value is amortized over the corresponding vesting periods. As a result, share-based compensation of $1,320,772 has been recorded in the year ended May 31, 2015. In the quarter ended November 30, 2015 the Company recorded stock-based compensation of $24,438 (November 30, 2014 - $390,886). In the current quarter the Company recovered $78,689 for amounts previously expensed for unvested options. In the six months ended November 30, 2015, the Company recorded stock-based compensation of $237,981 (November 30, 2014 - $691,471). In August 2014, the stock-based compensation expense of $300,585 represented the fair value of the initial grant of stock options that vested immediately.

Listing Fees

As a result of the RTO Transaction, the Company incurred listing fees of $1,463,214 which is comprised of Matnic's net working capital deficiency on the closing date, the fair value of shares and warrants of the Company deemed to be issued by Matnic to its former shareholders, the warrants issued to convertible promissory note holders, as well as, other direct expenses of the RTO Transaction. In the quarter ended November 30, 2014, the Company received a tax refund of $44,784 for exploration tax credits outstanding at the date of the RTO Transaction.

This amount has been recorded as a reduction in the working capital deficiency acquired. The components of the listing fee expense are summarized as follows:

	$
Net working capital deficiency assumed	111,711
Common shares deemed to be issued by MatNic to its former shareholders (6,367,500 shares at US$0.091 (C$0.10) per share)	578,970
Warrants deemed to be issued by MatNic to its former warrant holders (3,000,000 warrants exercisable at US$0.0675 (C$0.075) until February 27, 2017)	228,000
Warrants issued in exchange for convertible promissory notes (4,500,000 warrants exercisable at US$0.064 (C$0.07) until August 8, 2017)	358,000
Sponsor's fee (including Sponsor's legal costs)	59,306
Legal and other transaction costs	127,227
	1,463,214

The Company has estimated the fair value of the equity instruments deemed to be issued by MatNic. The fair value of the common shares amounted to $578,970 (C$636,750), based on the trading value of the MatNic shares at the price of $0.091 (C$0.10) per share. The fair value of the Matnic warrants, exercisable at $0.0675 (C$0.075) per share for 30 months, amounted to $228,000. The fair value of the warrants issued in association with the convertible promissory notes, exercisable at $0.064 (C$0.07) per share for 36 months, amounted to $358,000. The fair values were estimated using the Black Scholes pricing model applying an expected volatility of 165%, a risk free interest rate of 1% with no expected dividend yield and a term of 30 and 36 months, respectively.

1.7 Liquidity and Capital Resources

	As at November 30, 2015 $	As at May 31, 2015 $	As at May 31, 2014 $
Total current assets	**195,231**	**820,389**	76,919
Equipment	**185,662**	**201,933**	20,308
Total assets	**380,893**	**1,022,322**	97,227
Total liabilities	**270,156**	**71,232**	228,883
Shareholders' Equity	**110,737**	**951,090**	(131,656)

As of November 30, 2015 the Company had a working capital deficiency of $74,925 as compared to a working capital balance of $749,157 at May 31, 2015. In August 2014, concurrent with the RTO Transaction, the Company completed a private placement offering for gross proceeds of US$1,636,661 (C$1,800,000) by the issuance of 7,200,000 common shares at C$0.25 per share. In connection with the private placement financing the Company incurred share issue costs of $119,955. During the period ended May 31, 2014, the Company received net proceeds from the issuance of common stock of $43,021 and issued convertible promissory notes payable in the amount of $204,581 (C$225,000) which were converted to common shares and common share purchase warrants concurrent with the RTO Transaction.

In the year ended May 31, 2015 the Company received $200,750 (C$225,000) on the exercise of 3,000,000 warrants. On January 9, 2015 the Company completed a private placement financing issuing 1,220,000 common shares and 610,000 common share purchase warrants for gross proceeds of $1,042,735 (C$1,220,000). The common share purchase warrants have an exercise price of C$1.25 and expire on January 9, 2017. The Company incurred share issue costs of $44,779 in connection with the private placement financing.

During the quarter ended August 31, 2015, the Company received $56,000 (C$70,000) on the exercise of 1,000,000 warrants. Subsequent to November 30, 2015, the Company has also received an additional $153,000 (C$210,000) on the exercise of 3,000,000 warrants. The Company also completed a non-brokered private placement financing issuing 4,300,000 units for gross proceeds of C$1,075,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.30 until December 18, 2017.

The Company's ability to meet its administrative expenses and complete its planned research and development activities and its ramp up of commercial operations is ultimately dependent upon management's ability to secure additional financing. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future.

1.8 Off-Balance Sheet Arrangements

At November 30, 2015, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.9 Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in note 3 to the May 31, 2015 audited consolidated financial statements of Graphene 3D Lab Inc.

1.10 Transactions with Related Parties

The Company entered into the following transactions with related parties:

- During the period ended November 30, 2015, the Company paid $7,400 (period ended November 30, 2014 - $35,197) for reimbursement of rent, accounting, research and development and other expenses to a Company controlled by common officers and directors;

- During the period ended November 30, 2015, the Company paid professional fees to a companies controlled by officers and directors of the Company in the amount of $77,611 (period ended November 30, 2014 - $49,500);

- During the period ended November 30, 2015, the Company paid salaries to directors and officers of the Company in the amount of $112,500 (period ended November 30, 2014 - $68,870); and

- During the period ended November 30, 2015, the Company issued 200,000 (period ended November 30, 2014 – 650,000) stock options with a fair value of $95,042 (period ended November 30, 2014 - $510,798) to directors and officers of the Company. For the period ended November 30, 2015 $181,701 (period ended November 30, 2014 - $244,757) has been included in share-based compensation.

Acquisition of Graphene Laboratories Inc.

On December 9, 2015, the Company closed a non-arms length Share Exchange Agreement dated August 12, 2015 to acquire all of the issued and outstanding common shares of Graphene Laboratories. Graphene Laboratories is 90% owned by, controlled and managed by Drs. Polyakova and Stolyarov, insiders of Graphene 3D Lab. The transaction has been reviewed and accepted for filing by the TSX Venture Exchange. GLI is active in the business of the manufacture and worldwide distribution of nanocarbon and graphene products. For the last fiscal year ended December 31, 2014, GLI recorded annual revenues in excess of US$1,000,000 and has no material debt.

Pursuant to the SEA, in exchange for 100% of the issued and outstanding shares of GLI, the Company will issue up to 3,800,000 common shares (the "Exchanged Shares") of the Company (representing approximately 8% of the then total issued shares) to the shareholders of Graphene Laboratories (the "Share Exchange"). A total of 345,500 Exchanged Shares will be issued to arms-length parties at closing with a four month hold restriction from the date of closing. The balance of the shares will be issued to the insiders of Graphene 3D Lab with 600,000 Exchanged Shares issued at closing, subject to automatic releases every 6 months over the next three years from the Closing Date. The balance of the 2,854,500 Exchanged Shares will be issued on the basis of one share for every $0.60 in cumulative cash flow generated from the operations of Graphene Laboratories over the next 5 fiscal years of the Company.

Drs. Polyakova and Stolyarov each currently own 7,161,212 common shares of the Company (representing 16.5% of the issued shares each). Upon completion of the SEA and assuming the issuance of all Exchanged Shares, Dr. Polyakova will own an additional 1,765,250 common shares of the Company (or then hold a total of 8,926,462 shares, representing 18.9% of the total issued shares) and Dr. Stolyarov will own an additional 1,689,250 common shares of the Company (or then hold

a total of 8,850,462 shares, representing 18.8% of the total issued shares), and which they intend to hold for investment purposes.

The terms of the Share Exchange were subject to confirmation by a fairness opinion prepared by an independent business valuator, an audit of the historical financial statements of Graphene Laboratories, the approval of the independent directors of the Company, and the acceptance for filing by the TSX Venture Exchange.

1.11 Risks and Uncertainties

An investment in the Company's securities involves a high degree of risk. Potential investors should carefully consider the following information about these risks. If any of the following risks actually occurs, the business, financial condition and prospects of the Company could be materially adversely affected. In that case, the value of any securities of the Company could also decline and investors could lose all or part of their investment.

The risks and uncertainties described below are those that Graphene 3D's management believes are material, but these risks and uncertainties may not be the only ones that the Company may face. Additional risks and uncertainties, including those that management currently are not aware of or deem immaterial, may also result in decreased operating revenues, increased operating expenses or other events that could result in a decline in the value of any securities of the Company. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in Management Discussion and Analysis.

An investment in the securities of the Company is highly speculative.

Risks Related to Our Business and Industry

If the market does not develop as we expect, our products may not be accepted by the market.

Our future success depends on the acceptance of the products we will market in the marketplace. Market acceptance will depend upon several factors, including (i) the adoption by industries of graphene-based products and (ii) additive manufacturing gaining market acceptance as an alternative for industrial manufacturing. A number of factors may inhibit acceptance of the products, including (i) the existence of competing products, (ii) our inability to convince customers that they need to pay for the products and services we offer, (iii) our inability to convince corporations that they need to pay for the products and services we offer or (iv) failure of individuals and corporations to use the products. If the products are not accepted by the market, we may have to curtail our business operations, which could have a material negative effect on operating results and result in a lower stock price.

There is significant competition in our market, which could make it difficult to attract customers, cause us to reduce prices and result in reduced gross margins.

We will compete in our proposed businesses with other companies, some of which have far greater marketing and financial resources and experience than we do. We cannot guarantee that we will be able to penetrate this market and be able to compete at a profit. In addition to established competitors, other companies may enter our market and compete with us. Effective competition could result in price reductions, reduced margins or have other negative implications, any of which could adversely affect our business and chances for success. Competition is likely to increase significantly as new companies enter the market and current competitors expand their services and products. Many of these potential competitors are likely to enjoy substantial competitive advantages, including: larger technical staffs, greater name recognition, larger customer bases and substantially greater financial, marketing, technical and other resources. Any pricing pressures, reduced margins or loss of market share resulting from increased competition or our failure to compete effectively, could seriously damage our business and chances for success.

The long sales cycle for our products makes the timing of our revenues difficult to predict.

Initially, our 3D printers may have a long sales cycle. Because 3D printers are complex and typically involve significant capital investments by prospective purchasers, we and our sales agents generally will need to invest a significant amount of time educating prospective purchasers about the benefits of our products. As a result, before purchasing our products, potential purchasers may spend a substantial amount of time performing internal assessments before making a purchase. This may cause us to devote significant effort in advance of a potential sale without any guarantee of receiving any related revenues. Additionally, the "lock-in" practices of some of our competitors whereby through incentives and other means purchasers of a competitor's printer are induced into purchasing most or all of their supplies or additional equipment from that competitor may mean that we are unable to sell our filaments and other products to customers who have not purchased

our printers. The effect of this may be that our potential client base is limited to those customers who have purchased one or more of our printers, and therefore our success or failure may greatly depend on our ability to sell 3D printers.

We may not be able to generate operating profits.

Since our inception, we have not generated operating profits. In the event that we are unable to execute on our business plan, we may be unable to generate profits in the future. We expect that our operating expenses will continue to increase in future periods as we pursue our growth strategies. Any future increases in our research and development expenses and selling, general and administrative expenses will directly affect our future results of operations and may have an effect on our financial condition.

We plan to grow very rapidly, which will place strains on management and other resources.

We plan to grow rapidly and significantly expand our operations. This growth will place a significant strain on management systems and resources. We will not be able to implement our business strategy in a rapidly evolving market without an effective planning and management process, and, to date, we have not implemented sophisticated managerial, operational and financial systems and controls. We may be required to manage multiple relationships with various strategic partners, users, advertisers and other third parties. These requirements will be strained in the event of rapid growth or in the number of third party relationships, and our systems, procedures or controls may not be adequate to support our operations and management may be unable to manage growth effectively. To manage our expected growth, we will be required to significantly improve or replace existing managerial, financial and operational systems, procedures and controls, and to expand, train and manage our intended growing employee base. We will be required to expand our finance, administrative and operations staff. We may be unable to complete in a timely manner the improvements to our systems, procedures and controls necessary to support future operations, management may be unable to hire, train, retain, motivate and manage required personnel and management may be unable to successfully identify, manage and exploit existing and potential market opportunities.

We may not be able to hire the number of skilled employees that we need to achieve our business plan.

For our business to grow in accordance with our business plan, we will need to hire and retain additional employees with the technical competence and engineering skills to operate our machines, improve our technology and processes. People with these skills are in short supply and may not be available in sufficient numbers to allow us to meet the goals of our business plan. If we cannot obtain the services of a sufficient number of technically skilled employees, we may not be able to achieve our planned rate of growth, which could adversely affect our results of operations.

Loss of key management or sales or customer service personnel could adversely affect our results of operations.

Our future success depends to a significant extent on the skills, experience and efforts of our management and other key personnel. We must continue to develop and retain a core group of management individuals if we are to realize our goal of continued expansion and growth. High demand exists for management and other key personnel in the additive manufacturing industry, and there can be no assurance that we will be able to retain such personnel and the loss of any or all of these individuals could materially and adversely affect our business. We do not carry key-man insurance on any member of management.

If our manufacturing facilities are disrupted, sales of our products will be disrupted, and we could incur unforeseen costs.

We plan on performing the final assembly of our 3D printers and manufacturing our filament at our facilities in Calverton, New York. If the operation of this facility is disrupted, we would be unable to fulfill customer orders for the period of the disruption. We would not be able to recognize revenue on orders that we could not ship, and we might need to modify our standard sales terms to secure the commitment of new customers during the period of the disruption and perhaps longer. Depending on the cause of the disruption, we could incur significant costs to remedy the disruption and resume product shipments. Such a disruption could have a material adverse effect on our revenue, results of operations and earnings.

Global economic, political and social conditions may harm our ability to do business, increase our costs, and negatively affect our stock price.

We are subject to global economic, political and social conditions that may cause customers to delay or reduce technology purchases due to economic downturns, volatility in fuel and other energy costs, difficulties in the financial services sector and credit markets, geopolitical uncertainties and other macroeconomic factors affecting spending behavior. We face risks that may arise from financial difficulties experienced by our suppliers, resellers or customers, including:

- The risk that customers or resellers to whom we sell our products and services may face financial difficulties or may become insolvent, which could lead to our inability to obtain payment of accounts receivable that those customers or resellers may owe;

- The risk that key suppliers of raw materials, finished products or components used in the products that we sell may face financial difficulties or may become insolvent, which could lead to disruption in the supply of printers, print materials or spare parts to our customers; and

- The inability of customers, including resellers, suppliers and contract manufacturers to obtain credit financing to finance purchases of our products and raw materials used to build those products.

We may need to raise additional capital from time to time if we are going to meet our growth strategy and may be unable to do so on attractive terms.

Expanding our business to meet our growth strategy may require additional investments of capital from time to time, and our existing sources of cash and any funds generated from operations may not provide us with sufficient capital. For various reasons, additional financing may not be available when needed, or may not be available on terms favorable to us. If we fail to obtain adequate capital on a timely basis or if capital cannot be obtained at reasonable costs, we will not be able to achieve our planned rate of growth, which will adversely affect our results of operations.

Our operating results and financial condition may fluctuate on a quarterly and annual basis.

Our operating results and financial condition may fluctuate from quarter to quarter and year to year, and are likely to vary due to a number of factors, some of which are outside of our control. In addition, our actual or projected operating results may fail to match our past performance. These events could in turn cause the market price of our common stock to fluctuate. If our operating results do not meet the expectations of securities analysts or investors, who may derive their expectations by extrapolating data from recent historical operating results, the market price of our common stock will likely decline.

Our operating results and financial condition may fluctuate due to a number of factors, including those listed below and those identified throughout this "Risk Factors" section:

- the development of new competitive systems or processes by others;

- the entry of new competitors into our market whether by established companies or by new companies;

- changes in the size and complexity of our organization, including our international operations;

- levels of sales of our products and services to new and existing customers;

- the geographic distribution of our sales;

- changes in product developer preferences or needs;

- delays between our expenditures to develop, acquire or license new technologies and processes, and the generation of sales related thereto;

- our ability to timely and effectively scale our business during periods of sequential quarterly or annual growth;

- limitations or delays in our ability to reduce our expenses during periods of declining sequential quarterly or annual revenue;

- changes in our pricing policies or those of our competitors, including our responses to price competition;

- changes in the amount we spend in our marketing and other efforts;

- the volatile global economy;

- general economic and industry conditions that affect customer demand and product development trends;

- changes in accounting rules and tax and other laws; and

We could be subject to personal injury, property damage, product liability, warranty and other claims involving allegedly defective products that we supply, which could result in material expense, diversion of management time and attention and damage to our business reputation.

The products we plan to supply may be used in potentially hazardous applications, such as the assembled parts of an aircraft or automobile, that could result in death, personal injury, property damage, loss of production, punitive damages and consequential damages. Actual or claimed defects in the products we supply could result in our being named as a defendant in lawsuits asserting potentially large claims. Any such lawsuit, regardless of merit, could result in material expense, diversion of management time and efforts, and damage to our reputation, and could cause us to fail to retain or attract customers, which could adversely affect our results of operations.

Products as complex as those we offer may contain undetected defects or errors when first introduced or as enhancements are released that, despite testing, are not discovered until after the product has been installed and used by customers. This could result in lost revenue, delayed marketplace acceptance of the product, claims from customers or others, damage to our reputation and business or significant costs to correct the defect or error.

The sale and support of our products entails the risk of product liability claims. Any product liability claim brought against us, regardless of its merit, could result in material expense, diversion of management time and attention, damage to our business reputation and failure to retain existing customers or to fail to attract new customers.

We could face liability if our 3D printers are used by our customers to print dangerous objects.

Customers may use our 3D printers to print parts that could be used in a harmful way or could otherwise be dangerous. For example, there have been recent news reports that 3D printers were used to print guns or other weapons. We will have little, if any, control over what objects our customers print using our 3D printers, and it may be difficult, if not impossible, for us to monitor and prevent customers from printing weapons with our 3D printers. While we have never printed weapons in our service center, there can be no assurance that we will not be held liable if someone were injured or killed by a weapon printed by a customer using one of our 3D printers.

We may not have adequate insurance for potential liabilities.

In the ordinary course of business, we may be subject to various product and non-product related claims, lawsuits and administrative proceedings seeking damages or other remedies arising out of our commercial operations. We maintain insurance to cover our potential exposure for most claims and losses. However, our insurance coverage is subject to various exclusions, self-retentions and deductibles, may be inadequate or unavailable to protect us fully, and may be cancelled or otherwise terminated by the insurer.

Furthermore, we face the following additional risks under our insurance coverage:

- we may not be able to obtain insurance coverage on commercially reasonable terms, or at all;
- we may be faced with types of liabilities that are not covered under our insurance policies, such as environmental contamination or terrorist attacks, and that exceed any amounts what we may have reserved for such liabilities;
- the amount of any liabilities that we may face may exceed our policy limits and any amounts we may have reserved for such liabilities; and
- we may incur losses resulting from interruption of our business that may not be fully covered under our insurance policies.

Even a partially uninsured claim of significant size, if successful, could materially adversely affect our business, financial condition, results of operations and liquidity. However, even if we successfully defend ourselves against any such claim, we could be forced to spend a substantial amount of money in litigation expenses, our management could be required to spend valuable time in the defense against these claims and our reputation could suffer, any of which could adversely affect our results of operations.

Risks Related to Our Intellectual Property

We may not be able to obtain patent protection or otherwise adequately protect or enforce our intellectual property rights, which could impair our competitive position.

Our success and future revenue growth will depend, in part, on our ability to protect our intellectual property. We will rely primarily on patents, trademarks, and trade secrets, as well as non-disclosure agreements and other methods, to protect our proprietary technologies and processes globally. Despite our efforts to protect our proprietary technologies and processes, it is possible that competitors or other unauthorized third parties may obtain, copy, use, or disclose our technologies and processes. For instance, if unauthorized disclosure of our trade secrets occurs, we could potentially lose trade secret protection. The loss of trade secret protection could make it easier for third parties to compete with our products by copying previously confidential features, which could adversely affect our revenue and operating margins.

We can provide no assurance that any of our existing or future patents or other intellectual property rights will not be challenged, invalidated, or circumvented or will otherwise provide us with meaningful protection. We may not be able to obtain foreign patents corresponding to our U.S. or foreign patent applications. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. If our patents and other intellectual property protections do not adequately protect our technology, our competitors may be able to offer products similar to ours. We may not be able to detect the unauthorized use of our proprietary technology and processes or take appropriate steps to prevent such use. Our competitors may also be able to develop similar technology independently or design around our patents. Any of the foregoing events would lead to increased competition and lower revenue or gross profits, which would adversely affect our results of operations.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees on any issued patent are due to be paid to the U.S. Patent and Trademark Office, or USPTO, and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our exclusive licensors fail to maintain the patents and patent applications covering our products and processes, our competitive position would be adversely affected.

We may incur substantial costs defending against third party infringement claims as a result of litigation or other proceedings.

Third-party intellectual property claims asserted against us, regardless of the merit or resolution of such claims, could subject us to significant liabilities, require us to enter into royalty and licensing arrangements on unfavorable terms, prevent us from assembling or licensing certain of our products, subject us to injunctions restricting our sale of products, cause severe disruptions to our operations or the marketplaces in which we compete, or require us to satisfy indemnification commitments with our customers including contractual provisions under various license arrangements. In addition we may incur significant costs in acquiring the necessary third-party intellectual property rights for use in our products. If we are unable to effectively defend and manage these, our market share, sales and profitability could suffer, which could adversely affect our results of operations.

Our failure to expand our intellectual property portfolio could adversely affect the growth of our business and results of operations.

Expansion of our intellectual property portfolio is one of the available methods of developing our revenues and our profits. This involves a complex and costly set of activities with uncertain outcomes. Our ability to obtain patents and other intellectual property can be adversely affected by insufficient inventiveness of our employees, by changes in intellectual property laws, treaties, and regulations, and by judicial and administrative interpretations of those laws treaties and regulations. Our ability to expand our intellectual property portfolio could also be adversely affected by the lack of valuable intellectual property for sale or license at affordable prices. There is no assurance that we will be able to obtain valuable

intellectual property in the jurisdictions where we and our competitors operate or that we will be able to use or license that intellectual property.

Risks Related to the Securities Markets and Ownership of Our Common Stock

The market price of our common stock may fluctuate significantly.

The market price and liquidity of the market for shares of our common stock may fluctuate and may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of companies in our sector, which is not necessarily related to the operating performance of these companies;
- delays between our expenditures to develop and market new products and the generation of sales from those products;
- changes in the amount that we spend to develop, acquire or license new products, technologies or businesses;
- changes in our expenditures to promote our products and services;
- changes in the cost of satisfying our warranty obligations and servicing our installed base of systems;
- success or failure of research and development projects of us or our competitors;
- announcements of acquisitions by us or one of our competitors;
- the general tendency towards volatility in the market prices of shares of companies that rely on technology and innovation;
- changes in regulatory policies or tax guidelines;
- changes or perceived changes in earnings or variations in operating results;
- any shortfall in revenue or earnings from levels expected by investors or securities analysts; and
- general economic trends and other external factors.

If equity research analysts do not publish research or reports about our business, or if they issue unfavorable commentary or downgrade our shares, the price of our shares could decline.

The trading market for our shares will rely in part on the research and reports that equity research analysts publish about us and our business. We do not have control over these analysts, and we do not have commitments from them to write research reports about us. The price of our shares could decline if one or more equity research analysts downgrades our shares, issues other unfavorable commentary, or ceases publishing reports about us or our business.

Future sales of our shares could reduce the market price of our shares.

The price of our shares could decline if there are substantial sales of our common stock, particularly by our directors, their affiliates or our executive officers, or when there is a large number of shares of our common stock available for sale. The perception in the public market that our stockholders might sell our shares also could depress the market price of our shares. From time to time, we may conduct offerings of our securities and our executive officers, directors and selling stockholders would be subject to lock-up agreements that restrict their ability to transfer their shares following the offering. The market price of our shares may drop significantly when the restrictions on resale by our existing stockholders lapse and these stockholders are able to sell their shares into the market. If this occurs, it could impair our ability to raise additional capital through the sale of securities, should we desire to do so.

We do not anticipate paying any cash dividends in the foreseeable future. Therefore, if our share price does not appreciate, our investors may not gain and could potentially lose on their investment in our shares.

We have never declared or paid cash dividends on our common stock, nor do we anticipate paying any cash dividends on our share capital in the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, capital appreciation, if any, of our shares will be investors' sole source of gain for the foreseeable future.

Provisions in our charter documents or Delaware law may inhibit a takeover, which could adversely affect the value of our common stock.

Our certificate of incorporation and bylaws contain, and Delaware corporate law contains, provisions that could delay or prevent a change of control or changes in our management, even if doing so might be beneficial to our stockholders by providing them with the opportunity to sell their shares, possibly at a premium over the then market price of our common stock. One of these Delaware laws prohibits us from engaging in a business combination with any interested stockholder (as defined in the statute) for a period of three years from the date that the person became an interested stockholder, unless certain conditions are met. If a change of control or change in management is delayed or prevented, the market price of our common stock could decline.

Raising additional capital by issuing securities may cause dilution to our stockholders.

We may need or desire to raise substantial additional capital in the future. If we raise additional funds by issuing equity or convertible debt securities, we will reduce the percentage ownership of our then-existing stockholders, and the holders of those newly-issued equity or convertible debt securities may have rights, preferences, or privileges senior to those possessed by our then-existing stockholders. Additionally, future sales of a substantial number of shares of our common stock or other equity-related securities in the public market could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity or equity-linked securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock.

1.12 Outstanding Share Data

Common Shares

On July 18, 2014, Graphene 3D (US) Inc. increased its authorized capital to 45 million common shares and completed a stock split whereby the Graphene 3D (US) Inc. issued to each shareholder of record 12,787,878 shares of common stock, par value $0.0001 per share, for each share of common stock held by each shareholder as at the record date. Under International Financial Reporting Standards this stock split is applied retroactively in the audited financial statements. As at May 31, 2014, 21,100,000 common shares of Graphene 3D (US) Inc. are deemed to be outstanding. Concurrent with the RTO Transaction, the Company also acquired all of the common shares of Graphene 3D US Inc. held as a result of the conversion of the promissory notes which had a fair value of $204,581 (C$225,000). The Company issued 4,500,000 common shares and 4,500,000 non-transferable share purchase warrants to the note holders (see below).

On August 8, 2014, as a result of the RTO Transaction, the Company has acquired all of the issued and outstanding common shares of Graphene 3D Lab (U.S.) Inc. in exchange for 25,600,000 common shares of the Company.

The Company has estimated the fair value of its 6,367,500 common shares deemed to be issued by MatNic to its former shareholders on the reverse acquisition transaction as $578,970 (C$636,750), based on the trading value of the MatNic shares of $0.091 (C$0.10) per share. The Company also estimated the fair value of the 3,000,000 outstanding MatNic warrant (see below).

The Company completed a concurrent private placement offering for gross proceeds of US$1,636,661 (C$1,800,000) by the issuance of 7,200,000 common shares at C$0.25 per share. In connection with the private placement financing the Company incurred share issue costs of $119,955. On January 9, 2015 the Company closed a private placement financing issuing 1,220,000 common shares and 610,000 common share purchase warrants for gross proceeds of $1,042,735 (C$1,220,000). In connection with the private placement financing the Company incurred share issue costs of $44,779.

During the quarter ended August 31, 2015, the Company received $56,000 (C$70,000) on the exercise of 1,000,000 common share purchase warrants and 1,751,939 shares were released from escrow.

During the quarter ended August 31, 2015, due to the departure of a member of its Advisory Board, the Company cancelled 3,222,546 of its escrowed shares. The three-year escrow agreement provided that any shares held in escrow would be returned to treasury and cancelled at such time the member no longer served on the Company's Advisory Board. This resulted in a decrease of outstanding shares from 44,387,500 to 41,164,955 or 7.3% and a reduction in share capital of $281,050 which was transferred to contributed surplus. The TSX Venture Exchange has provided its consent for the

cancellation of these shares and the Company's transfer agent has cancelled these shares in accordance with the terms of the escrow agreement.

As at November 30, 2015 the Company has 41,164,954 issued and outstanding common shares of which 14,015,515 are subject to escrow agreements. Subsequent to November 30, 2015, the Company issued 3,000,000 common shares on the exercise of warrants for proceeds of $153,000 (C$210,000). The Company also completed a non-brokered private placement financing issuing 4,300,000 units for gross proceeds of C$1,075,000. Each unit consisted of one common share and one common share purchase warrant.

On August 13, 2015, pursuant to the Share Exchange Agreement, the Company announced that it will acquire all of the issued and outstanding common shares of Graphene Laboratories by the issuance of up to 3,800,000 common shares (the "Exchanged Shares") of the Company (representing approximately 8% of the then total issued shares) to the shareholders of Graphene Laboratories (the "Share Exchange"). A total of 345,500 Exchanged Shares will be issued at closing with a four month hold restriction from the date of closing (the "Closing Date") and a further 600,000 Exchanged Shares will be issued at closing, subject to automatic releases every 6 months over the next three years from the Closing Date. The balance of the 2,854,500 Exchanged Shares will be issued on the basis of one share for every $0.60 in cumulative cash flow generated from the operations of Graphene Laboratories over the next 5 fiscal years of the Company. This Transaction closed on December 9, 2015. As at January 29, 2016, the Company had 49,410,454 common shares outstanding.

OTCQB Listing

The Company has been verified to trade on OTCQB®, the venture marketplace for entrepreneurial and development stage companies operated by OTC Markets Group (OTCQX: OTCM), and began trading Oct. 7, 2014. Euro Pacific Capital, Inc. is a qualified Principal American Liaison ("PAL") and has submitted a Letter of Introduction for Graphene 3D in accordance with the standards for trading on OTCQB.

Warrants

At the time of the RTO Transaction, the Company estimated the fair value of its 3,000,000 common share purchase warrants deemed to be issued by MatNic to its former shareholders at $228,000. The MatNic warrants are exercisable at $0.0675 (C$0.075) per share for 30 months. The Company also issued to the note holders 4,500,000 non-transferable share purchase warrants, exercisable at $0.064 (C$0.07) per share for a period of 36 months. The fair value of the warrants issued to the note holders was assessed at $358,000.

The fair value of these two groups of warrants was estimated using the Black-Scholes pricing model applying an expected volatility of 165%, a risk free interest rate of 1% with no expected dividend yield with a term of 30 and 36 months, respectively. The fair value of these equity instruments has been recorded as a listing fee expense.

During the period ended February 28, 2015, 3,000,000 warrants were exercised for a recorded value of $428,750 which includes cash proceeds of $200,750. On January 9, 2015, the Company issued 610,000 warrants with the Company's private placement financing. Each of these common share purchase warrant entitles the holder to acquire one common share of the Company at a price of C$1.25. These warrants expire on January 9, 2017.

During the quarter ended August 31, 2015, the Company received $56,000 (C$70,000) on the exercise of 1,000,000 common share purchase warrants. As at November 30, 2015, the Company has 3,110,000 warrants outstanding. As at November 30, 2015, these warrants have a weighted average remaining life of 1.27 years and a weighted average exercise price of C$0.245.

Subsequent to November 30, 2015, the Company issued 3,000,000 common shares on the exercise of warrants for proceeds of $153,000 (C$210,000). The Company also completed a non-brokered private placement financing issuing 4,300,000 units for gross proceeds of C$1,075,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.30 until December 18, 2017. As at January 29, 2016, the Company has 5,410,000 common share purchase warrants outstanding.

Stock options

The Company has adopted a stock option plan (the "Plan"), providing the Board of Directors with the discretion to issue an equivalent number of options up to 10% of the issued and outstanding share capital of the Company. Stock options are granted with an exercise price not less than the closing share price of the day preceding the date of grant.

During the year ended May 31, 2015, the Company granted 2,475,000 stock options to directors, employees and consultants of the Company. Sine these options were issued 325,000 options have been cancelled. During the quarter ended August 31, 2015, the Company granted an additional 200,000 stock options to a director when he was appointed COO. The fair value of the stock options granted was estimated at the grant date using the Black Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

The resulting weighted average fair value at the date of grant was assessed at $0.73 per option. The weighted average assumptions used in the pricing model include a volatility rate of 130% based on comparable companies, an expected life of 5 years based on the contractual term, a risk free rate of 1% with no expected dividend yield. The options have various vesting schedules ranging from one year to 42 months. Based on the Black-Scholes option pricing model and the outlined assumptions, the estimated fair value of the options granted is $1,947,739. As at August 31, 2015, 1,548,214 of the options have vested.

As at November 30, 2015 and January 29, 2015 there are 2,350,000 options outstanding. As at November 30, 2015, these options have a weighted average remaining life of 4 years and a weighted average exercise price of C$0.97.