

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Graphano Energy Ltd. (the “Company”)
P.O. Box 49290
1000 – 595 Burrard Street
Vancouver, British Columbia
Canada V7X 1S8

Item 2 Date of Material Change

December 23, 2021

Item 3 News Release

The Company disseminated a news release announcing the material change described herein through the news dissemination services of Newsfile Corp. on December 23, 2021, and a copy was subsequently filed on SEDAR.

Item 4 Summary of Material Change

On December 23, 2021, the Company announced that its 2022 drilling program at its Lac Aux Bouleaux (“**LAB**”) graphite project in Québec is underway. In addition, the Company announced it has completed a non-brokered private placement for aggregate gross proceeds of \$1,250,000.00 through the issuance of 1,562,500 flow-through units (the “**FT Units**”) at a price of \$0.80 per FT Unit. Each FT Unit consists of one flow-through common share of the Company and one-half of one common share purchase warrant (each whole warrant, a “**Warrant**”), with each Warrant entitling the holder thereof to purchase an additional common share at a price of \$1.10 until December 23, 2023.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On December 23, 2021, the Company announced that its 2022 drilling program at its LAB graphite project in Québec is underway. Details of the drilling program will be outlined in the coming weeks. To fund the drill program, the Company is pleased to also announce that it has completed a non-brokered private placement offering (the “**Offering**”) issuing an aggregate 1,562,500 FT Units at a price of \$0.80 per FT Unit for aggregate gross proceeds of \$1,250,000.00 (the “**Proceeds**”).

Each FT Unit consists of one common share of the Company that qualifies as a “flow-through share” for the purposes of the *Income Tax Act* (Canada) (a “**FT Share**”) and one-half of one common share purchase warrant of the Company, whereby each whole common share purchase warrant of the Company (a “**Warrant**”) entitles the holder thereof to purchase a common share of the Company (a “**Share**”) at an exercise price of \$1.10 until December 23, 2023.

The Proceeds will be used for Canadian Exploration Expenses (“**CEE**”) and “flow-through mining expenditures” as defined in the *Income Tax Act* (Canada) (the “**Qualifying Expenditures**”), which will be incurred on or before December 31, 2022, and renounced with an effective date no later than December 31, 2021, to the initial subscribers of the FT Units in an aggregate amount not less than the Proceeds. In

addition, with respect to Québec resident subscribers who are eligible individuals under the *Taxation Act* (Québec), the CEE will also qualify for inclusion in the "exploration base relating to certain Québec exploration expenses" within the meaning of section 726.4.10 of the *Taxation Act* (Québec) and for inclusion in the "exploration base relating to certain Québec surface mining expenses or oil and gas exploration expenses" within the meaning of section 726.4.17.2 of the *Taxation Act* (Québec). If the Qualifying Expenditures are reduced by the Canada Revenue Agency, the Company will indemnify each FT Share subscriber for any additional taxes payable by such subscriber as a result of the Company's failure to renounce the Qualifying Expenditures as agreed.

In connection with the Offering, the Company paid a cash finder's fee of \$75,000.00, representing 6% of the Proceeds raised from investors introduced to the Company by GloRes Securities Inc., and issued an aggregate of 93,750 finders' warrants, representing 6% of the number of FT Units sold under the Offering. Each finder's warrant is exercisable into a Share at an exercise price of \$1.10 until December 23, 2023.

The Offering was carried out pursuant to prospectus exemptions of applicable securities laws and is subject to final acceptance by the TSX Venture Exchange. All securities issued pursuant to the Offering are subject to a hold period of four months plus a day from the date of issuance, expiring on April 24, 2022, and the resale rules of applicable securities legislation.

The securities issued have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, or any state securities law, and may not be offered, sold, or delivered, directly or indirectly, within the United States, or to or for the account or benefit of U.S. persons, absent registration or an exemption from such registration requirements. This news release does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of securities in any state in the United States in which such offer, solicitation or sale would be unlawful.

Corporate Update

Since the Company's listing on the TSX Venture Exchange on September 30, 2021, it has been active in the field performing detailed exploration work, which resulted in several new graphite showings being identified in the eastern and southern areas of the LAB property. Additional geophysics and trenching work will be performed throughout the LAB property, particularly in the central and northern regions with the aim of identifying additional high-grade showings.

The Company is currently compiling and analyzing current and historical data to develop an initial drilling plan scheduled to commence in late-January 2022. The Company will release details of the drilling program in the coming weeks.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis.

Item 7 Omitted Information

There are no significant facts required to be disclosed herein which have been omitted.

Item 8 Executive Officer

For further information, please contact Luisa Morena, Chief Executive Officer and Director of the Company, at 647-462-6039 or via email to graphano@gmail.com.

Item 9 Date of Report

December 23, 2021