GRAPHENE 3D LAB INC.
Management Discussion and Analysis
For the quarter ended February 29, 2016

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 February 29, 2016. 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 February 29, 2016, 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 April 27, 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"), a Massachusetts Corporation. 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. Graphene is a novel material with a variety of outstanding properties. 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 a number of industries including the aerospace and automotive industries, manufacturers of medical prosthetics and the military as well as the various types materials for 3D printing, such as fused filament fabrication. Graphene 3D currently has six US patent applications pending for its technology.

1.3 Nature of Business

Graphene 3D Lab, Inc. is a world leader in the development, manufacturing and marketing of graphene and other 2D crystals as well as composites based on these nanomaterials. These diverse materials have a wide spectrum of commercial, research and military applications. The Company's wholly owned subsidiary, Graphene Laboratories Inc., currently offers over 100 graphene and related products to a client list comprised of more than 10,000 customers worldwide, including nearly every Fortune 500 tech company and major research university. The Company's suite of products are available online at the company's e-commerce platform Graphene Supermarket (www.graphene-supermarket.com).

The 3D printing division of the Company offers a portfolio of specialty fused filament fabrication filaments. These materials can be purchased through multiple distribution networks worldwide or directly online at www.blackmagic3D.com.

The Company holds a new proprietary technology encompassing the preparation and separation of atomic layers of graphene. This technological breakthrough represents a new, energy efficient process to manufacture, sort and classify graphene nanoparticles resulting in the potential for large scale production of high grade graphene at lower costs than exist in today's marketplace.

In addition, the Company has a Industrial Materials Division devoted to development of high volume graphene-infused

polymers for the automotive, robotics, aerospace and military industries. The Company has specialized equipment that allows Graphene 3D to create advanced composite materials with exceptional accuracy very quickly.

The Graphene 3D facility is located in Calverton, NY and is equipped with material processing and analytical equipment. The company has six (6) US patent applications pending for its technology. For more information on Graphene 3D Lab Inc., visit (www.graphene3dlab.com).

The Company has recently installed a new Twin Screw Compounder. This specialized piece of equipment allows the Company to create advanced composite materials with exceptional accuracy in shorter working times. The compounder will help to incorporate graphene into materials that are well suited for production of new or existing products that are lighter, stronger and more flexible than the current commercial counterparts. The Company is now able to respond faster to the increased demand it is seeing from manufacturers who seek to partner with the Company.

The Company is also 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 acquisition of Graphene Laboratories allows the Company to work with advanced material polymers to expand into markets beyond the 3D printing sector.

Both co-CEOs are widely recognized experts in the field. 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.

The Company exhibited its new cutting edge products, including its graphene-based organic Light Emitting Device at the American Physical Society March meeting held in Baltimore, Maryland. Dr. Polyakova also recently presented an invited paper outlining the Company's recent progress and its leading research team at The Graphene 2016 Conference. This conference held in Genoa, Italy is the 6th edition of the Graphene Conference series, the largest European event in Graphene and 2D materials.

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, not chemically invasive, process that significantly lowers the cost of preparing and separating high quality, few atomic layer thick 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 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.

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 encompassed 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. In April 2016, the Company was approved to move forward with the next task under this Agreement.

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.

New Developments

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.

In January 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. 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. In March 2016, the Company introduced a newly developed filament to its product line – Scorpion™ Flexible Nylon. Due to the outstanding resilience of this material, 3D printed objects with Scorpion™ can handle repeated stress with ease and the object maintains its shape. The product is primarily designed to be used as engineering material, however the objects printed out of Scorpion™ have nice finish and pleasant to touch which makes this material ideal for wearable 3D printing designs. The Scorpion™ filaments are available for purchase at Amazon and the Company's on-line store, (www.blackmagic3D.com). 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 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.

In March 2016, the Company appointed Mr. John (Gary) Dyal as Chairman of Board of Directors. Mr. Dyal is a recognized leader in the commercialization of nanotechnology and graphene related products. He brings over 35 years of manufacturing and technology experience to the Company. Mr. Dyal currently serves as Vice-President of Cryo Pure Corp. an international company that packages and distributes industrial/ultra high purity specialty gases, chemicals, cryogenics and cryogenic chemical delivery equipment. Prior to his co-founding of Cryo Pure Corp, Mr. Dyal was the Director of

Marketing & Sales for CVD Equipment Corporation (NASDAQ:CVV) a company that designs, develops, and manufactures a broad range of state-of-the-art graphene manufacturing equipment and process solutions for research and industrial applications. Mr. Dyal was responsible for global sales of R&D products related to graphene, carbon nanotubes, semiconducting nanowires, 2D materials and thin films for research laboratories. Mr. Dyal will also serve on the Company's Audit Committee.

1.4 Acquisition of Graphene Laboratories Inc.

On December 9, 2015, the Company closed a non-arms length share exchange agreement (the "SEA") to acquire all of the issued and outstanding shares of Graphene Laboratories Inc. ("GLI"). GLI is incorporated under the laws of the Commonwealth of Massachusetts, U.S.A, and is controlled and managed by Co-Chief Executive Officers of the Company.

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.

GLI, is active in the business of the manufacture and worldwide distribution of nanocarbon and graphene products. GLI also holds a provisional patent relating to the manufacture and processing of graphene and offers analytical services, prototype development and consulting. The addition of GLI's business and graphene product lines will complement and expand the Company's existing business of research, development and production of polymer nanocomposite graphene-based filaments for fused filament fabrication in 3D printers.

As part of the GLI acquisition, the Company acquired certain intellectual property, including a provisional patent relating to technology enabling cost efficient industrial scale manufacture and processing of graphene. The Company intends to develop this technology over the next few years. For more information, please refer to Note 4 in the accompanying financial statements.

1.5 Selected Financial Information

The following table contains selected financial information for the eight quarters ended February 29, 2016:

	Quarter ended Feb 29, 2016 $	**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 $**
Revenue	**(265,281)**	(58,369)	(33,674)	(41,056)	-	-	-	-
Cost of goods sold	**136,062**	71,858	41,706	47,159	-	-	-	-
	(129,219)	13,489	8,032	6,103	-	-	-	-
Research and development	**72,660**	125,374	81,004	134,447	**98,947**	61,068	40,177	51,148
Salaries and benefits	**113,966**	63,301	112,361	114,668	**121,037**	89,238	14,618	-
Professional fees	**71,388**	94,757	87,830	56,237	**67,254**	126,655	71,604	50,622
Marketing and investor relations	**34,270**	63,427	58,212	39,712	**44,727**	56,111	26,335	8,279
Regulatory fees	**25,631**	17,533	13,649	12,798	**15,448**	30,729	4,857	-
Listing fee expense	-	-	-	-	-	(44,784)	1,507,998	-
Stock based compensation	**98,934**	24,438	213,543	217,847	**411,454**	390,886	300,585	-
Office and administrative	**63,586**	35,367	57,055	52,615	**24,147**	21,626	15,972	10,334
Travel	**8,434**	12,932	7,870	10,439	**25,063**	26,111	1,805	5,080
Depreciation	**27,221**	16,035	16,035	17,500	**13,776**	2,176	2,176	3,316
Foreign exchange loss (gain)	**29,285**	-	-	(2,207)	**44,515**	1,777	2,026	4,824
Net loss	**416,156**	466,653	655,592	660,159	**866,368**	761,593	1,988,153	133,603
Foreign currency translation	**(2,061)**	(466)	12,556	5,629	**11,093**	7,538	5,674	-
Comprehensive Loss	**414,095**	466,187	668,148	665,788	**877,461**	769,131	1,993,827	133,603
Net loss per share	**$0.01**	$0.011	$0.016	$0.015	**$0.02**	$0.02	$0.08	$0.006
Weighted average number of common shares outstanding	**48,202,657**	41,164,954	42,266,932	43,387,500	**42,812,915**	40,694,423	25, 616,875	21,100,000

1.6 Results of Operations

The consolidated net loss for the quarter ended February 29, 2016 was $416,156 or $0.01 per share as compared to $866,368 or $0.02 per share in the quarter ended February 28, 2015. This includes non-cash amounts for stock based compensation of $98,934 (quarter ended February 28, 2015 – $411,454) and depreciation of $27,221 (quarter ended February 28, 2015 – $13,776). The quarter ended May 31, 2014 includes the operations of private company - Graphene 3D Lab (U.S.) Inc., deemed to be the acquirer for accounting purposes. The financial results after the RTO transaction on August 8, 2014 include the operating results of both Companies. 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 Company's acquisition of GLI closed on December 9, 2015. As a result, the current quarter is the first quarter to include the operations of GLI.

In the current quarter, the Company's revenue and margins showed significant improvement with the inclusion of the GLI business activities for almost the entire quarter. The acquisition of GLI took effect on December 9th, 2015 so the GLI reporting within this period only reflects the period commencing December 9th, 2015 to February 29, 2016.

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 previous quarter. At the end of the previous quarter, the Company significantly slowed its development of its prototype 3D printer and reduced its research and development staffing by two senior positions.

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 previous 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. The recent addition of the twin screw extruder will have a positive impact on the Company's R&D activities. Management also believes that once the R&D activity is further advanced, 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. In April 2016, the Company was approved to move forward with the next task under this Agreement.

These research and development expenditures are summarized as follows:

	Qtr ended Feb 29, 2016 $	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	38,201	73,525	50,176	102,890	41,573	27,864	27,238
Research and development equipment and supplies	26,895	51,849	22,430	26,177	29,759	29,759	2,301
Patent registration expense	7,565	-	8,399	5,380	3,445	3,445	10,836

After the RTO Transaction, the Company initially incurred significant professional fees. These professional fees have leveled off over the last few 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 GLI. In the past two quarters, the Company has incurred legal fees and audit expenses associated with its acquisition of GLI. The Company expects to report a significant reduction IR professional fees for the ensuing quarter.

The professional fees are summarized as follows:

	Qtr ended Feb 29, 2016 $	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	33,836	48,288	45,654	25,961	21,393	42,656	32,552
Legal fees	23,528	12,133	15,200	16,167	20,054	16,626	24,736
Consulting and other fees	14,022	34,336	26,978	14,109	25,807	67,373	14,316

During the past few quarters the Company increased marketing/website development charges with the Company's development and launch of its Share Station website. In the last few quarters, the Company incurred a reduced level of marketing and investor relations expenditures and in the current quarter, the Company discontinued the services of two independent providers.

The marketing and investor relation expenditures are summarized as follows:

	Qtr ended Feb 29, 2016 $	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	6,992	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	27,278	18,288	25,370	5,391	1,298	5,859	18,310

In association with its new public listing, the Company incurs regulatory filing costs with the TSX-V. In the quarter ended February 29, 2016 the Company also incurred TSX V fees of $8,500 associated with its acquisition of GLI and $4,800 (February 28, 2015 - $4,000) associated with its AGM. The Company has incurred an increase in press release processing fees over the last two quarters with its increased level of activities.

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 was amortized over the following four quarters.

The regulatory fees are summarized as follows:

	Qtr ended Feb 29, 2016 $	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	13,938	5,311	4,594	2,268	9,179	4,800	4,857
Press release processing	9,188	8,382	2,955	2,230	1,794	4,429	1,500
OTC Markets - OTCQB	2,500	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 fiscal 2015. 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. The Company ceased to fund additional rental costs for the prototype 3D printer in the previous quarter and incurred increased office and administrative costs to $63,586 in the current quarter with its acquisition of GLI. 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.

In the current quarter the Company acquired a Thermo Fisher Industrial Twin Screw Compounder to improve the efficiency of new material development. This equipment cost $183,180 and was acquired under a finance lease with an annual interest

rate of 15% and a term of 36 months. The Company recorded an additional $9,160 depreciation expense in relation to this new extruder.

In the current quarter, the Company completed a financing of C$1.075 million, the proceeds of which were primarily denominated in Canadian dollars. Since the financing in mid December to late January when the funds were converted to US dollars, the exchange rate of the Canadian dollar against the US dollar weakened from 1.3882 to 1.4662. This resulted in the Company recording a realized foreign exchange loss in the third quarter of $29,285. Under similar circumstances the Company recorded a realized foreign exchange loss of $44,515 in the quarter ended February 28, 2015. Otherwise only miscellaneous realized foreign exchange amounts have been recorded since the RTO transaction.

In the current quarter, the foreign currency adjustment to other comprehensive income is a gain of $2,016 as compared to loss of $11,093 in the quarter ended February 28, 2015. 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. Since the yearend an additional $10,029 has been recorded.

Stock-based Compensation

Based on the Black-Scholes option pricing model, 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.

In the quarter ended February 29, 2016 the Company recorded stock-based compensation of $98,934 (February 28, 2015 - $411,454). In the previous quarter the Company recorded only $24,438 as it recovered $78,689 for amounts previously expensed for unvested options cancelled during this quarter. In the nine months ended February 29, 2016, the Company recorded stock-based compensation of $336,915 (February 28, 2015 - $1,102,925). The larger stock based compensation in 2014 is due to the amortization over a reduced vesting period for certain recipients. 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.

1.7 Liquidity and Capital Resources

	As at February 29, 2016 $	As at May 31, 2015 $	As at May 31, 2014 $
Total current assets	**884,010**	820,389	76,919
Equipment	**392,390**	201,933	20,308
Intangible assets	**520,674**	-	-
Total assets	**1,977,074**	1,022,322	97,227
Accounts payable and accruals	**239,663**	71,232	228,883
Finance lease obligation	**140,910**	-	-
Deferred income tax	**90,000**	-	-
Total liabilities	**470,573**	71,232	228,883
Shareholders' Equity	**1,326,499**	951,090	(131,656)

As of February 29, 2016 the Company had working capital of $613,889 (May 31, 2015 - $749,157). 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 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.

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. In the year ended May 31, 2015 the Company also received $200,750 (C$225,000) on the exercise of 3,000,000 warrants.

On December 18, 2015, the Company completed a non-brokered private placement financing issuing 4,300,000 units for gross proceeds of $774,384 (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 incurred share issue costs of $65,460 in connection with the private placement financing. During the period ended February 29, 2016, the Company also received $210,000 (C$280,000) on the exercise of 4,000,000 warrants.

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 February 29, 2016, 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 February 29, 2016 and prior to the Company's acquisition of GLI, the Company paid $7,400 (period ended February 28, 2015 - $28,007) for reimbursement of rent, accounting, research and development and other expenses to GLI, a Company controlled by common officers and directors;

- During the period ended February 29, 2016, the Company paid professional fees to companies controlled by officers and directors of the Company in the amount of $113,825 (period ended February 28, 2015 - $57,100);

- During the period ended February 29, 2016, the Company paid salaries to directors and officers of the Company in the amount of $173,077 (period ended February 28, 2015 - $121,154); and

- During the period ended February 29, 2016, the Company issued 200,000 (period ended February 28, 2015 – 900,000) stock options with a fair value of $95,042 (period ended February 28, 2015 - $658,803) to directors and officers of the Company. For the period ended February 29, 2016 $218,598 (period ended February 28, 2015 - $410,122) has been included in share-based compensation.

- On August 15, 2015, the Company entered a share exchange agreement (the "SEA") to acquire all of the issued and outstanding shares of Graphene Laboratories Inc. ("GLI"). GLI is incorporated under the laws of the Commonwealth of Massachusetts, U.S.A, and is controlled and managed by the Co-Chief Executive Officers of the Company.

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.

- 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.
- The long sales cycle for our products makes the timing of our revenues difficult to predict.
- We may not be able to generate operating profits.
- We plan to grow very rapidly, which will place strains on management and other resources.
- We may not be able to hire the number of skilled employees that we need to achieve our business plan.
- Loss of key management or sales or customer service personnel could adversely affect our results of operations.
- If our manufacturing facilities are disrupted, sales of our products will be disrupted, and we could incur unforeseen costs.
- Global economic, political and social conditions may harm our ability to do business, increase our costs, and negatively affect our stock price.
- 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.
- Our operating results and financial condition may fluctuate on a quarterly and annual basis.

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.

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

- We may not have adequate insurance for potential liabilities.

- 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.

- 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.

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

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

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.

- 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.

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

- 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.

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

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

1.13 Outstanding Share Data

Common Shares

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.

During the period ended February 29, 2015, the Company received $210,000 (C$280,000) on the exercise of 4,000,000 common share purchase warrants. On December 18, 2015, the Company also completed a non-brokered private placement financing issuing 4,300,000 units for gross proceeds of $774,384 (C$1,075,000). Each unit consisted of one common share and one common share purchase warrant. In connection with the private placement financing the Company incurred share issue costs of $65,460.

On December 9, 2015, pursuant to the Share Exchange Agreement, the Company acquired 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 five years commencing July 1, 2015.

As at February 29, 2016 and April 27, 2016, the Company has 49,410,454 issued and outstanding common shares of which 12,803,576 are subject to escrow agreements.

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

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.

During the period ended February 29, 2016, the Company issued 4,000,000 common shares on the exercise of warrants for proceeds of $210,000 (C$280,000). On December 18, 2015, the Company also completed a non-brokered private placement financing issuing 4,300,000 units for gross proceeds of 774,384 (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 February 29, 2016 and April 27, 2016, the Company has 5,410,000 common share purchase warrants outstanding.

Stock options

As at February 29, 2016 there are 2,350,000 options outstanding. As at February 29, 2016, these options have a weighted average remaining life of 3.7 years and a weighted average exercise price of C$0.97. Subsequent to February 29, 2016, the Company issued 2,150,000 stock options to various employees, consultants, officers and members of the Board. The stock options are exercisable at a price of $0.25 per share on or before February 29, 2019. As at April 27, 2016, the Company has 4,500,000 options outstanding.