

**FORM 2B
LISTING APPLICATION**

GRAPHANO ENERGY LTD.

Application for listing of the Common Shares of Graphano Energy Ltd.
on the TSX Venture Exchange

September 20, 2021

No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities which are the subject of this Listing Application.

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ITEM 2A: GLOSSARY

In this Listing Application, unless otherwise indicated or the context requires otherwise, capitalized words and terms used but not otherwise defined herein shall have the meanings ascribed thereto in the policies of the TSXV and Applicable Securities Laws, and the following capitalized words and terms shall have the meanings ascribed thereto below. Words importing the singular number only include the plural and vice versa, and words importing any gender include all genders.

In the event of a conflict between a term defined in this glossary and a term defined in the policies of the TSXV, the definition of the TSXV shall govern.

“Applicable Laws” means all laws, statutes, by-laws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any government authority applicable to Graphano or its business, as carried on from time to time.

“Applicable Securities Laws” means, as applicable, the securities legislation, securities regulation and securities rules, and the policies, notices, instruments and blanket orders of each Canadian securities regulator having the force of Applicable Laws and in force from time to time.

“Approval Committee” has the meaning ascribed to it in the heading *“Item 12: Stock Option Plan - Administration”*.

“Arrangement” means the arrangement of Graphano and Manganese X, completed on August 27, 2021 under Part 9, Division 5 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement.

“Arrangement Agreement” means the arrangement agreement dated December 22, 2020, entered into by Manganese X and Graphano, including all schedules attached thereto, as amended or modified from time to time.

“Audit Committee” means the audit committee of Graphano, as constituted from time to time.

“Authorizations” means, collectively, all consents, licenses, registrations, permits, authorizations, permissions, orders, approvals, clearances, waivers, certificates, and declarations issued, granted, given or otherwise made available by or under the authority of any government authority or pursuant to any requirement under Applicable Laws, in each case in connection with the operation of Graphano’s business, as carried on from time to time.

“BCBCA” means the *Business Corporations Act* (British Columbia), as amended from time to time, and includes any regulations made pursuant thereto.

“Board” means the board of directors of Graphano, as constituted from time to time.

“Common Shares” means the common shares in the capital of Graphano.

“Consolidation” means the consolidation of the Common Shares on a 6.5:1 basis, with each fractional share that would have otherwise been issued being rounded to the nearest whole share;

“COVID-19” means the Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

“Dissenting Shareholder” means a Manganese Shareholder who has duly and validly exercised dissent rights in respect of the special resolution to approve the Arrangement and who has not withdrawn or been deemed to have withdrawn such exercise of dissent rights, and is ultimately determined to be entitled to be paid fair value in respect of the securities held by such Manganese Shareholder.

“Escrow Agreement” has the meaning ascribed to it in the heading *“Item 14: Escrowed Securities and Securities Subject to Restriction on Transfer”*.

“Escrowed Proceeds” has the meaning ascribed to it in the heading *“Item 6: Financings - Conversion of Subscription Receipts”*.

“**Escrowed Shares**” has the meaning ascribed to it in the heading “*Item 14: Escrowed Securities and Securities Subject to Restriction on Transfer*”.

“**Escrow Release Conditions**” has the meaning ascribed to it in the heading “*Item 6: Financings - Conversion of Subscription Receipts*”.

“**Final Order**” means the final order of the Supreme Court of British Columbia dated April 15, 2021 approving the Arrangement.

“**First Private Placement**” has the meaning ascribed to it in the heading “*Item 6: Financings*”.

“**Graphano**” means Graphano Energy Ltd., a corporation existing under the laws of the Province of British Columbia.

“**LAB Graphite Property**” means the Lac Aux Bouleaux Graphite Property, located in the Province of Quebec, Canada, in which Graphano holds a 100% ownership interest as at the date of this Listing Application.

“**LAB Graphite Technical Report**” means the NI 43-101 technical report dated July 2, 2021, prepared by the Lab Graphite Technical Report Author and entitled “Updated NI 43-101 Technical Report on the Lac Aux Bouleaux Graphite Property, NTS Map 31J05, Quebec, Canada”.

“**LAB Graphite Technical Report Author**” means Martin Ethier, P.Geo., Consulting Geologist, of Hinterland Geoscience and Geomatics.

“**Listing Application**” means this Form 2B Listing Application, prepared in connection with Graphano’s application for listing of the post-Consolidation Common Shares for trading on the TSXV.

“**Management**” means the management of Graphano, as constituted from time to time.

“**Manganese Shares**” means the common shares without par in the capital of Manganese X, as constituted immediately prior to the completion of the Arrangement.

“**Manganese Shareholders**” means the holders from time to time of the Manganese Shares.

“**Manganese Special Meeting**” means the special meeting of Manganese Shareholders held on April 12, 2021, to consider, among other items, the special resolution to approve the Arrangement and certain other related matters.

“**Manganese X**” means Manganese X Energy Corp., a corporation existing under the laws of the Province of British Columbia.

“**MD&A**” means the Management’s Discussion and Analysis of Graphano.

“**New Manganese Shares**” means the common shares without par value in the capital of Manganese X, created and issued to the Manganese Shareholders (other than Dissenting Shareholders) pursuant to the Plan of Arrangement, and which, immediately after completion of the transactions comprising the Plan of Arrangement, are identical in every relevant respect to the Manganese Shares.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, as may be amended or replaced from time to time.

“**NSR**” has the meaning ascribed to it in the heading “*Item 5: Description of the Business – LAB Graphite Property – Project Description and Location*”.

“**Option Expiry Date**” has the meaning ascribed to it in the heading “*Item 12: Stock Option Plan - Term, Expiration and Vesting*”.

“**Options**” means the graphano incentive stock options granted pursuant to the Stock Option Plan.

“Person” includes an individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative or governmental entity, syndicate or other entity, whether or not having legal status.

“Plan of Arrangement” means the plan of arrangement, substantially in the form set forth in Schedule “A” to the Arrangement Agreement, as amended or varied from time to time in accordance with the Plan of Arrangement or upon the direction of a court of competent jurisdiction.

“Preferred Shares” means the preferred shares in the capital of Graphano.

“Private Placements” has the meaning ascribed to it in the heading “*Item 6: Financings*”.

“Promoter” has the meaning ascribed to it in the *Securities Act* (Ontario).

“Second Private Placement” has the meaning ascribed to it in the heading “*Item 6: Financings*”.

“Share Distribution Record Date” means the close of business on August 24, 2021, which date established the Manganese Shareholders who will be entitled to receive New Manganese Shares and pre-Consolidation Common Shares pursuant to the Arrangement.

“SEDAR” means the System for Electronic Document Analysis and Retrieval.

“Spin-Out Assets” means the assets of Manganese X to be transferred to the Graphano pursuant to the Arrangement, being, the LAB Graphite Property, located in the province in Quebec, Canada, as more particularly described in Schedule “A” of the Plan of Agreement.

“Stock Option Plan” means the 10% rolling stock option plan of Graphano, as amended from time to time.

“Subscription Receipts” means the subscription receipts of Graphano.

“TSXV” means the TSX Venture Exchange.

“Unit” means a unit of Graphano, each comprised of one pre-Consolidation Common Share and one Warrant.

“Warrants” means the common share purchase warrants of Graphano.

ITEM 2B: NOTICE TO READERS

Cautionary Statement Regarding Forward Looking Information

Certain statements contained in this Listing Application, and in the documents incorporated by reference in this Listing Application, constitute “forward-looking information” and “forward-looking statements” (together, “**forward-looking statements**”) within the meaning of Applicable Securities Laws and are based on assumptions, expectations, estimates and projections as of the date hereof. Forward-looking statements relate to future events or future performance and reflect Management’s expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology.

Forward-looking statements in this Listing Application include, but are not limited to, statements with respect to:

- Graphano’s expectations, strategies and plans for the LAB Graphite Property, including its planned exploration activities;
- the results of future exploration and drilling and estimated completion dates for certain milestones;
- successfully locating mineral resources and successfully developing new deposits;
- the timing, receipt and maintenance of approvals, licenses and permits from the government and from any other applicable government, regulator or administrative body;
- future financial or operating performance and condition of Graphano and its business, operations and properties;
- statements that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements;
- mineral exploration, development and operating risks;
- environmental, health and safety regulations of the resource industry;
- competitive conditions;
- operational risks;
- liquidity and financing risks;
- funding risks;
- exploration costs;
- uninsurable risks;
- environmental risks;
- conflicts of interest;
- government policy changes;
- ownership risks;

- permitting and licensing risks;
- artisanal miners;
- difficulty in enforcement of judgments;
- market conditions;
- stress in the global economy;
- current global financial condition;
- reliance on key personnel;
- dilution risk;
- exchange rate and currency risks;
- commodity prices; and
- the other risks and uncertainties described elsewhere in this Listing Application.

Forward-looking statements are subject to certain risks and uncertainties. Although Management believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements.

Importantly, forward-looking statements are estimates reflecting Management's current expectations and beliefs, and are based upon certain assumptions that Management believes to be reasonable based on the information currently available to Management, including, but not limited to, the assumptions that: (a) current and future Management will abide by the business objectives and strategies from time to time established by Graphano, (b) Graphano will retain and supplement its Board and Management, or otherwise engage consultants and advisors, having knowledge of the industries (or segments thereof) within which Graphano may from time to time participate, (c) Graphano will have sufficient working capital and the ability to obtain the financing required in order to develop its business and continue operations, (d) Graphano will continue to attract, develop, motivate and retain highly qualified and skilled consultants and/or employees, as the case may be, (e) no adverse changes will be made to the regulatory environment within the jurisdiction(s) in which Graphano operates from time to time, (f) Graphano will be able to generate cash flow from its proposed operations, (g) Graphano will be able to execute on its business strategy, as in place from time to time, (h) Graphano will be able to meet the requirements necessary to obtain and/or maintain Authorizations required to conduct its business, (i) general economic, financial market, regulatory and political conditions in the jurisdictions in which Graphano operates from time to time will remain the same, (j) Graphano will be able to compete in, and remain competitive within, the industries (or segments thereof) within which Graphano may from time to time participate, (k) Graphano will be able to effectively manage anticipated and unanticipated costs, (l) Graphano will be able to maintain internal controls over financial reporting and disclosure, and procedures in order to ensure compliance with Applicable Laws, (m) Graphano will realize the benefits of the Arrangement, (n) Management and the Board will retain sufficient discretion to use the proceeds of the Private Placements and the total available funds upon listing on the TSXV other than as disclosed herein, (o) Graphano will undertake and complete the Phase I Work Program or Phase II Work Program on the timeline and budgets discussed in this Listing Application, and (p) Graphano will be able to develop and commercialize the LAB Graphite Property.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Graphano to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks that could cause results to differ materially from those expressed in forward-looking statements.

Readers are cautioned that the foregoing list of factors are not exhaustive. Graphano provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from

those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements, and, in evaluating these forward-looking statements, readers should specifically consider various factors, including the risks outlined in this Listing Application under the heading “*Item 21 - Risk Factors*”, which may cause actual results to differ materially from the results, performance or achievements of Graphano expressed or implied by any forward-looking statements.

The forward-looking statements contained herein are made as of the date hereof, and except as required by Applicable Securities Laws, Graphano does not intend, and does not assume any obligation, to update these forward-looking statements.

Reporting Currency

Unless otherwise indicated, all references to “\$” or “Canadian dollars” in this Listing Application refer to Canadian dollars, Graphano’s functional currency. The financial statements incorporated herein are reported in Canadian dollars and are prepared in accordance with International Financial Reporting Standards.

Market and Industry Data

This Listing Application may include certain market and industry data that has been obtained from third party sources, including industry publications. Market and industry data are subject to variations and cannot be verified with complete certainty due to, among other things, limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Further, third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of any such information.

Although Graphano believes that any market and industry data included in this Listing Application is accurate and that its estimates and assumptions are reasonable, there can be no assurance as to the accuracy or completeness of such data. Except as may be reasonable in the circumstances, Graphano has not taken additional steps to independently verify any of the data from third-party sources referred to in this Listing Application or ascertained the underlying economic assumptions relied upon by such sources. Accordingly, readers are cautioned not to place undue reliance on the market and industry data included in this Listing Application.

Information Contained in this Listing Application

This Listing Application is dated as of September 20, 2021, and unless otherwise indicated, the information contained herein is dated as of September 20, 2021.

This Listing Application does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any Person in any jurisdiction. Information contained in this Listing Application should not be construed as legal, tax or financial advice and readers are urged to consult their own professional advisers in connection therewith.

ITEM 3: SUMMARY

The following is a summary of the principal features of this Listing Application and should be read together with the more detailed information and financial data and statements contained elsewhere in this Listing Application. This summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere herein. Unless otherwise specified, the information in this Listing Application has been prepared on a post-Arrangement and post-Private Placements basis.

Business of Graphano

Graphano is positioning itself to commence operations as a junior mineral exploration and development company. As of the date of this Listing Application, Graphano holds a one hundred percent (100%) interest in the LAB Graphite Property, which is located in the Province of Quebec, Canada, and is Graphano's primary, and sole material property for the purpose of NI 43-101. Upon listing on the TSXV, Graphano intends to focus on further exploration and development of the LAB Graphite Property, in pursuit of its goal to become a significant force in the graphite mining industry and more broadly in industrial minerals with a special emphasis on battery minerals. The LAB Graphite Property is described in detail under the heading "*Item 5 - Description of the Business - LAB Graphite Property*".

Securities to be Listed

Graphano is applying to list the post-Consolidation Common Shares on the TSXV under the symbol "GEL", subject to fulfilling all of the minimum listing requirements of the TSXV. Graphano's authorized share capital consists of an unlimited number of Common Shares without par value, and an unlimited number of Preferred Shares without par value, of which, as at the date of this Listing Application, there are 15,154,566 post-Consolidation Common Shares and nil Preferred Shares issued and outstanding. In addition, as at the date of this Listing Application, Graphano has (i) 12,607,019 Warrants issued and outstanding, and (ii) neither authorized, nor has issued and outstanding, any stock options or other convertible securities of Graphano that are convertible or exercisable into Common Shares other than the Warrants.

For details pertaining to the rights, privileges, restrictions, and conditions that are attached to the Common Shares, please see "*Item 10 – Description of Securities to be Listed*".

The Arrangement

On December 22, 2020, Manganese X and Graphano entered into the Arrangement Agreement, which provided for the implementation of the Plan of Arrangement. The Arrangement was subsequently approved on April 12, 2021 by 99.15% of the votes cast by the Manganese Shareholders present or represented by proxy at the Manganese Special Meeting. Following such shareholder approval, Manganese X obtained the Final Order with respect to the Arrangement from the Supreme Court of British Columbia on April 15, 2021.

On July 30, 2021, Graphano acquired Manganese X's interest in the Spin-Out Assets, and as consideration therefor, issued to Manganese X an aggregate of 15,559,048 pre-Consolidation Common Shares.

On August 27, 2021, Graphano and Manganese X completed the Arrangement, pursuant to which Manganese X distributed 15,559,049 pre-Consolidation Common Shares to the Manganese Shareholders pursuant to the Arrangement. Upon completion of the Arrangement, each Manganese Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, received, for every one Manganese Share held (i) 0.125 of a pre-Consolidation Common Share, and (ii) one New Manganese Share.

On September 1, 2021, Graphano completed the Consolidation of its issued and outstanding pre-Consolidation Common Shares, on the basis of 1 (one) new post-Consolidation Common Share for 6.5 old pre-Consolidation Common Shares (6.5:1).

As at the date of this Listing Application, Manganese Shareholders hold approximately 15.80% of the issued and outstanding Common Shares, and the subscribers in the Private Placements hold approximately 83.19% of the issued and outstanding Common Shares.

For further details of the Arrangement, please see “*Item 5 – Description of the Business – Three Year History – The Arrangement*”.

Risk Factors

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Graphano. Such risks could cause operating and financial performance to differ materially from the estimates described in forward-looking statements related to Graphano and its business. These risks include widespread risks associated with any form of business and specific risks associated with the business of Graphano. The acquisition of any securities of Graphano is speculative, involves a high degree of risk and should be undertaken only by Persons whose financial resources are sufficient to assume such risks and who have no need for immediate liquidity in their investment. See “*Item 2B – Notice to Readers - Cautionary Statement Regarding Forward Looking Information*” and “*Item 21 – Risk Factors*”.

Summary Financial Information

Select Financial Information from Audited Financial Statements

The following selected financial information and MD&A is derived from, and should be read in conjunction with, the audited consolidated financial statements of Graphano from incorporation on October 5, 2020 to July 31, 2021 and the notes thereto and the MD&A for the period from incorporation on October 5, 2020 to July 31, 2021, attached hereto as Appendix “B” and Appendix “C”, respectively, as well as the disclosure contained throughout this Listing Application.

	From incorporation on October 5, 2020 to July 31, 2021
Operating Expenses	\$6,190
Interest Expense	Nil
Net Income (Loss)	Nil
Net Comprehensive Income (Loss)	\$6,190
Loss per Share (basic and diluted)	N/A
	July 31, 2021
Total Assets	\$4,873,232
Total Liabilities	\$4,103,168 ⁽¹⁾
Shareholders’ Equity	\$770,064
Total Liabilities and Shareholders’ Equity	\$4,873,232

Notes:

- (1) \$4,097,168 of the total liabilities as of July 31, 2021 was due to Graphano’s obligation to refund the proceeds of the Private Placement if the Escrow Release Conditions are not satisfied. On August 27, 2021, the Escrow Release Conditions were satisfied, eliminating this component of the total liabilities.

ITEM 4: CORPORATE STRUCTURE

Name, Address and Incorporation

Graphano was incorporated under the laws of the Province of British Columbia as a wholly-owned subsidiary of Manganese X on October 5, 2020, for the purposes of effecting the Arrangement. As of the date of this Listing Application, Graphano is a reporting issuer in the Provinces of British Columbia and Alberta, with its head and registered office located at P.O. Box 49290, 1000 - 595 Burrard Street, Vancouver, British Columbia V7X 1S8.

Intercorporate Relationships

Prior to completion of the Arrangement, Graphano was a wholly-owned subsidiary of Manganese X. Following the Arrangement, Graphano ceased to be a wholly-owned subsidiary of Manganese X and Manganese X no longer owns any Common Shares. As at the date of this Listing Application, Graphano does not have any subsidiaries.

ITEM 5: DESCRIPTION OF THE BUSINESS

General

Graphano was incorporated on October 5, 2020, solely for the purpose of completing the Arrangement and, other than the entering into of the Arrangement Agreement, has not yet commenced business or operations. Graphano is expected to commence operations as a junior mineral exploration and development company, and in particular, commencing activities in respect of the LAB Graphite Property. The LAB Graphite Property is considered Graphano's material mineral property. Following listing on the TSXV, Graphano intends to focus on further exploration and development of the LAB Graphite Property, in pursuit of its goal to become a significant force in the graphite mining industry and more broadly in industrial minerals with a special emphasis on battery minerals. The LAB Graphite Property is described in detail below.

Specialized Skill and Knowledge

All aspects of Graphano's business activities require specialized skills and knowledge. Such skills and knowledge include the fields of geology, mining, metallurgy, engineering, environment issues, permitting, social issues and accounting. Competition in the resource mining industry has made it more difficult to locate and retain competent employees in such fields.

Competitive Conditions

Competition in the mineral exploration industry is intense. Graphano competes with other mining companies, many of which have greater financial resources and technical facilities for the acquisition and development of mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees and consultants.

Business Cycles

The mining business is subject to mineral price and investment climate cycles. The marketability of minerals is also affected by worldwide economic and demand cycles. In recent years, the significant demand for minerals in some countries has driven increased commodity prices. It is difficult to assess if the current commodity prices are long-term trends, and there is uncertainty as to the recovery, or otherwise, of the world economy. If the global conditions weaken and commodity prices decline as a consequence, a continuing period of lower prices could significantly affect the economic potential of the LAB Graphite Property.

Trends

As at the date of this Listing Application, Management is not aware of any trend, commitment, event or uncertainty that is both presently known to Management and reasonably expected to have a material effect on Graphano's proposed business, financial condition or results of operations, except as otherwise disclosed herein or except in the ordinary course of business.

Employees and Foreign Operations

Graphano does not have any employees or any foreign operations. Graphano may engage one or more employees in the future, subject to the demands of its business.

LAB Graphite Property

The following section contains information in respect of the LAB Graphite Property that is summarized or extracted from the LAB Graphite Technical Report, which has been prepared as at July 2, 2021 by the LAB Graphite Technical Report Author at the request of Graphano. The LAB Graphite Technical Report is prepared in accordance with the requirements of NI 43-101 and Form 43-101F1. Readers are cautioned that the summary of technical information in this Listing Application should not be read in isolation, but rather, be read in the context of the qualifying statements, procedures and accompanying discussion within the complete LAB Graphite Technical Report, which is incorporated by reference herein and available for review under Graphano's company profile on SEDAR at www.sedar.com. Readers are also cautioned that the following summary is limited to the material exploration, development, drilling, mineral processing and metallurgical testing activities in respect of the LAB Graphite Property. For a complete summary of all historical, current, and proposed exploration, development, drilling, mineral processing and metallurgical testing activities, as applicable, as well as other analogous information in respect of the LAB Graphite Property, please refer to the full text of the LAB Graphite Technical Report.

The following summary in respect of the LAB Graphite Property is qualified in its entirety by the full text of the LAB Graphite Technical Report. The below summary has been updated only to enhance readability and conform to defined terms used in this Listing Application.

Project Description and Location

The LAB Graphite Property is comprised of 14 mineral claims in one contiguous block totalling 738.12 hectares of land on NTS 31J05, near the town of Mont-Laurier in southern Québec. The LAB Graphite Property lies adjacent to the south of TIMCAL's Lac des Iles graphite mine in Quebec, a world class deposit, and there are several graphite showings and past producing mines in its vicinity. Graphite is commonly found in the Grenville Province rocks throughout this region and has been commercially mined from a number of deposits located between Mont-Laurier in the north and the Ottawa River in the south.

Manganese X acquired a 100% ownership interest in the LAB Graphite Property under an agreement dated June 24, 2019, by making a cash payment of \$10,000 and issuing \$40,000 worth of Manganese Shares to the vendor. Manganese X granted a 2% net smelter royalty (the "NSR"), in favour of the vendor of the LAB Graphite Property, with the mineral claims formerly registered in the name of Mr. Afzaal Pirzada, who held the mineral claims in trust for Manganese X prior to its transfer to Graphano under the Arrangement. The LAB Graphite Property is not in commercial production as of the date of this Listing Application. Graphano entered into an agreement with the vendor of the LAB Graphite Property granting Graphano a right to repurchase for cancellation the full NSR for a purchase price of \$50,000 to be paid in Common Shares, at Graphano's option and in its discretion. On September 7, 2021, Graphano issued 153,846 post-Consolidation Common Shares to the vendor of the LAB Graphite Property for cancellation the NSR.

Accessibility

The LAB Graphite Property is on a road accessible through a provincial highway (Route 117) from Montréal, and then following secondary roads 309 and 311. Various tertiary/forest roads provide access to different claims on the LAB Graphite Property. The town of Mont-Laurier is located about 20 kilometers to the north, Montréal 150 kilometers to the southeast, and Ottawa 125 kilometers to the south of the LAB Graphite Property. Mont-Laurier is also connected to Montréal via rail. The access has to be negotiated with the surface landowners before starting any exploration work on mineral claims located on private lands. The exploration programs on private lands in Quebec are generally run through negotiations and payment of standard reclamation costs for cutting trees, making access roads and movement of a drill rig. At present, only a small portion of the LAB Graphite Property is under private lands, with the majority of the claims, including the historical deposits, located within Crown lands.

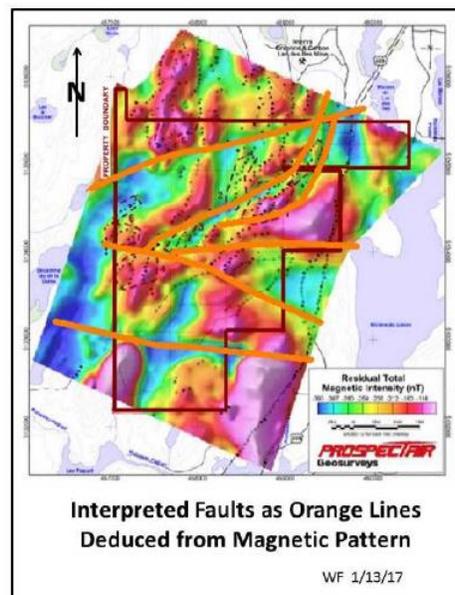
History of Exploration, Development, Drilling, Mineral Processing, and Metallurgical Testing

The graphite mineralization around the LAB Graphite Property was discovered in 1957 by two individual prospectors. Subsequently, a mining company named Italia Copper carried out some stripping, diamond drilling, bulk sampling and identified an estimated tonnage of large flake graphite within a deposit. Metallurgical test work was conducted at that time on bulk samples of the graphite material by three laboratories, with favourable results. Due to financial

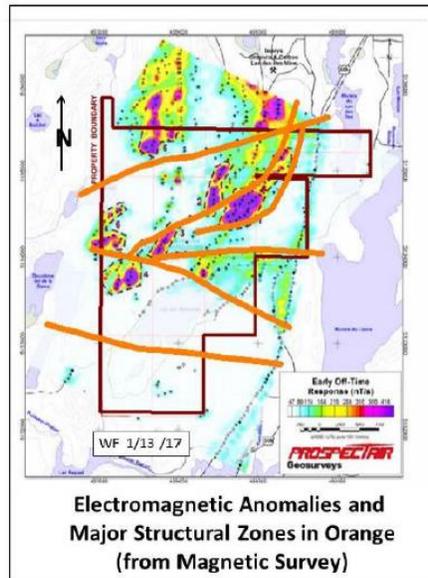
problems, the property lapsed and was eventually acquired by the M.H.M. Syndicate. The property was allowed to lapse for the second time, due to financial problems, and in 1981, was staked by C. Gordon Awde and purchased by Orrwell Energy Corporation Ltd. The mineral claims were allowed to lapse a third time in November 2014, and were staked by Geomap Exploration Inc. In 2019, Manganese X acquired the LAB Graphite Property.

Between 1981 and 1982, Orrwell Energy Corporation Ltd. acquired 539 hectares ground in 12 surveyed parcels (within the current claim block) and completed an exploration work program consisting of a ground electromagnetic geophysical survey, 79 diamond core drill holes totaling 19,550 feet (5,958 meters) drilling, and resource estimation work. The resource estimation resulted in a historical resource of 1,320,847 tons at 9% graphitic carbon (Cg), or 1,452,932 tons at 8% Cg. Orrwell Energy Corporation Ltd. also completed three types of ground geophysical surveys on the LAB Graphite Property (an electromagnetic 16 (EM 16) survey, a Max Min horizontal loop electromagnetic survey (HLEM), and a magnetic survey). The EM 16 survey was made over the central and northern part of the mineral claim group and indicated 11 major trends and 14 minor anomalies, but was not considered very useful for generating drill targets. The magnetometer survey was also not very effective for exploratory drill planning. The horizontal loop electromagnetic survey was conducted at 50 feet intervals, proved very productive for the 1981-82 drill campaign, and also identified five other potential graphite exploration zones.

During 2015, NRG Metals Inc. commissioned a high-resolution heliborne magnetic and time-domain electromagnetic survey on the LAB Graphite Property, over a total of 281 kilometers. Of the manipulations of the magnetic data, the simplest to understand and most straight forward is the total magnetic intensity derived by subtracting the regional component of the earth's magnetic field as described by the International Geomagnetic Reference Field to derive the magnetic variations caused by the local geology. This is shown in the below figure, where the magnetic patterns caused by the varying magnetic susceptibility of limestones and sandstones and the points of their abrupt terminations, interpreted to be faults, are obvious. However, the explanation of and interpretation of the electromagnetic survey is much more complicated because in detail it involves the interdependence of electrical currents and magnetic fields and the details of the cause of the anomaly, such as size, orientation and depth.



A reasonable presentation of the electromagnetic survey is shown in the below figure. The electromagnetic survey identified seven potential target areas out of which areas 1 to 4 and number 7 are considered as priority one targets.



As a follow up of the airborne survey, NRG Metals Inc. commissioned a ground time-domain electromagnetic PhiSpy survey on the LAB Graphite Property. The same methods were then used on a ground survey for detailed information that can be obtained from the air, with the results focusing attention on the anomalies generally 500 – 1000 meters northeast of the Lac Aux Bouleaux mill.

During 2017, Graphite Energy Corp. acquired the LAB Graphite Property and carried out exploration work which included prospecting, trenching, channel sampling and diamond core drilling on historically identified targets. Work conducted included prospecting, trenching and channel sampling, limited geological mapping of the area of historical exploration work, and sample assaying. Graphite mineralization and rock outcrops were exposed by digging two east west trenches over geophysical survey conductors identified during the 2015 survey by previous operators. In order to understand local geology and mineralization trends, a total of 82 samples including seven field duplicates were collected as channel samples rock outcrops, and grab samples from mineralized areas. The results of 10 mineralized samples obtained during exploration work indicate graphite carbon (Cg) in the range of 2.20% to 22.30% with an average of 10.50% Cg. The results of two trenches failed to discover significant graphite mineralization on geophysical conductors.

During 2018, Graphite Energy Corp. carried out drilling at the LAB Graphite Property. Four NQ size core drill holes were completed during this program with a total of 385 meters of drilling focused around, in addition to other geophysical targets, the old graphite pit area which was the centre of historical exploration work in the late 1950s and early 1980s. Highlights of these results include the following: (i) Drill Hole LAB18-01 intersected 11 graphite mineralization zones from 10.25 m to 68.55 m below surface, ranging in thickness from 0.3 metres to 3.15 meters with grades of 1.7% graphite (Cg) to 16.70% Cg, with two prominent zones (first with 11.70% Cg over 1.55 m from 23.55 m, and the second 9.24% Cg over 3.15 m from 86.40 m), (ii) Drill Hole LAB18-02 intersected two graphite mineralization zones, the first with 8.45% Cg over 6 m from 28.3 m, and the second with 7.89% Cg over 4.08 m from 39.42 m below surface, (iii) Drill Hole LAB18-03 intersected 6.77 m wide zone grading 9.26% Cg from 80.13 m below surface, and (iv) Drill Hole LAB18-04 intersected 9.33 m zone grading 7.14% Cg from 97.57 m below surface.

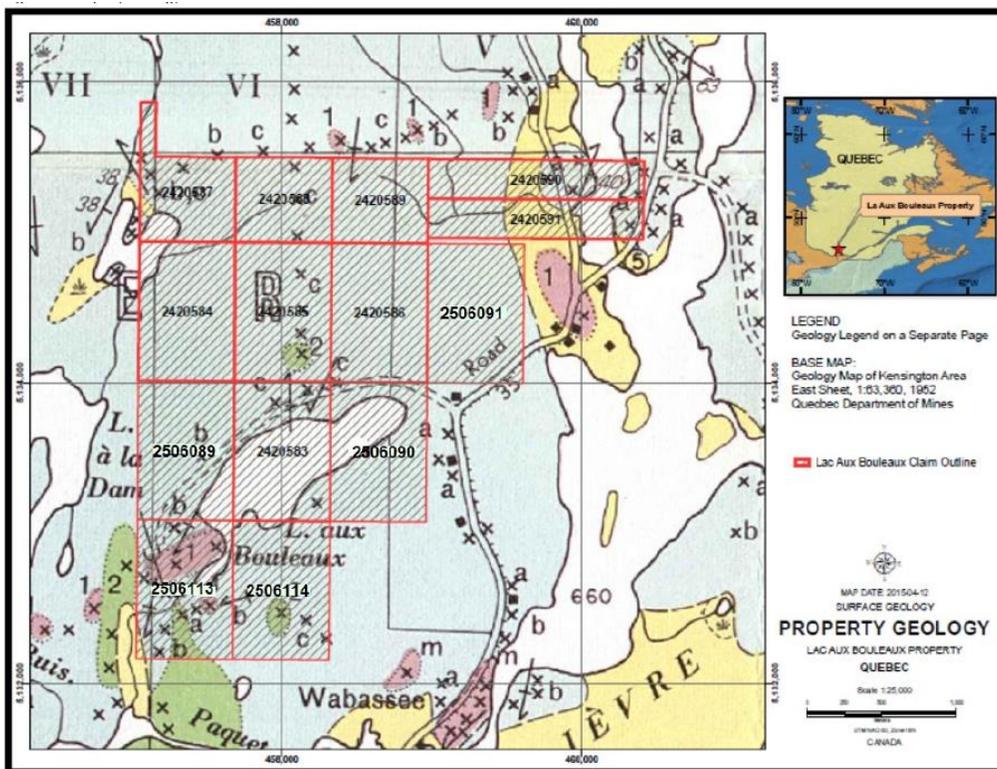
During 2019, Manganese X commissioned a ground time-domain electromagnetic PhiSpy survey on the LAB Graphite Property, which was performed over four separate survey grids as well as along available trails in the area. The survey was conducted to improve future trenching and drilling efforts by better defining the location and geometry of conductors originally detected with an airborne TDEM survey performed in 2015. Due to graphite carbon mineralization, these original conductors gave rise to many airborne conductive anomalies. Another ground PhiSpy survey was conducted in 2016 at the LAB Graphite Property, and therefore, data from 2016 was also compared to the data collected in the recent survey in 2019. The 2019 time-domain electromagnetic PhiSpy survey identified several shallow conductors which were outlined for a follow up work program of planned trenching and drilling. A total of 19 locations were proposed for follow-up work (four locations to test the targets 1A and 1B, six locations on targets

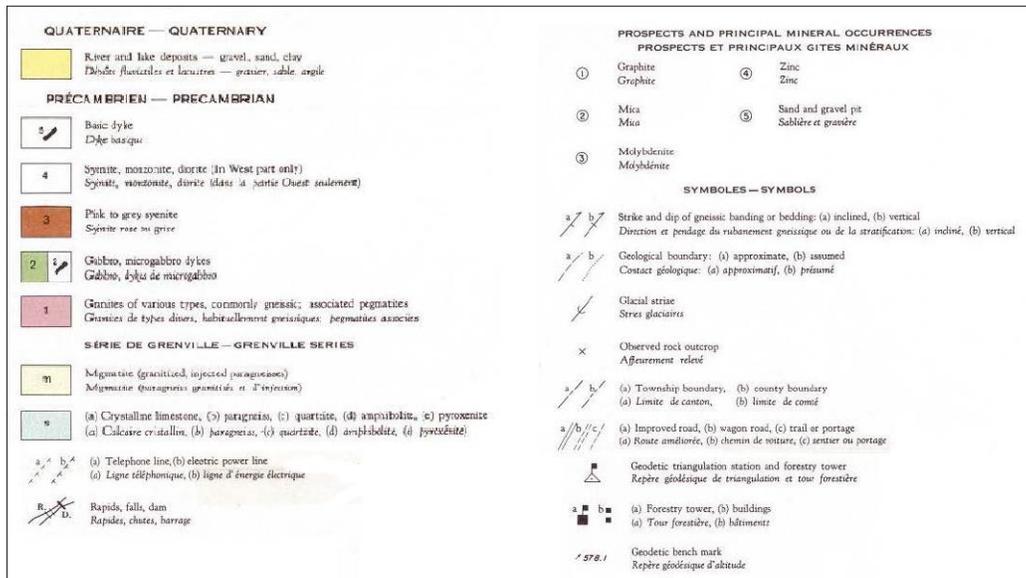
4A, 4B, 4C, 4D and 4E, four locations on targets 5B, 5C, 5D, 5E and 5F, and five locations on targets 6A, 6B and 6D). Out of these targets, six of the conductors identified, namely the 1A, 1B, 4C, 4D, 6A and 6B conductors, were defined as priority exploration targets given their potential to relate to larger volumes of mineralization. As a result, ground investigation follow-up is recommended in 19 areas along these and other conductors of secondary interest, and interpretation maps have been provided to support this exploration effort. Other conductors identified could eventually be investigated to determine the characteristics of the conductive mineralization; however, this process is of less interest.

Mineralization

The LAB Graphite Property lies within the same geological environment as TIMCAL's Lac des Iles mine. Graphite is commonly found in the Grenville Province rocks throughout this region and has been commercially mined from several deposits located between Mont-Laurier in the north and the Ottawa River in the south.

Large flake graphite mineralization on the LAB Graphite Property is commonly associated with paragneiss in a regular banding, conforming to the beds. The paragneisses strike N10°E and dip about 70° to the east, with thickening and thinning of beds, drag-folding, minor faulting as common structural features. The mineralization exposed to the surface is quite rusty in appearance due to weathered decomposition of pyrite which occurs associated with graphite. Graphite is also located in shear zones at the contact of gneisses and marble where the graphite content usually ranges from 2% to 13% Cg exhibiting flakes up to 3 millimeters (mm) in diameter. Large flake graphite is generally considered as 0.2 mm and above.





Mineral Resource Estimates

No mineral resource estimates have been prepared for, or located within, the claims covered by License 5816 in respect of the Battery Hill Property which is comprised of 55 claims (totaling 1,228 hectares).

Recommendations and Proposed Exploration Program

The LAB Graphite Technical Report Author recommended a two phase exploration program to further the LAB Graphite Property toward the possibility of economic viability as follows:

- Phase I Work Program (\$417,055) – Trenching and Channel Sampling:** Although the 2017 trenching work on geophysical target area 1 failed to discover significant graphite mineralization, the 2016 and 2019 PhiSpy geophysical surveys identified 19 locations for follow-up stripping, trenching, drilling and sampling work. Additionally, surface sampling results indicated a presence of graphite outcrops and boulders in other areas of the LAB Graphite Property. The LAB Graphite Technical Report Author recommended to continue stripping and trenching work on other target areas identified in airborne and ground geophysical surveys. Additionally, the LAB Graphite Technical Report Author recommended 1200 metres diamond core drilling to test the geophysical survey conductors at target areas identified in the LAB Graphite Technical Report.
- Phase II Work Program (\$472,7500):** This work will include 2,500 meters of diamond core drilling on the historical graphite resource areas and new geophysical survey targets tested in Phase I, and is contingent on successful results from Phase I.

Three Year History

Graphano was incorporated on October 5, 2020, solely for the purpose of completing the Arrangement and, other than the entering into of the Arrangement Agreement, has not yet commenced business or operations. As of the date of this Listing Application, Graphano has not completed a full financial year, and except pursuant to the Arrangement, Graphano has neither completed, nor is contemplating, any significant acquisitions or dispositions.

The Arrangement

On December 22, 2020, Manganese X and Graphano entered into the Arrangement Agreement, which provided for the implementation of the Plan of Arrangement. The Arrangement was subsequently approved on April 12, 2021 by 99.15% of the votes cast by the Manganese Shareholders present or represented by proxy at the Manganese Special

Meeting. Following such shareholder approval, Manganese X obtained the Final Order with respect to the Arrangement from the Supreme Court of British Columbia on April 15, 2021.

On July 30, 2021, Manganese X completed the transfer of the Spin-Out Assets to Graphano, and as consideration therefor, Graphano issued to Manganese X an aggregate of 15,559,048 pre-Consolidation Common Shares.

On August 27, 2021, Graphano and Manganese X completed the Arrangement, pursuant to which Manganese X distributed 15,559,049 pre-Consolidation Common Shares to the Manganese Shareholders pursuant to the Arrangement. Upon completion of the Arrangement, each Manganese Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, received, for every one Manganese Share held (i) 0.125 of a pre-Consolidation Common Share, and (ii) one New Manganese Share.

On September 1, 2021, Graphano completed the Consolidation of its issued and outstanding pre-Consolidation Common Shares, on the basis of 1 (one) new post-Consolidation Common Share for 6.5 old pre-Consolidation Common Shares (6.5:1).

As at the date of this Listing Application, Manganese Shareholders hold approximately 15.80% of the issued and outstanding Common Shares, and the subscribers in the Private Placements hold approximately 83.19% of the issued and outstanding Common Shares.

ITEM 6: FINANCINGS

Private Placements

Overview

On December 22, 2020, Graphano completed a non-brokered private placement of Subscription Receipts (the “**First Private Placement**”), for aggregate gross proceeds of \$2,721,707, at a price of \$0.05 per Subscription Receipt. Mr. Jay Richardson, the CFO and a Director of Graphano, and Mr. Nathan Rotstein, a Director of Graphano, both participated in the First Private Placement, pursuant to which Mr. Richardson acquired 200,000 Subscription Receipts, and Mr. Rotstein acquired 500,000 Subscription Receipts.

On April 19, 2021, Graphano completed a second non-brokered private placement of Subscription Receipts (the “**Second Private Placement**”, and together with the First Private Placement, the “**Private Placements**”), for aggregate gross proceeds of \$1,375,576, at a price of \$0.05 per Subscription Receipt. Mr. Jay Richardson, the CFO and a Director of Graphano, Mr. Roger Dahn, a Director of Graphano, Ms. Luisa Moreno, a Director of Graphano, and Mr. Nathan Rotstein, a Director of Graphano, all participated in the Second Private Placement, pursuant to which Mr. Richardson acquired 200,000 Subscription Receipts, Mr. Dahn acquired 200,000 Subscription Receipts, Ms. Moreno acquired 300,000 Subscription Receipts and Mr. Rotstein acquired 500,000 Subscription Receipts.

Terms of Subscription Receipts

Each Subscription Receipt issued pursuant to the Private Placements entitled the holder thereof to receive, upon conversion thereof and without any further action on the part of such holder or payment of any additional consideration, one Unit, with each Unit comprised of one pre-Consolidation Common Share and one Warrant. Each Warrant issued pursuant to the First Private Placement is exercisable into one pre-Consolidation Common Share at an exercise price of \$0.08 per pre-Consolidation Common Share (\$0.52 on a post-Consolidated basis), for a period of two years following the Escrow Release Conditions, and each Warrant issued pursuant to the Second Private Placement is exercisable into one pre-Consolidation Common Share at an exercise price of \$0.08 per pre-Consolidation Common Share (\$0.52 on a post-Consolidated basis), for a period of two years following the Escrow Release Conditions.

Conversion of Subscription Receipts

The conversion of the Subscription Receipts issued pursuant to the Private Placements were subject to the satisfaction or waiver of certain customary escrow release conditions (the “**Escrow Release Conditions**”), including the closing

of the Arrangement and the listing of the Common Shares on the TSXV, on or prior to June 30, 2021, which was subsequently extended to August 31, 2021. On August 27, 2021, upon the satisfaction of the Escrow Release Conditions, the Subscription Receipts automatically converted into an aggregate of 81,945,660 pre-Consolidation Common Shares and an aggregate of 81,945,660 Warrants. The Common Shares and the Warrants issued in exchange for the Subscription Receipts issued pursuant to the Private Placements are subject to a four-month statutory hold period expiring four months and one day from the applicable closing date.

The gross proceeds of the Private Placements less certain costs and expenses (the “**Escrowed Proceeds**”), were held in escrow on behalf of the subscribers in the Private Placements by Garfinkle Biderman LLP, as escrow agent for the Subscription Receipts, pursuant to the terms and conditions of the subscription receipt agreements entered into in connection with the Private Placements. Upon the satisfaction of the Escrow Release Conditions, the Escrowed Proceeds were released to Graphano.

As part of this Listing Application, Graphano is applying to have the Common Shares issued upon conversion of the Subscription Receipts listed on the TSXV. The listing of such Common Shares on the TSXV will be subject to Graphano fulfilling all of the initial listing requirements of the TSXV.

Use of Proceeds and Principal Purposes

The net proceeds from the Private Placements (after deducting the costs and expenses in the aggregate amount of \$25,000) were \$4,072,283. The expenses of the Private Placement and the Arrangement were comprised primarily of (i) approximately \$150,000 in legal and accounting costs and fees associated with the Private Placements and the Arrangement, (ii) approximately \$20,000 in costs and fees associated with the preparation of the LAB Graphite Technical Report, and (iii) approximately \$15,000 in costs and fees associated with Graphano’s application for listing the Common Shares on the TSXV.

Following listing on the TSXV, Graphano intends to use the total available funds for the following principal purposes:

Principal Purpose	Amount Allocated⁽¹⁾
Phase I Work Program for the LAB Graphite Property	\$417,055
Phase II Work Program for the LAB Graphite Property ⁽¹⁾	\$472,750
General and Administrative Expenses ⁽²⁾	\$340,000
Unallocated General Working Capital	\$2,842,478
Total Available Funds:	\$4,072,283

Notes:

- (1) Contingent on successful results from the Phase I Work Program for the LAB Graphite Property.
- (2) Represents the anticipated general and administrative expenses for the 12-month period following the listing of the Common Shares on the TSXV, comprised of, among other items, costs and expenses associated with salaries, office and administrative fees, insurance, and legal and accounting and auditing service fees.

Although Graphano intends to use the net proceeds from the Private Placements as set forth above, the actual allocation of the net proceeds may vary depending on future developments or unforeseen events. There can be no assurance that the above objectives will be completed. Until applied, the net proceeds will be held as cash balances in Graphano’s bank account and/or invested in suitably low risk bank backed or other instruments to earn interest. Unallocated funds from the Private Placements will be added to the working capital of Graphano, and will be expended at the discretion of Management.

ITEM 7: DIVIDENDS AND OTHER DISTRIBUTIONS

Graphano has not declared or paid any cash dividends or distributions on its securities since incorporation. Graphano’s current policy is to retain earnings to finance the growth and development of its business, and accordingly, Graphano does not have any intention of paying any dividends on its securities in the foreseeable future. Any payment of any dividends or distributions on its securities in the future, if at all, will be at the discretion of the Board, after taking into account various factors, including Graphano’s operating results, financial condition, and then current and anticipated cash needs, as well as such other factors and conditions as the Board may consider relevant at the applicable time.

Graphano is not aware of any restrictions that could prevent Graphano from paying dividends or distributions declared on its securities.

See “*Item 21 – Risk Factors – Risk Related to Graphano’s Business and Industry – No Dividends*”.

ITEM 8: MANAGEMENT’S DISCUSSION AND ANALYSIS

The MD&A for the period from incorporation on October 5, 2020 to July 31, 2021 is attached as Appendix “C” to this Listing Application. The MD&A includes financial information from, and should be read in conjunction with, the audited consolidated financial statements of Graphano from incorporation on October 5, 2020 to July 31, 2021, and the notes thereto, attached as Appendix “B” to this Listing Application, as well as the disclosure contained throughout this Listing Application.

ITEM 9: DISCLOSURE OF OUTSTANDING SECURITY DATA ON FULLY DILUTED BASIS

Graphano’s authorized share capital consists of an unlimited number of Common Shares without par value, and an unlimited number of Preferred Shares without par value.

The following table sets forth the fully-diluted share capital of Graphano on a pre-Consolidation basis and as at the date of this Listing Application, on a post-Consolidation basis:

	Number Authorized	Number Outstanding (pre-Consolidation)	Number Outstanding (post-Consolidation)	Percentage (Fully Diluted)
Common Shares	Unlimited	98,504,709	15,154,566	54.59% ⁽¹⁾
Preferred Shares	Unlimited	Nil	Nil	Nil
Common Shares reserved for issuance upon exercise of Options	10% of issued and outstanding Common Shares	Nil	Nil	Nil
Common Shares reserved for issuance upon conversion of Warrants	N/A	81,945,660	12,607,019	45.41% ⁽¹⁾
Total (Fully-Diluted)		180,450,369	27,761,585	100%

Notes:

- (1) Calculated based on the aggregate number of Common Shares issued and outstanding as at the date hereof, and the aggregate number of Common Shares issuable upon the exercise of the Warrants issued and outstanding as at the date hereof and upon the satisfaction of the Escrow Release Conditions, whereby the Subscription Receipts automatically converted into an aggregate of 81,945,660 pre-Consolidation Common Shares and an aggregate of 81,945,660 Warrants.

See “*Item 10 – Description of Securities to be Listed*” and “*Item 12 – Stock Option Plan*” for additional details.

ITEM 10: DESCRIPTION OF SECURITIES TO BE LISTED

Graphano is applying to list the Common Shares on the TSXV, under the symbol “GEL”, which listing is subject to Graphano fulfilling all of the minimum listing requirements of the TSXV.

The following is a summary of the rights, privileges, restrictions and conditions that are attached to the Common Shares. The following summary is qualified in its entirety by the text of the constating documents of Graphano, copies of which may be obtained from Graphano upon request in writing, without charge, to Garfinkle Biderman LLP, legal counsel to Graphano, at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9. These documents are also accessible under Graphano’s company profile on SEDAR at www.sedar.com.

Common Shares

The holders of the Common Shares are entitled to receive notice of, and attend, all meetings of the shareholders of Graphano. Each Common Share entitles the holder thereof to one vote in respect of each Common Share held at a meeting of the shareholders of Graphano, except at meetings at which only holders of a specified class of shares are entitled to vote pursuant to the BCBCA. Subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares of Graphano ranking senior in priority to, or on a pro rata basis with, the shareholders of Graphano, the holders of Common Shares are entitled to receive dividends if, as and when declared by the Board, and in the event of liquidation, dissolution or winding-up of Graphano, are entitled to share rateably in any distribution of the property or assets of Graphano.

There are no pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any other material restrictions attached to or affecting the Common Shares. There are also no provisions which are capable of requiring a holder of Common Shares to contribute additional capital, and there are no restrictions on the issuance of additional Common Shares by Graphano.

Pursuant to the articles of Graphano, Graphano may subdivide or consolidate the issued and outstanding and unissued Common Shares by resolution of the Board or an ordinary resolution of the shareholders of Graphano, at the election of the Board.

ITEM 11: CONSOLIDATED CAPITALIZATION

As at the date of this Listing Application, Graphano has not completed a financial year, and except in connection with the Arrangement and the Private Placements, as noted below, there have not been any material changes in the share and loan capital of Graphano since the date of its incorporation. The following table sets out Graphano's consolidated capitalization as at July 31, 2021, on a pre-Consolidation basis. The financial information set out below should be read in conjunction with the financial statements of Graphano attached as Appendix "B" to this Listing Application.

	As at July 31, 2021 (Audited)	
	Before giving effect to the Arrangement and the Private Placements	After giving effect to the Arrangement and the Private Placements
Common Shares (pre-Consolidation)	1	97,504,709
Options	Nil	Nil
Warrants	Nil	81,945,660 ⁽¹⁾
Subscription Receipts	81,945,660	Nil
Loan Capital	N/A	N/A

Notes:

(1) For additional details, please see "Item 6 - Financings".

ITEM 12: STOCK OPTION PLAN

Graphano currently has in place the Stock Option Plan, which was approved and adopted by the Board on March 11, 2021, and subsequently approved by the Manganese Shareholders (being, at such time, all of the shareholders of Graphano immediately upon completion of the Arrangement, and prior to conversion of the Subscription Receipts issued under the Private Placements) at the Manganese Special Meeting.

The Stock Option Plan is a "rolling" plan pursuant to which the aggregate number of Common Shares reserved for issuance thereunder may not exceed, at the time of grant, 10% of the issued and outstanding Common Shares from time to time. The purpose of the Stock Option Plan is to (i) provide an incentive to directors, officers, employees, consultants, and other service providers of Graphano and its affiliates to make valuable contributions to, and advance the interests of, Graphano, (ii) enable Graphano to attract, retain and motivate qualified Persons, (iii) reward such qualified Persons for advancing the interests of Graphano and to enable and encourage them to acquire securities in

Graphano as long term investments, and (iv) enable Graphano to reduce the cash compensation Graphano would otherwise be required to pay to such qualified Persons. The Stock Option Plan is also intended to assist in aligning the incentives provided to such Persons with the interests of the shareholders of Graphano.

The following summary of the Stock Option Plan is qualified in its entirety by the full text of the Stock Option Plan attached as Appendix “D” to this Listing Application.

Eligibility and Participation

The Stock Option Plan provides for the granting of Options to certain qualified Persons, such as directors, senior officers, employees and consultants of Graphano or its subsidiaries, and management company employees, and Persons employed to provide investor relations activities for Graphano.

Administration

The Stock Option Plan is administered by the Board or a committee of the Board to which the responsibility of approving the grant of Options has been delegated (the Board and/or such committee, as applicable, referred to herein as the “**Approval Committee**”), which has full and final authority with respect to the granting of all Options thereunder. The Approval Committee determines the Persons entitled to participate in the Stock Option Plan, determines the number of Options granted to such Persons, and the exercise price of each Option.

Exercise Price

The Approval Committee has the authority to determine the exercise price of each Option granted under the Stock Option Plan, provided that the exercise price may not be lower than the market value for the Common Shares, and is subject to any adjustments required to secure all necessary approvals of any securities regulatory bodies having jurisdiction over Graphano, the Stock Option Plan or the Option. Accordingly, the exercise price may not be lower than the closing price of the Common Shares on the TSXV on the last trading day prior to the date of the grant of the Option, less the maximum discount permitted under the policies of the TSXV or such other price as may be agreed to by Graphano and approved by the TSXV.

Maximum Percentage of Common Shares Reserved

The aggregate number of Common Shares reserved for issuance under the Stock Option Plan may not exceed, at the time of grant, 10% of the issued and outstanding Common Shares from time to time.

Transferability

Options granted under the Stock Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

Term, Expiration and Vesting

The Approval Committee has the authority to determine the grant date and the expiry date of Options granted under the Stock Option Plan.

Options granted under the Stock Option Plan expire on the date provided for in the applicable agreement in respect of the Option or on such later date as the Board may permit, provided that the term of an Option may not exceed 10 years from the date of the grant. Any Option or part thereof not exercised within the exercise period will terminate and become null, void and of no effect as of the expiry date of the Option (the “**Option Expiry Date**”); provided that the Option Expiry Date shall be the earliest of (i) the date fixed by the Approval Committee, or (ii) the 90th day following the date the Person ceases to hold their position (other than by reason of death or disability), or sooner, as prescribed by the Stock Option Plan.

The Options issued under the Stock Option Plan are not subject to mandatory vesting provisions, except that Options granted to Persons providing investor relations services to Graphano must vest in stages over not less than 12 months with no more than one quarter of such Options vesting in any three month period.

Limitations

Pursuant to the terms of the Stock Option Plan (i) the number of Common Shares reserved for issuance to any one Person (other than a consultant of Graphano) in any 12 month period may not exceed 5% of the issued and outstanding Common Shares as at the date of grant, (ii) the number of Common Shares reserved for issuance to insiders pursuant to the Stock Option Plan and other security based compensation arrangements of Graphano may not exceed 10% of the issued and outstanding Common Shares as at the date of grant, unless disinterested shareholder approval is obtained, (iii) the number of Common Shares reserved for issuance to any one consultant or Person providing investor relations services to Graphano, in any 12 month period, may not exceed 2% of the outstanding Common Shares at the date of grant, and (iv) Options granted to Persons providing investor relations services to Graphano must vest in stages over not less than 12 months, as described above.

Amendments to Stock Option Plan

Subject to the terms of the Stock Option Plan (which, in certain specified circumstances, requires the approval of the TSXV and the approval of the disinterested shareholders of Graphano), the Board may, at any time, suspend or terminate the Stock Option Plan, and may amend or revise the terms of the Stock Option Plan.

Outstanding Options

As at the date of this Listing Application, Graphano has neither authorized, nor has issued and outstanding, any Options.

ITEM 13: PRIOR SALES

During the 12 months prior to the date of this Listing Application, Graphano issued the following Common Shares:

- On October 5, 2020, upon incorporation, Graphano issued one pre-Consolidation Common Share at a price of \$0.05 per pre-Consolidation Common Share, which was immediately transferred to Manganese X.
- On December 22, 2020, Graphano issued 54,434,140 Subscription Receipts in connection with the First Private Placement, at a deemed price of \$0.05 per Subscription Receipt.
- On April 19, 2021, Graphano issued 27,511,520 Subscription Receipts in connection with the Second Private Placement, at a deemed price of \$0.05 per Subscription Receipt.
- On July 30, 2021, Graphano issued 15,559,048 pre-Consolidation Common Shares to Manganese X in connection with the Arrangement, at a deemed price of \$0.05 per pre-Consolidation Common Share.
- On August 27, 2021, immediately following completion of the Arrangement, Graphano issued an aggregate of 81,945,660 pre-Consolidation Common Shares to the holders of Subscription Receipts, upon conversion of the Subscription Receipts in accordance with their terms thereof.
- On September 7, 2021, Graphano issued an aggregate of 153,846 post-Consolidated Common Shares to the vendor of the LAB Graphite Property for cancellation the NSR.

The following table sets out certain details with respect to the Common Shares or securities that are convertible or exchangeable into Common Shares issued or sold by Graphano during the 12 months prior to the date of this Listing Application (on a pre-Consolidation basis).

Date	Type of Security	Number Issued	Issuance or Exercise or Conversion Price	Aggregate Issue Price
October 5, 2020	Common Shares ⁽¹⁾	1	\$0.05	\$0.05
December 22, 2020	Subscription Receipts ⁽²⁾	54,434,140	\$0.05	\$2,721,707
April 19, 2021	Subscription Receipts ⁽³⁾	27,511,520	\$0.05	\$1,375,576
July 30, 2021	Common Shares ⁽⁴⁾	15,559,048	\$0.05	\$777,952
August 27, 2021	Common Shares ⁽⁵⁾	81,945,660	\$0.05	N/A
August 27, 2021	Warrants ⁽⁵⁾	81,945,660	\$0.05	N/A
September 7, 2021	Common Shares ⁽⁶⁾	1,000,000	\$0.05	\$50,000

Notes:

- (1) Issued to Manganese X on incorporation of Graphano.
- (2) Issued pursuant to the First Private Placement. Each Subscription Receipt issued pursuant to the First Private Placement entitled the holder thereof to receive, upon conversion thereof and without any further action on the part of such holder or payment of any additional consideration, one Unit, with each Unit comprised of one pre-Consolidation Common Share and one Warrant. Each Warrant issued pursuant to the First Private Placement is exercisable into one pre-Consolidation Common Share at an exercise price of \$0.08 per pre-Consolidation Common Share (\$0.52 on a post-Consolidated basis), for a period of two years following the Escrow Release Conditions.
- (3) Issued pursuant to the Second Private Placement. Each Subscription Receipt issued pursuant to the First Private Placement entitled the holder thereof to receive, upon conversion thereof and without any further action on the part of such holder or payment of any additional consideration, one Unit, with each Unit comprised of one pre-Consolidation Common Share and one Warrant. Each Warrant issued pursuant to the Second Private Placement is exercisable into one pre-Consolidation Common Share at an exercise price of \$0.08 per pre-Consolidation Common Share (\$0.52 on a post-Consolidated basis), for a period of two years following the Escrow Release Conditions.
- (4) Issued to Manganese X in consideration of Graphano acquiring Manganese X's interest in the Spin-Out Assets.
- (5) Upon the satisfaction of the Escrow Release Conditions the Subscription Receipts automatically converted into Units, whereby 81,945,660 pre-Consolidation Common Shares and 81,945,660 Warrants were issued.
- (6) Issued to the vendor of the LAB Graphite Property for cancellation the NSR.

ITEM 14: ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

The following table sets forth particulars with respect to the Common Shares held by principals of Graphano which are held in escrow (the “**Escrowed Shares**”). To the knowledge of Graphano, no Common Shares are subject to any contractual restriction on transfer (on a post-Consolidation basis).

Designation of Class	Number of Common Shares Held in Escrow	Percent of Class
Common Shares	155,000 ⁽¹⁾	1.02%

Notes:

- (1) The Escrowed Shares are held in escrow under the terms of a TSXV Tier 2 Value Security Escrow Agreement dated August 27, 2021 (the “**Escrow Agreement**”) and entered into in conjunction with the submission of this Listing Application by and among Graphano, the holder(s) of the Escrowed Shares, and Capital Transfer Agency, ULC, as escrow agent. The Escrow Agreement provides for the release of the Escrowed Shares as follows: (i) 10% of the Escrowed Shares, on the date of publication of the TSXV Final Bulletin in respect of the proposed listing of the Common Shares, and (ii) 15% of the Escrowed Shares, every six months thereafter. Any Common Shares acquired by the principals of Graphano upon exercise of Options or Warrants will be placed in escrow.

ITEM 15: PRINCIPAL SECURITYHOLDERS

To the knowledge of Graphano, no Person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of Graphano.

ITEM 16: DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table sets forth the names, province and country of residence, position, and principal occupation(s) of each executive officer and director of Graphano, as well as the number (on a post-Consolidation basis) and percentage of Common Shares beneficially owned, directly or indirectly, or over which such executive officer or director exercises control or direction over.

Name and Residence	Position with Graphano	Director or Officer of Graphano Since	Principal Occupation or Employment During the Past Five Years	Number of Common Shares Beneficially Owned, or Controlled ⁽¹⁾	Percentage of Common Shares Beneficially Owned, or Controlled ⁽²⁾
Dr. Luisa Moreno <i>Ontario, Canada</i>	CEO and Director	October 5, 2020	Managing Partner at Tahuti Global, and previously Financial and Senior Equity Analyst (at several Canadian financial research and investment banking firms)	46,154	0.30%
Jay Richardson ⁽³⁾ <i>Ontario, Canada</i>	CFO and Director	October 5, 2020	Chartered Accountant (CPA, C.A.), and director and officer of EnerSpar Corp.	64,712	0.43%
Nathan Rotstein ⁽³⁾ <i>Ontario, Canada</i>	Director	October 5, 2020	Independent Consultant (with over 45 years of experience in the financial markets)	155,000	1.02%
Shimmy Posen <i>Ontario, Canada</i>	Corporate Secretary	March 9, 2021	Lawyer (Partner) at Garfinkle Biderman LLP	78,671	0.52%
Martin Kepman ⁽³⁾ <i>Ontario, Canada</i>	Director	March 9, 2021	Chief Executive Officer of Manganese X and President of Martin Kepman and Associates Inc.	10,481	0.07%
Roger Dahn <i>New Brunswick, Canada</i>	Director	March 9, 2021	Professional geologist and Qualified Person (as defined by NI 43-101)	35,000	0.23%

Notes:

- (1) Information regarding voting securities held on a post-Consolidation basis does not include voting securities issuable upon the exercise of Warrants or other convertible securities of Graphano. Information in the table above is derived from Graphano's review of insider reports filed with the System for Electronic Disclosure by Insiders and from information furnished by the respective director or officer.
- (2) Based on 15,154,566 post-Consolidation Common Shares issued and outstanding as of the date of this Listing Application.
- (3) Member of the Audit Committee.

As at the date of this Listing Application, the directors and executive officers of Graphano, as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 390,018 post-Consolidation Common Shares, representing approximately 2.57% of the issued and outstanding Common Shares.

Reporting Issuer Experience

The following table sets out each director and executive officer's experience as a director or officer of any other reporting issuer (or equivalent) in the five year period preceding the date of this Listing Application:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Dr. Luisa Moreno	Manganese X Energy Corp.	TSXV	Director Senior Officer	February 23, 2017	Present
	Edison Cobalt Corp.	TSXV	Director	March 15, 2021	Present
Jay Richardson	Manganese X Energy Corp.	TSXV	Director Senior Officer	September 21, 2019	Present
	EnerSpar Corp.	TSXV	Director Senior Officer	July 27, 2011	Present
	Water Ways Technologies Inc.	TSXV	Director	October 2, 2020	Present
	BacTech Environmental Corporation	CSE	Director	July 18, 2018	Present
	Edison Cobalt Corp.	TSXV	Director Senior Officer	February 2, 2021	Present
	Great Lakes Graphite Corp.	NEX	Director Senior Officer	September 16, 2019	Present
Martin Kepman	Manganese X Energy Corp.	TSXV	Director Senior Officer	April 21, 2016	Present
Roger Dahn	Manganese X Energy Corp.	TSXV	Senior Officer	September 28, 2016	Present
Nathan Rotstein	Edison Cobalt Corp.	TSXV	Director Senior Officer	March 9, 2021	Present

Biographies

The following section contains brief biographical information with respect to each director and executive officer of Graphano.

Dr. Luisa Moreno, Chief Executive Officer and Director (Age 46)

Dr. Moreno, Ph.D., is the Managing Partner at Tahuti Global, a company which she founded in 2014. She has over 12 years of experience in technical and economic research, with unparalleled expertise in strategic minerals and related processes. Dr. Moreno previously spent seven years as a Financial and Senior Equity Analyst at several Canadian financial research and investment banking firms, including four years covering the strategic minerals within the metals and mining sector.

Jay Richardson, Chief Financial Officer and Director (Age: 75)

Mr. Richardson, CPA, C.A., is a Chartered Accountant with over 40 years of experience in financial management, and is a retired Partner of KPMG LLP (UK) and Ernst & Young LLP (Canada and Singapore). Mr. Richardson practices as a Company Doctor and is currently a director and officer of EnerSpar Corp., a TSXV listed exploration and development company in the "new energy" area of potassic feldspar. He is also Chief Executive Officer and Chair of Great Lakes Graphite Inc., and serves as a director and/or officer with Manganese X Energy Corp., BacTech Environmental Corp., WaterWays Technologies Inc. and Edison Cobalt Corp.

Nathan Rotstein, *Director (Age: 74)*

Mr. Rotstein brings to Graphano over 45 years of experience in the financial markets. He has consulted with numerous companies in the energy metals sectors including but not limited to cobalt, manganese, graphite and lithium. Mr. Rotstein also has an extensive global network comprising of international funds and high net worth individuals.

Martin Kepman, *Director (Age: 72)*

Mr. Kepman is the Chief Executive Officer of Manganese X and the president of Martin Kepman and Associates Inc., a business development and management consulting firm founded in 1982. Mr. Kepman, in his 34 years of consulting experience, has consulted on a wide range of projects, in multiple industries ranging from software, soft goods, printing, food to mining. He is highly skilled at planning, organization as well as assisting corporations in financing, having successfully implemented a variety of installations for a significant number of major corporations. Due to his practical approach, he has been recognized as an expert in identifying the strengths and weaknesses of corporations for strategic business plans, and within various industries as a successful specialist in turnarounds.

Roger Dahn, *Director (Age: 61)*

Mr. Dahn is a registered professional geologist and Qualified Person (as defined by NI 43-101), with over 40 years experience in the mining and exploration industry. His experience includes over 16 years with Noranda Inc. and Hemlo Gold Mines Inc., Exploration Manager-Eastern Canada for Battle Mountain Gold Company and Vice President, Exploration with Olympus Pacific Minerals Inc. and most recently Tri-Star Resources plc. Mr. Dahn has been involved with a number of base metal and gold discoveries which advanced to development stage and production. His extensive mineral exploration experience covers both Canadian and International settings.

Cease Trade Orders, Penalties, Sanctions or Bankruptcies

Cease Trade Orders

No director or executive officer of Graphano is, as at the date of this Listing Application, or has been within 10 years before the date of this Listing Application, a director, chief executive officer or chief financial officer of any company (including Graphano), that:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that Person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To Graphano's knowledge and other than as disclosed herein, no director or executive officer of Graphano, nor a shareholder holding a sufficient number of securities of Graphano to affect materially the control of Graphano:

- (a) is, as at the date of this Listing Application, or has been within the 10 years before the date of this Listing Application, a director or executive officer of any company (including Graphano) that, while that Person was acting in that capacity, or within a year of that Person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) has, within the 10 years before the date of this Listing Application, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

In connection with his practice in assisting the "turn-around" of distressed companies, Mr. Richardson took on the role of CEO (September 2019) and Chair (December 2019) of Great Lakes Graphite Inc. which is now in the process of a financial reorganization, having made a Proposal under Part III of the *Bankruptcy and Insolvency Act*, which its creditors overwhelmingly accepted and been approved by court.

Penalties or Sanctions

No director or executive officer of Graphano, nor a shareholder holding a sufficient number of securities of Graphano to affect materially the control of Graphano, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Except as disclosed below, to the knowledge of Graphano, there are no known material existing or potential conflicts of interest among Graphano and its directors and executive officers or other members of Management as a result of their outside business interests and activities.

Certain directors or officers of Graphano are also directors and/or officers of other reporting and non-reporting issuers and/or are (or will be, and may continue to be) involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, and other entities. Accordingly, there is a possibility that a conflict of interest may arise between their duties as a director or officer or member of management of such other companies and their duties as a director or officer or member of Management. The directors and officers of Graphano are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and Graphano relies, and will continue to rely, upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty to any of its directors and officers. In particular, each director of Graphano is required by law to act honestly and in good faith with a view to the best interests of Graphano and to disclose any interests which they may have in any project or opportunity of Graphano. If a conflict arises, any director in a conflict will disclose his or her interest and abstain from voting on such matter at a meeting of the Board.

ITEM 17: EXECUTIVE COMPENSATION

As at the date of this Listing Application, Graphano has not completed a financial year, and has not paid any compensation to its current directors and executive officers. However, Graphano expects to provide the directors and executive officers of Graphano compensation at levels that is comparable to compensation provided by junior mineral exploration and development companies of a similar size and stage of development. The following table provides a summary of the estimated total of the initial compensation to be paid by Graphano to the directors and executive officers of Graphano during the first financial year of Graphano to be completed following the date of this Listing Application.

Table of Compensation Excluding Compensation Securities							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission	Bonus	Committee or Meeting Fees	Value of Perquisites	Value of all Other Compensation	Total Compensation
Dr. Luisa Moreno <i>Director and CEO</i>	2021 ⁽¹⁾	\$90,000	Nil	Nil	Nil	Nil	\$90,000
Jay Richardson <i>Director and CFO</i>	2021	\$60,000	Nil	Nil	Nil	Nil	\$60,000
Nathan Rotstein <i>Director</i>	2021	\$60,000	Nil	Nil	Nil	Nil	\$60,000
Shimmy Posen <i>Corporate Secretary</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
Martin Kepman <i>Director</i>	2021	\$24,000	Nil	Nil	Nil	Nil	\$24,000
Roger Dahn <i>Director</i>	2021	\$24,000	Nil	Nil	Nil	Nil	\$24,000

Notes:

(1) For the initial fiscal year to be completed following period of the date of this Listing Application, provided on the basis of a 12-month period.

Compensation Discussion and Analysis

Introduction

As at the date of this Listing Application, Graphano has not completed a financial year, and has not yet developed a formal compensation program. The following section is intended to set out the anticipated objectives of Graphano's executive compensation arrangements, Graphano's anticipated executive compensation philosophy and the application of this philosophy to Graphano's anticipated executive compensation arrangements.

When determining the compensation arrangements for the directors and executive officers of Graphano, the Board is expected to consider the objectives of (a) retaining executives critical to the success of Graphano and the enhancement of shareholder value, (b) providing fair and competitive compensation, (c) balancing the interests of Management and the shareholders of Graphano, and (d) rewarding performance, both on an individual basis and with respect to the business in general.

Compensation Principles

The following executive compensation principles are expected to guide the Board in fulfilling its roles and responsibilities in the design and ongoing administration of Graphano's executive compensation program:

- The compensation program is intended to attract, motivate, reward and retain the management talent needed to achieve Graphano's business objectives of improving overall corporate performance and creating long-term value for the shareholders. To that end, compensation levels and opportunities must be market competitive while also being fair and reasonable to shareholders.

- Compensation must strike an appropriate balance between short and long-term rewards and incentives without motivating the executive officers to take unnecessary or excessive risk.

The compensation program must align executives' long-term financial interests with those of shareholders by providing equity-based incentives.

Elements of Compensation

The compensation paid to the executive officers and directors of Graphano in any year is expected to consist of three primary components: a base salary, annual-short term incentive bonuses, and long-term incentives under the Stock Option Plan.

Management believes that structuring the compensation to be paid to the directors and executive officers of Graphano as a mixture of a base salary, long-term incentives and incentive bonuses will support Graphano's executive compensation philosophy, as these forms of compensation will allow those most accountable for Graphano's long-term success to acquire and hold Common Shares. The following is a brief discussion of the key features of these three primary components of compensation:

- *Base Salary:* Base salary recognizes the value of an individual to Graphano based on his or her role, skill, performance, contributions, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which Graphano expects to compete in for talent. Base salaries for the directors and executive officers of Graphano are expected to be reviewed annually. Any change in the base salary of a director or executive officer of Graphano is expected to be generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to Graphano and a review of the performance of Graphano as a whole and the role such executive officer played in such corporate performance.
- *Short-Term Incentives:* Graphano is expected to grant short-term incentive awards to the directors and executive officers of Graphano on an individual basis, in the form of annual cash bonuses, which are intended to motivate and reward executives for achieving and surpassing annual corporate and individual goals approved by the Board. Management believes that performance-based bonuses will promote Graphano's overall compensation objectives by tying a meaningful portion of an executive's compensation to the overall growth of the business of Graphano, thereby aligning the interests of executives with the interests of the shareholders of Graphano and other stakeholders. All short-term incentive bonuses are discretionary, awarded at the sole discretion of the Board.
- *Long-Term Incentives:* Graphano's executives and other employees and consultants, will be eligible to participate in the long-term incentive program of Graphano, comprised of stock options of Graphano issued pursuant to the Stock Option Plan. The purpose of the long-term incentive program is to promote greater alignment of interests between employees and the shareholders of Graphano and other stakeholders, and to support the achievement of Graphano's longer-term performance objectives, while providing a long-term retention element.

Graphano does not have any policies which prohibit directors and executive officers of Graphano to purchase financial instruments.

Benchmarking

In determining the compensation level for each director and executive officer of Graphano, the Board is expected to consider, among other things, factors such as the relative complexity of the executive's role within the organization, the executive's performance and potential for future advancement, the compensation paid by other companies in the same industry as Graphano, and pay equity considerations.

Stock Options and Other Compensation Securities

As of the date of this Listing Application, Graphano has not granted or issued any compensation securities to its directors or executive officers. However, the Board has adopted the Stock Option Plan.

The Stock Option Plan is a rolling stock option plan, pursuant to which the number of Common Shares reserved for issuance thereunder may not exceed, at the time of grant, 10% of the issued and outstanding Common Shares from time to time.

For a description of the material terms of the Stock Option Plan, please see the section of this Listing Application entitled “*Item 12: Stock Option Plan*”.

Pension Plan Benefits

Graphano does not have any pension plan, retirement plan or any deferred compensation plan and does not intend to implement any such.

Termination and Change of Control Benefits and Management Contracts

Graphano does not have any contracts, agreements, plans or arrangements in place that provide for payments to any director or executive officer of Graphano, following or in connection with respect to change of control of Graphano, or severance, termination or constructive dismissal of or a change in the responsibilities of any director or executive officer of Graphano.

ITEM 18: INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, or employees of Graphano is as at the date of this Listing Application, or has at any time since its incorporation, been indebted to Graphano, or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by Graphano.

ITEM 19: AUDIT COMMITTEES AND CORPORATE GOVERNANCE

Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders of Graphano and takes into account the role of the individual members of Management who are appointed by the Board and who are charged with the day-to-day management of Graphano. National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of the shareholders of Graphano and contribute to effective and efficient decision making.

The disclosure below is presented in accordance with National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”). The Board continues to monitor such practices on an ongoing basis and, where necessary, will implement such additional practices as it deems appropriate.

Board of Directors

The Board is currently composed of five directors: Dr. Luisa Moreno, Jay Richardson, Nathan Rotstein, Martin Kepman, and Roger Dahn.

NP 58-201 suggests that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors, within the meaning set out under National Instrument 52-110 *Audit Committees* (“**NI 52-110**”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with Graphano. “Material relationship” is defined as a relationship which could, in the view

of a company's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

Of the current directors of Graphano, Dr. Luisa Moreno and Jay Richardson are the Chief Executive Officer and the Chief Financial Officer of Graphano, respectively. Accordingly, Dr. Moreno and Mr. Richardson are not considered to be independent directors. However, the remaining directors, Nathan Rotstein, Martin Kepman, and Roger Dahn, are considered to be independent directors since they are independent of Management and free from any material relationship with Graphano. In assessing NI 58-101 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

The Board has a majority of independent directors, and takes the following additional steps to facilitate its independence:

- On matters involving discussion of Management compensation, the independent directors will meet as a separate committee to enhance open discussion.
- On operational matters of Graphano involving the performance of its Chief Executive Officer, the remaining directors will meet independently.

In the event of a conflict of interest at a meeting of the Board, the conflicted director will, in accordance with corporate law and in accordance with his or her fiduciary obligations as a director of Graphano, disclose the nature and extent of his or her interest to the meeting and abstain from voting on or against the approval of such participation.

Other Directorships

The following directors of Graphano currently serve on the board of directors of the reporting issuers (or equivalent) listed below, each of which are reporting issuers in one or more Canadian jurisdictions:

Name	Name of Other Reporting Issuer(s)
Dr. Luisa Moreno	Manganese X Energy Corp.
Jay Richardson	EnerSpar Corp. BacTech Environmental Corporation Water Ways Technologies Inc. Edison Cobalt Corp. Manganese X Energy Corp. Great Lakes Graphite Corp.
Martin Kepman	Manganese X Energy Corp.
Roger Dahn	Manganese X Energy Corp.

Orientation and Continuing Education

Due to the relatively small size of the Board and limited operations, the Board has not adopted any formal programs for the orientation of new Board members or the continuing education of existing Board members. However, new members of the Board may receive an orientation package, which includes reports on operations and results, and public disclosure filings by Graphano. Meetings of the Board may also be held at the facilities and/or properties of Graphano and may be combined with tours and presentations by management of Graphano and/or employees (where applicable) to give the directors of Graphano additional insight into Graphano's business and operations. In addition, Management will make itself available for discussion with all members of the Board.

Ethical Business Conduct

Due to the relatively small size of the Board and limited operations, the Board has not adopted specific guidelines. However, to ensure that an ethical business culture is maintained and promoted, directors of Graphano are encouraged to exercise their independent judgment. If a director has a material interest in any transaction or agreement that Graphano proposes to enter into, such director is expected to disclose such interest to the Board in compliance with

the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any proposed transaction or agreement will be excluded from the portion of the Board meeting concerning such matters and will be further precluded from voting on such matters.

Nomination of Directors

The Board considers its size when it considers the number of directors to recommend to the shareholders of Graphano for election at the annual meeting of the shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by Graphano, this policy will be reviewed.

Assessments

Due to the relatively small size of the Board and limited operations, the Board has not adopted any formal means or methods to regularly assess the Board, its committees or the individual directors of Graphano with respect to their effectiveness and contributions. However, the Board will annually review its own performance and effectiveness as well as the performance and effectiveness of its committees and the individual directors of Graphano with respect to their effectiveness and contributions. The Board monitors the adequacy of information given to directors of Graphano, communication between the Board and Management and the strategic direction and processes of the Board and its committees.

Graphano believes that its corporate governance practices are appropriate and effective for Graphano, given its relatively small size and limited operations. Graphano's method of corporate governance allows for Graphano to operate efficiently, with simple checks and balances that control and monitor Management and corporate functions without excessive administrative burden or cost.

Other Board Committees

Other than the Audit Committee, Graphano does not have any Board committees. Due to the small number of directors of Graphano and the limited scope of operations and activities by Graphano, the Board believes that it can deal with all matters as a full Board, in accordance with corporate law and each director's fiduciary obligations as a director of Graphano, and that it is not necessary for any matters to be separately considered by committees. In the meantime, the Audit Committee would serve also as a Governance Committee and, in the event of there being a need, an Independent Committee.

Audit Committee Disclosure

Pursuant to NI 52-110, Graphano is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of Graphano or an affiliate of Graphano. NI 52-110 requires Graphano, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

Audit Committee's Charter

The Board is responsible for reviewing and approving the unaudited interim financial statements, and the annual audited financial statements, together with other financial information of Graphano and for ensuring that Management fulfills its financial reporting responsibilities. The Audit Committee assists the Board in fulfilling this responsibility. The Audit Committee will meet with Management to review the financial reporting process, the unaudited interim financial statements, and the annual audited financial statements, together with other financial information of Graphano. The Audit Committee will report its findings to the Board for its consideration in approving the unaudited interim financial statements, and the annual audited financial statements, together with other financial information of Graphano for issuance to its shareholders.

Pursuant to NI 52-110, the Audit Committee is required to have a charter. A copy of the Audit Committee Charter is annexed hereto as Appendix “E”.

Composition of the Audit Committee

The following are the members of the Audit Committee:

Name	Independence ⁽¹⁾	Financial Literacy ⁽²⁾
Jay Richardson	Not Independent	Financially literate
Nathan Rotstein	Independent	Financially literate
Martin Kepman	Independent	Financially literate

Notes:

1. Within the meaning of subsection 6.1.1(3) of NI 52-110, which requires a majority of the members of an audit committee of a venture issuer not to be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.
2. Within the meaning of subsection 1.6 of NI 52-110.

Relevant Education and Experience

Jay Richardson – Mr. Richardson, CPA, C.A., is a Chartered Accountant with over 40 years of experience in financial management and is a retired Partner of KPMG (UK) and Ernst & Young (Canada and Singapore). Mr. Richardson is currently a director and officer of EnerSpar Corp., a TSXV listed exploration and development company in the “new energy” area of potassic feldspar. He is also Chief Executive Officer and Chair of Great Lakes Graphite Inc., and serves as a director and/or officer with Manganese X Energy Corp., BacTech Environmental Corp., WaterWays Technologies Inc. and Edison Cobalt Corp.

Nathan Rotstein – Mr. Rotstein brings to Graphano over 45 years of experience in the financial markets. He has consulted with numerous companies in the energy metals sectors including but not limited to cobalt, manganese, graphite and lithium. Mr. Rotstein also has an extensive global network comprising of international funds and high net worth individuals.

Martin Kepman – Mr. Kepman is the Chief Executive Officer of Manganese X and the president of Martin Kepman and Associates Inc., a business development and management consulting firm founded in 1982. Mr. Kepman, in his 34 years of consulting experience, has consulted on a wide range of projects, in multiple industries ranging from software, soft goods, printing, food to mining. He is highly skilled at planning, organization as well as assisting corporations in financing, having successfully implemented a variety of installations for a significant number of major corporations. Due to his practical approach, he has been recognized as an expert in identifying the strengths and weaknesses of corporations for strategic business plans, and within various industries as a successful specialist in turnarounds.

Audit Committee Oversight

At no time since its incorporation was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

Other than as disclosed below, at no time since its incorporation has Graphano relied on an exemption from the provisions of NI 52-110.

Graphano is relying upon the exemption in Section 6.1 of NI 52-110, the exemption for venture issuers in relation to the requirement that every audit committee member be independent.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services but all such services will be subject to the prior approval of the Audit Committee.

External Auditor Service Fees

Wasserman Ramsay Chartered Accountants have been Graphano's independent auditors since March 9, 2021, and to date, Wasserman Ramsay Chartered Accountants have not billed Graphano for any audit fees or any audit-related fees but have estimated their fee for the July 31, 2021 initial period audit not to exceed \$6,000.

ITEM 20: AGENT, SPONSOR OR ADVISOR

No agent, sponsor or advisor has been retained by Graphano in connection with this Listing Application.

ITEM 21: RISK FACTORS

An investment in the securities of Graphano is highly speculative, involves a high degree of risk and should be undertaken only by Persons whose financial resources are sufficient to assume such risks and who have no need for immediate liquidity in their investment. Prior to investing in such securities, investors should carefully consider the risks described below, together with other information included in or incorporated by reference into this Listing Application and filed under Graphano's company profile on SEDAR at www.sedar.com. If any of the following risks materialize, the business, financial condition, results of operation and future prospects of Graphano will likely be materially and adversely affected. This could cause actual future events to differ materially from those described in forward-looking statements and may cause the trading price of the securities of Graphano to decline.

The risks presented below should not be considered an exhaustive list of all risk factors associated with an investment in Graphano or in connection with Graphano's business and operations. Although Management believes that the risk factors set out below could cause actual results to be different from expected and historical results, other sections of this Listing Application include additional factors that could have an effect on the business and financial performance of Graphano's business. Additionally, new risks may emerge from time to time and Management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. If any such risks actually occur, Graphano's business, financial condition or results of operations could be materially adversely affected.

Risk Related to Graphano's Business and Industry

Early Stage of Growth

Graphano is a development stage company and has no revenue from operations and no ongoing operations of any kind. Graphano has not developed or operated any mineral properties, and has no operating history upon which an evaluation of Graphano's future success or failure can be made. Graphano's ability to achieve and maintain profitable operations is dependent upon a number of factors, including its ability to successfully identify and develop mineral properties. Graphano may not successfully establish mining operations or profitably produce metals at its mineral properties. As such, there can be no assurance that Graphano will ever generate revenues.

Graphano's business and prospects will be subject to all of the business risks and uncertainties associated with any new business in the early stages of developments, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There can be no assurance that Graphano will be successful in addressing these risks.

Mineral Deposits may not be Economic

The determination of whether any mineral deposits at the LAB Graphite Property are economic is affected by numerous factors beyond the control of Graphano. These factors include: (a) the metallurgy of the mineralization forming the mineral deposit, (b) market fluctuations for metal prices, (c) the proximity and capacity of natural resource markets and processing equipment, and (d) government regulations, governing prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection.

Changes in Market Price of Metals

The potential of Graphano's mineral projects to be economically mined is significantly affected by changes in the market price of metals. The market price of metals is volatile and is impacted by numerous factors beyond the control of Graphano, including: (a) expectations with respect to the rate of inflation, (b) the relative strength of the U.S. dollar and certain other currencies, (c) interest rates, (d) global or regional political or economic conditions, (e) supply and demand for jewellery and industrial products containing precious metals, and (f) sales by central banks, other holders, speculators, and producers of gold and other metals in response to any of the above factors. A decrease in the market price of precious metals could make it difficult or impossible to finance the exploration or development of Graphano's mineral projects or cause Graphano to determine that it is impractical to continue development of such projects, which would have a material adverse effect on the financial condition and results of operations of Graphano. There can be no assurance that the market price of precious metals will not decrease.

Mining Operations may not be Established or Profitable

Graphano has no history of production. The future development of Graphano's mineral properties will require additional financing, and permits. As a result, Graphano will be subject to all of the risks associated with a establishing new mining operations and business enterprises, including: (a) the timing and cost, which will be considerable, of obtaining all necessary permits including environmental and operating permits, (b) the availability and costs of skilled labour, power, water, transportation, and mining equipment, (c) the need to obtain necessary environmental and other governmental approvals and permits, and the timing of those approvals and permits, and (d) the availability of funds to finance construction and development activities.

It is common in new mining operations to experience unexpected problems and delays during permitting, development, and start-up. In addition, delays in the commencement of mineral production often occur, and once commenced, production may not meet expectations or the estimates set forth in feasibility or other studies. Accordingly, there can be no assurances that Graphano will successfully establish mining operations or become profitable.

Estimates of Mineralization Figures

The mineralization figures presented in the LAB Graphite Technical Report are based upon estimates made by qualified Persons. These estimates are imprecise and depend upon interpretation of geologic formations, grade, and metallurgical characteristics and upon statistical inferences drawn from drilling and sampling analysis, any or all of which may prove to be unreliable. Material changes in mineral resources or mineral reserves, grades, stripping ratios, or recovery rates may affect the economic viability of any project. Estimates can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, and work interruptions. There can be no assurance that (a) the estimates made by qualified Persons upon which the mineralization figures presented in the LAB Graphite Technical Report are based will be accurate, (b) the mineral resource or other mineralization figures will be accurate, or (c) this mineralization could be mined or processed profitably.

Mineralization estimates for the LAB Graphite Property may require adjustments or downward revisions based upon further exploration or development work. It is possible that the following may be encountered: (i) unusual or unexpected geologic formations or other geological or grade problems, (ii) unanticipated changes in metallurgical characteristics and mineral recovery, and (iii) unanticipated ground or earth conditions. If mining operations are commenced, the grade of mineralization ultimately mined, if any, may differ from that indicated by drilling results. Estimates of mineral recovery rates used in mineral reserve and mineral resource estimates, where applicable, are uncertain and there can be no assurance that mineral recovery rates in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

Operations and Exploration Subject to Governmental Regulations

Graphano's operations and exploration and development activities are, or may become, subject to extensive laws and regulations governing various matters, including one or more of: (a) environmental protection, (b) management of natural resources, (c) management of tailings and other wastes, (d) mine construction, (e) exploration, development of mines, production and post-closure reclamation, (f) price controls, (g) taxation and mining royalties, (h) regulations

concerning business dealings with indigenous groups, (i) labour standards and occupational health and safety (including mine safety), and (j) historic and cultural preservation. Failure to comply with Applicable Laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities, enjoining or curtailing operations, or requiring corrective measures, installation of additional equipment, or remedial actions, any of which could result in Graphano incurring significant expenditures. Graphano may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations, or permitting requirements. It is also possible that future laws and regulations, or a more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of Graphano's operations, if any, and delays in the development of the LAB Graphite Property.

Impact of Environmental Laws and Regulations

Graphano's mineral properties will be, or will become, subject to regulation by governmental agencies under various environmental laws. These laws address, among other things, emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species, and reclamation of lands disturbed by mining operations. Compliance with environmental laws and regulations may require significant capital outlays on behalf of Graphano and may cause material changes or delays in Graphano's intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect Graphano's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of Graphano's business, causing it to re-evaluate those activities at that time.

Mining and Mineral Exploration is Inherently Dangerous

The business of mining and mineral exploration is subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, cave-ins, pit wall failures, flooding, fires, rock bursts, explosions, power outages, periodic interruptions due to inclement or hazardous weather conditions, and other acts of God or unfavourable operating conditions. Such risks could result in damage to, or destruction of, mineral properties or processing facilities, personal injury or death, loss of key employees, environmental damage, delays in mining, increased production costs, monetary losses, and possible legal liability.

Where considered practical and appropriate to do so, Graphano intends to obtain insurance against risks in the operation of its business, when reasonably required, in amounts which it believes to be reasonable. Such insurance, however, typically contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums, or will be adequate to cover any resulting liability. In some cases, coverage is not available or is considered too expensive relative to the perceived risk. Graphano may suffer a material adverse effect on its business if it incurs losses related to any significant events that are not covered sufficiently or at all by its insurance policies.

Financing Risks

Graphano expects to be substantially dependent upon the equity and debt capital markets or alternative sources of funding to pursue additional investments. There can be no assurance that such financing will be available to Graphano on acceptable terms or at all.

Additional equity or debt financings may significantly dilute the shareholders of Graphano, increase Graphano's leverage or require Graphano to grant security over its assets. If Graphano is unable to obtain such financing, it may not be able to develop the LAB Graphite Property or execute on its business strategy.

Competition

The mining industry is intensely competitive in all its phases, and Graphano will face intense competition from other companies, some of which can be expected to have more financial resources and marketing and operational experience than Graphano. Graphano will compete with other mining companies, many of which have greater financial resources for the acquisition of mineral claims, permits, and concessions, as well as for the recruitment and retention of qualified

employees. Increased competition could adversely affect Graphano's ability to attract necessary capital funding and could materially and adversely affect the business, financial condition and results of operations of Graphano.

Title to Mineral Properties

Establishing title to mineral properties is a very detailed and time-consuming process. Title to the area of mineral properties may be disputed. While Graphano has investigated title to all of its proposed mineral claims and, to the best of its knowledge, title to the LAB Graphite Property is in good standing, Graphano's mineral proposed properties may be subject to prior unregistered agreements or transfers and title may be affected by such undetected defects. There may be valid challenges to the title of Graphano's properties which, if successful, could impair exploration, development and/or operations. Graphano's proposed mineral properties may be subject to aboriginal land claims, prior unregistered agreements or transfers and title may be affected by undetected defects. Graphano cannot give any assurance that title to its properties will not be challenged.

No Profits or Significant Revenues

Graphano has no history upon which to evaluate its performance and future prospects. Graphano's proposed operations are subject to all the business risks associated with new enterprises. These include likely fluctuations in operating results as Graphano makes significant investments in development and product opportunities, and reacts to developments in its market, including the entry of competitors into the market. Graphano will only be able to pay dividends on any shares once its directors determine that it is financially able to do so.

Graphano cannot make any assurance that it will be profitable in the next three years or ever or generate sufficient revenues to pay dividends to the holders of the Common Shares.

Reliance on Management and Key Personnel

Graphano believes that its success will depend on the efforts and talents of its executives, including its Chief Executive Officer. Graphano's future success depends on the continuing ability of Graphano to attract, develop, motivate and retain highly qualified and skilled personnel. Qualified individuals are in high demand, and Graphano may incur significant costs to attract and retain them. In addition, the loss of any of Graphano's senior Management could materially adversely affect its ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all.

Graphano does not maintain key person life insurance policies on any of its employees.

Factors Which May Prevent Realization of Growth Targets

Graphano's business is in the early development stage. There is a risk that the resources necessary for its business and operations may not be secured on time, on budget, or at all, and further, that Graphano may not have sufficient funds or in-demand product offerings available to meet the anticipated future demand when it arises, as a result of being adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- failure, or delays in, obtaining, or satisfying conditions from time to time imposed by, regulatory approvals;
- operational inefficiencies;
- disruptions or declines in productivity; or
- major incidents and/or catastrophic events such as fires, explosions or storms.

Graphano may experience additional expenditures related to unforeseen issues that have not been taken into account in the preparation of this Listing Application.

Additional Financing

The continued development of Graphano's business may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of Graphano's current business strategy or Graphano ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Graphano. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the Common Shares. In addition, from time to time, Graphano may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase Graphano's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for Graphano to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that Graphano would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. Graphano may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict Graphano's ability to pursue its business objectives.

Unfavourable Publicity or Consumer Perception

Graphano's success within the industry within which Graphano intends to operate may be significantly influenced by consumer perception of Graphano and its product offerings, any of which can be significantly influenced by, among other things, market research or findings, regulatory investigations, litigation, media attention and other publicity regarding the business and operations of Graphano. There can be no assurance that future research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to Graphano and its product offerings, or consistent with earlier publicity. Any adverse research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could materially and adversely affect the business, financial condition and results of operations of Graphano.

Impact of the COVID-19 Pandemic

COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). Since December 31, 2019, the outbreak of COVID-19 has led governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include, among other things, the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Such events may result in a period of business disruption, and in reduced operations, any of which could have a material adverse impact on Graphano's profitability, results of operations, financial condition and the market and trading price of Graphano's securities.

As of the date of this Listing Application, the duration and the immediate and eventual impact of the COVID-19 pandemic remains unknown. In particular, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Graphano. To date, a number of businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. In the event that the operations or development of Graphano is suspended or scaled back, such events may have a material adverse impact on Graphano's profitability, results of operations, and financial condition. The breadth of the impact of the COVID-19 pandemic on investors, businesses, the global economy and financial and commodity markets may also have a material adverse impact on Graphano's profitability, results of operations and financial conditions and the market and trading price of Graphano's securities.

Liability Arising from Fraudulent or Illegal Activity

Graphano is exposed to the risk that its industry partners (including its operating partners) and their employees, as well as independent contractors, consultants, and other service providers of Graphano may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional undertakings of unauthorized activities, or reckless or negligent undertakings of authorized activities, in each case on Graphano's behalf or in its service that

violate (i) various laws and regulations, including consumer protection laws, (ii) laws that require the true, complete and accurate reporting of financial information or data, or (iii) the terms of Graphano's agreements with third parties. Such misconduct could expose Graphano to, among other things, class actions and other litigation, increased regulatory inspections and related sanctions, and lost sales and revenue or reputational damage.

Graphano cannot always identify and prevent misconduct by its employees and other third parties, including third party service providers, and the precautions taken by Graphano to detect and prevent this activity may not be effective in controlling unknown, unanticipated or unmanaged risks or losses or in protecting it from governmental investigations or other actions or lawsuits stemming from such misconduct. If any such actions are instituted against Graphano, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal or administrative penalties, damages, monetary fines and contractual damages, reputational harm, diminished profits and future earnings or curtailment of its operations.

Costs of Operating as Public Company

As a public company, Graphano will incur significant legal, accounting and other expenses. Additionally, Graphano is subject to various securities rules and regulations as a public company, which impose various requirements on Graphano, including the requirement to establish and maintain effective disclosure and financial controls and corporate governance practices. Management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase Graphano's legal and financial compliance costs and make some activities more time-consuming and costly.

Management of Growth

Graphano may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of Graphano to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its personnel base. The inability of Graphano to deal with this growth may have a material adverse effect on Graphano's business, financial condition, results of operations and prospects.

Conflicts of Interest

Graphano may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. Graphano's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to Graphano. In some cases, Graphano's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to Graphano's business and affairs and that could adversely affect Graphano's operations. These outside business interests could require significant time and attention of Graphano's executive officers and directors.

In addition, Graphano may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with Persons, firms, institutions or companies with which Graphano may be dealing, or which may be seeking investments similar to those desired by it. The interests of these Persons could conflict with those of Graphano, and from time to time, these Persons may be competing with Graphano for available investment opportunities.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under Applicable Laws. In particular, in the event that such a conflict of interest arises at a meeting of Graphano's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with Applicable Laws, the directors of Graphano are required to act honestly, in good faith and in the best interests of Graphano.

Unpredictable and Volatile Market Price for Common Shares

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Graphano's control, including the following:

- actual or anticipated fluctuations in Graphano’s quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which Graphano operates;
- additions or departures of Graphano’s executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving Graphano or its competitors;
- operating and share price performance of other companies that investors deem comparable to Graphano;
- fluctuations to the costs of vital production services;
- changes in global financial markets and global economies and general market conditions, such as interest rates;
- operating and share price performance of other companies that investors deem comparable to Graphano or from a lack of market comparable companies; or
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in Graphano’s industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that often have been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if Graphano’s operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, Graphano’s operations could be adversely affected and the trading price of the Common Shares might be materially adversely affected.

No Dividends

Graphano’s current policy is, and will be, to retain earnings to finance the development and enhancement of its products offerings and to otherwise reinvest in Graphano. Therefore, Graphano does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Graphano’s dividend policy will be reviewed from time to time by the Board in the context of its earnings, financial condition and other relevant factors. Until the time that Graphano does pay dividends, which it might never do, its shareholders will not be able to receive a return on their Common Shares unless they sell them.

Future Sales of Common Shares by Existing Shareholders

Sales of a substantial number of the Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of the Common Shares intend to sell their Common Shares, could reduce the market price of the Common Shares. Holders of options to purchase the Common Shares will have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying Common Shares). As a result, these holders may need to sell the Common Shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of the

Common Shares being sold in the public market, and fewer long-term holds of the Common Shares by Management and/or the employees of Graphano (if any).

Risks Pertaining to Changing Laws and Regulations

Regulatory Risks

Graphano intends to operate in a regulated industry, which may from time to time become subject to various federal, provincial and other local laws, and regulations. A change in any regulation or the way in which the regulations are interpreted or applied might adversely affect Graphano's business. In particular, such changes may impose additional costs or restrictions on the manner in which Graphano conducts its businesses and may have a negative effect on Graphano's business, results of operation, financial condition, and prospects.

To the knowledge of Graphano, it is not aware of any noncompliance issues in relation to its business model and applicable provincial and federal laws at the date hereof. However, there is a risk that regulatory bodies could assert that certain laws and regulations that Graphano has deemed not to be applicable, are applicable to Graphano's business. Should Graphano be found not to have been in compliance with the requirements of Applicable Laws, Graphano could be subject to civil actions and damages and/or prosecution for violation of the laws and regulation. Litigation and regulatory proceedings could generate adverse publicity or cause Graphano to incur additional costs and/or modify the way Graphano conducts its business and operations.

ITEM 22: PROMOTERS

Manganese X took the initiative in forming and organizing Graphano, and accordingly, Manganese X may be considered to be the Promoter of Graphano within the meaning of Applicable Securities Laws. However, as at the date of this Listing Application, Manganese X does not beneficially own, or control or direct, any Common Shares. During the period from incorporation to and including the consummation of the Arrangement, the only material thing of value which Manganese X has received from Graphano are the Common Shares issued to Manganese X upon the incorporation of Graphano, and the Common Shares issued to Manganese X in consideration for the transfer to Graphano by Manganese X of the LAB Graphite Property, which Common Shares were distributed to the Manganese Shareholders pursuant to the Arrangement.

ITEM 23: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings or material regulatory actions to which Graphano is or was a party to, or to which any of its property is or was the subject of, since its incorporation, and to the knowledge of Graphano, no such proceedings are contemplated. From time to time, however, Graphano may become subject to various claims and legal actions arising in the ordinary course of business.

Regulatory Actions

There were no penalties or sanctions imposed against Graphano by a court relating to securities legislation, or by a securities regulatory authority, since its incorporation, and to the knowledge of Graphano, no such penalties or sanctions are contemplated. Graphano did not enter into any settlement agreement before a court relating to securities legislation, or with a securities regulatory authority, since its incorporation.

ITEM 24: INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Listing Application, Graphano is not aware of any material interest, direct or indirect, of (i) any Person that beneficially owns, or exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to the Common Shares, (ii) any director or executive officer of Graphano, or (iii) any associate or affiliate of any of the foregoing, in any transaction which has been entered into since the date of Graphano's incorporation, or during the current financial year, that has materially affected or is reasonably expected to materially affect Graphano.

Each of Martin Kepman, Jay Richardson, Luisa Moreno and Roger Dahn, being shareholders, and an executive officers or directors of Manganese X, participated in the Arrangement on the same basis as all other Manganese Shareholders. In addition, Mr. Richardson, Mr. Dahn, Ms. Moreno and Mr. Rotstein participated in the Private Placements, in connection with which Mr. Richardson acquired 400,000 Subscription Receipts, Mr. Dahn acquired 200,000 Subscription Receipts, Ms. Moreno acquired 300,000 Subscription Receipts and Mr. Rotstein acquired 1,000,000 Subscription Receipts.

ITEM 25: INVESTOR RELATIONS ARRANGEMENTS

Graphano has not entered into any written or oral agreement or understanding with any Person to provide any promotional or investor relations services to Graphano.

ITEM 26: AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditors

The auditors of Graphano is the firm of Wasserman Ramsay Chartered Accountants, located at 3601 Highway 7, Unit 1008, Markham, Ontario, L3R 0M3. Wasserman Ramsay Chartered Accountants have been the independent auditors of Graphano since March 9, 2021.

Transfer Agents and Registrar

The transfer agent and registrar of the Common Shares is Capital Transfer Agency, ULC, located at 390 Bay Street, Suite 920, Toronto, Ontario, M5H 2Y2.

ITEM 27: MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, there were no contracts entered into by Graphano since its incorporation which are material, or are still in effect and which are required to be filed with Canadian securities regulators in accordance with Section 9.3 of National Instrument 41-101 – *General Prospectus Requirements*, other than the Arrangement Agreement.

A copy of the Arrangement Agreement may be inspected at the offices of Garfinkle Biderman LLP, legal counsel to Graphano, at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9 at any time during ordinary business hours, upon reasonable advanced request in writing to Garfinkle Biderman LLP. The Arrangement Agreement is also accessible under Graphano’s company profile on SEDAR, at www.sedar.com.

ITEM 28: EXPERTS

Except as described below, there is no Person who is named as having prepared or certified a report, valuation, statement or opinion in this Listing Application and whose profession or business gives authority to such report, valuation, statement or opinion made by such Person.

Martin Ethier, P.Geo., Consulting Geologist, of Hinterland Geoscience and Geomatics, prepared the LAB Graphite Technical Report. Mr. Ethier is the “qualified person” for the purposes of NI 43-101, is independent of Graphano, and has reviewed, verified and approved the technical and scientific disclosure contained in this Listing Application. To the knowledge of Graphano, Mr. Ethier does not own any securities of Graphano.

ITEM 29: OTHER MATERIAL FACTS

Graphano is applying to list the Common Shares on the TSXV. Other than as set out elsewhere in this Listing Application, there are no other material facts in respect of the Common Shares that are not disclosed in this Listing Application, or the documents incorporated herein by reference and that are necessary in order for this Listing Application to contain a full, true and plain disclosure of all material facts relating to the said securities.

ITEM 30: ADDITIONAL INFORMATION – MINING OR OIL AND GAS APPLICANTS

The details on the LAB Graphite Property required by this Item 30 are contained elsewhere in this Listing Application. In particular, please see (i) “*Item 6 – Financings*” for details on the nature and extent of the Phase I Work Program and the Phase II Work Program expected to be carried out by Graphano using funds available to it following listing on the TSXV, and (ii) “*Item 5 – Description of the Business – LAB Graphite Property*” for expected cost breakdown for the Phase I Work Program and Phase II Work Program.

ITEM 31: EXEMPTIONS

Graphano has not applied for, or received, any discretionary exemption from a securities regulator or securities regulatory authority within the 12 months preceding the date of this Listing Application.

ITEM 32: FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS

The audited consolidated financial statements of Graphano from incorporation on October 5, 2020 to July 31, 2021, and the notes thereto, are attached as Appendix “B” to this Listing Application.

ITEM 33: SIGNIFICANT ACQUISITIONS

Graphano has not completed any significant acquisitions requiring disclosure under this Item 33.

[Remainder of page intentionally left blank.]

ITEM 34: CERTIFICATES

Certificate of Applicant

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Listing Application and of any material fact not otherwise required to be disclosed under an item of this Listing Application.

Dated: September 20, 2021

GRAPHANO ENERGY LTD.

(signed) Dr. Luisa Moreno

Dr. Luisa Moreno
Chief Executive Officer

(signed) Jay Richardson

Jay Richardson
Chief Financial Officer

On behalf of the Board of Directors

(signed) Nathan Rotstein

Nathan Rotstein
Director

(signed) Martin Kepman

Martin Kepman
Director

Certificate of Sponsor

Not applicable.

Acknowledgement – Personal Information

“**Personal Information**” means any information about an identifiable individual.

Graphano hereby represents and warrants that it has obtained all consents required under Applicable Laws for the collection, use and disclosure by the TSXV of the Personal Information contained in or submitted pursuant to this Listing Application for the purposes described in Appendix “A” to this Listing Application.

Dated: September 20, 2021.

GRAPHANO ENERGY LTD.

(signed) Dr. Luisa Moreno

Dr. Luisa Moreno
Director

APPENDIX “A”
TSXV FORM 2B PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the “**Exchange**”) collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks;
- to verify the Personal Information that has been provided about each individual;
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant;
- to consider the eligibility of the Applicant to list on the Exchange;
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals’ involvement with any other reporting issuers;
- to detect and prevent fraud; and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

Personal Information the Exchange collects may also be disclosed:

- (a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;
- (b) on the Exchange’s website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and
- (c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

Questions

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.

APPENDIX "B"
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF GRAPHANO FROM INCORPORATION
ON OCTOBER 5, 2020 TO JULY 31, 2021

See attached.

GRAPHANO ENERGY LTD.

FINANCIAL STATEMENTS

**FOR THE PERIOD FROM INCORPORATION
(OCTOBER 5, 2020) TO JULY 31, 2021
(Expressed in Canadian Dollars)**

Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Graphano Energy Ltd.:

Opinion

We have audited the financial statements of Graphano Energy Ltd. (the "Company"), which comprise the statement of financial position as at July 31, 2021, and the statement of comprehensive loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation (October 5, 2020) to July 31, 2021 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2021, and its financial performance and its cash flows for the the period from incorporation (October 5, 2020) to July 31, 2021 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that as of July 31, 2021 the Company has not commenced operations and currently has no significant assets. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Kevin Ramsay.

Markham, Ontario
August 15, 2021



Chartered Professional Accountants
Licensed Public Accountants

GRAPHANO ENERGY LTD.
(Incorporated under the Laws of the Province of British Columbia)
STATEMENTS OF FINANCIAL POSITION
AS AT JULY 31, 2021
(Expressed in Canadian Dollars)

	<u>2021</u>
ASSETS	
Current	
Cash and cash equivalents held in trust <i>(Note 12)</i>	\$ <u>4,096,979</u>
Exploration and evaluation asset <i>(Note 3)</i>	<u>776,253</u>
	<u>\$ 4,873,232</u>
LIABILITIES	
Current:	
Accounts payable and accrued liabilities	\$ 6,000
Subscription Receipts <i>(Note 12)</i>	<u>4,097,168</u>
	<u>4,103,168</u>
SHAREHOLDER'S EQUITY	
Capital stock <i>(Note 4)</i>	776,254
Deficit <i>(Page 2)</i>	<u>(6,190)</u>
	<u>770,064</u>
	<u>\$ 4,873,232</u>

Nature of Operations and Going Concern - Note 1
Proposed transaction and financing - Note 12

Approved on behalf of the Board of Directors on August 15, 2021

"Luisa Moreno"
Luisa Moreno, Director

"Jay Richardson"
Jay Richardson, Director

The accompanying notes form an integral part of these financial statements

GRAPHANO ENERGY LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021
(Expressed in Canadian Dollars)

	<u>2021</u>
Expenses:	
General administration	\$ 190
Professional fees	<u>6,000</u>
Net loss and comprehensive loss for the period	<u>\$ 6,190</u>
Net loss per share basic and diluted	<u>\$ -</u>
Weighted average number of shares basic and diluted	<u>1,986,345</u>

STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021
(Expressed in Canadian Dollars)

	Common Shares		Contributed Surplus	Deficit	Total Shareholders Equity
	# Shares	\$ Amount			
Balance October 5, 2020	-	-	-	-	-
Common shares issued	1	1	-	-	1
Common shares issued for Property	15,525,049	776,253	-	-	776,253
Net loss for the period	-	-	-	(6,190)	(6,190)
Balance July 31, 2021	15,525,050	\$ 776,254	\$ -	\$ (6,190)	\$ 770,064

The accompanying notes form an integral part of these financial statements

GRAPHANO ENERGY LTD.
STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021
(comparative period from incorporation (August 6, 2019) to December 31, 2019)
(Expressed in Canadian Dollars)

	<u>2021</u>
Cash was provided by (used in) the following activities:	
Operations:	
Net loss for the period	\$ (6,190)
Items not requiring an outlay of cash:	
Net change in non-cash working capital balances related to operations <i>(Note 6)</i>	<u>6,000</u>
	<u>(190)</u>
Financing:	
Subscription Receipts received	4,097,168
Issuance of common shares for cash	<u>1</u>
	<u>4,097,169</u>
Net change in cash held in trust,during the period and cash held in trust end of period	\$ <u>4,096,979</u>
Common shares issued for investing and financing activities:	
Issuance of common shares for cash	<u><u>776,253</u></u>

The accompanying notes form an integral part of these financial statements

GRAPHANO ENERGY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern:

Graphano Energy Ltd. (the "Company") was incorporated under the laws of the Province of British Columbia on October 5, 2020. The Company intends to go public through a plan of arrangement ("Plan") with its Parent Corp. Manganese X-Energy Corp. ("Manganese"). Manganese spun out 100% of its Lac Aux Bouleaux ("LAB") graphite property, located in the Province of Quebec to the Company for 15,525,050 shares. Under the Plan the Manganese will subsequently distribute the 15,525,050 of the Company to its shareholders. The transactions contemplated by the Arrangement Agreement (collectively, the "Arrangement") will be completed as a statutory plan of arrangement (the "Plan of Arrangement") under the Business Corporations Act (British Columbia).

These financial statements have been prepared on the basis that the Company will continue as a going concern. The proposed business of the Company being the exploration and development of resource assets involves a high degree of risk ; as well, with the exception of an expected modest amount of interest income from excess cash balances, it has no revenues and therefore there is no assurance that the Company will successfully finance, explore and develop the resource assets and be able to generate revenue from the resource assets. Additional funds will be required to enable the Company to explore and develop the resource assets. Furthermore, there is no assurance that said resource assets will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern.

2. Significant accounting policies:

(a) Statement of Compliance

These financial statements, including comparatives, have been prepared using accounting policies in compliance with Board"). These financial statements have been prepared on the basis of IFRS standards that were in effect on June 30, 2021. These financial statements were authorized for issue by the Board of Directors on August 15, 2021.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

(b) Basis of Measurement

These financial statements have been prepared on an historical cost basis using the accrual basis of accounting except for cash flow information.

(c) Presentation Currency

The Company's presentation currency and functional currency is the Canadian dollar ("\$").

(d) Significant Accounting Judgments and Estimates

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The more significant areas are as follows:

Critical accounting estimates

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused loss carry- forwards and other deductions. The valuation of Deferred income tax assets is adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

GRAPHANO ENERGY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021 (Expressed in Canadian Dollars)

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating or, other logical unit for assessing and testing impairment.

(e) Cash and Cash Equivalents

Cash and cash equivalents consists of cash, demand deposits and high-interest savings vehicles.

(f) Prepaid financing costs:

Prepaid financing costs will be netted against the proceeds of the related financings when the Subscription Receipts are converted to Units.

(g) Impairment of Non-Financial Assets

The Company's tangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated. Long-lived assets that are not amortized are subject to an annual impairment assessment.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating, or other logical unit, exceeds its recoverable amount. A "cash-generating unit" is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company considers each mineral property to be a "cash-generating unit". Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

(h) Share-based Payments

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and services providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of share purchase options granted is recognized as an expense or charged to an asset as appropriate, with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those usually performed by a direct employee.

The fair value for share purchase options granted to employees or those providing services similar to those provided by a direct employee is measured at the grant date and each tranche is recognized using the accelerated method basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case the fair value of the share purchase options is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted. No such Options have yet been granted, but some are expected to be granted in the coming year.

GRAPHANO ENERGY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021

(Expressed in Canadian Dollars)

(i) Income Taxes

Income tax on the profit or loss consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill not deductible for tax purposes; and
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(j) Loss per Share

Loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(k) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on fair value through other comprehensive income, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss, components of other comprehensive income and cumulative translation adjustments are presented in the consolidated statements of comprehensive loss and the consolidated statements of changes in shareholders equity.

(l) Financial Instruments

The Company does not have any derivative financial instruments.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost. The Company determines the classification of financial assets at initial recognition.

GRAPHANO ENERGY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021

(Expressed in Canadian Dollars)

Financial assets at Fair-value through profit or loss

Financial instruments classified as fair value through profit and loss are reported at fair value at each reporting date, and any change in fair value is recognized in the statement of operations in the period during which the change occurs. Realized and unrealized gains or losses from assets held at FVPTL are included in losses in the period in which they arise.

Financial assets at Fair-value through other comprehensive income

Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument bases) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not recycled to profit or loss.

Financial assets at amortized cost

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. The Company's accounts receivable are recorded at amortized cost as they meet the required criteria. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period.

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL. The Company's financial liabilities include trade and other payables which are classified at amortized cost.

Impairment

IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition.

Fair value hierarchy:

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company has valued all of its financial instruments using Level 1 measurements.

GRAPHANO ENERGY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021

(Expressed in Canadian Dollars)

(m) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense (“notional interest”).

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

(n) Accounting Standards Issued but not yet Effective

There are currently no outstanding accounting standards issued but not yet effective that the Company anticipates will have any material impact on the Company's unaudited condensed financial statements or disclosure.

3. Exploraiton and evaluation asset:

The Company acquired the LAB property on June 30, 2021 for 15,525,050 common shares valued at \$0.05 per share as part of the transaction to become a public company as more fully disclosed in Note 12.

The LAB Graphite Property is comprised of 14 mineral claims in one contiguous block totalling 738.12 hectares' land near the town of Mont-Laurier in southern Québec. The property is subject to a 2% NSR half (1%) of which may be acquired for \$1,000,000 (and the Company has entered into an agreement with the original vendors of the property to Manganese to acquire for 1,000,000 Graphano common shares).

4. Capital stock:

Authorized:

Unlimited common shares

Unlimited number of special shares issuable in series

Common shares Issued:

	Number of shares	\$ value
Opening balance, October 1, 2020	-	\$ -
Issued on incorporation	1	1
Issued for mineral property	<u>15,525,049</u>	<u>776,253</u>
Balance as at July 31, 2021	<u>15,525,050</u>	<u>\$ 776,254</u>

On incorporation 1 common shares was issued to a designated individual for a nominal amount of \$1 and was subsequent transferred to Manganese X-Energy Corp.. During the period 15,525,049 shares were issued for the LAB property (Note 3). As of July 31, 2021 Manganese is the sole shareholder of the Company.

GRAPHANO ENERGY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021

(Expressed in Canadian Dollars)

5. Related party transactions and balances:

The Company's related parties consist of executive officers, directors and significant shareholders.

Related Party	Item	2021
Manganese X-Energy Corp. - Parent Key Management Personnel	Advance	\$ -
	Management fees accrued to Officers and Directors and charged to statement of loss	\$ -
	Share-based payments charged to statement of loss	\$ -

The above-noted transactions were in the normal course of operations and were measured at the exchange amounts, which are the amounts agreed to by the related parties and in managements opinion are representative of fair market value.

The Company has signed Management agreements with 3 Key Management Personnel for a period of 3 years ending on October 5, 2023 (see Note 9).

The exploration and evaluation property acquired in the period (see Note 3) was acquired from the Company's parent.

6. Supplemental cash flow information:

Net change in non-cash working capital:

	<u>2021</u>
Prepaid financing costs	\$ -
Accounts payable and accrued liabilities	<u>6,000</u>
	<u>\$ 6,000</u>

7. Income tax:

The Company has available approximately \$6,190 in non-capital loss carry-forwards which can be used to reduce the amount of tax payable in future years. The potential benefit of these losses has not been recognized in these financial statements and will expire if unused as follows:

2041	\$ <u>6,190</u>
	<u>\$ 6,190</u>

The Company's effective corporate tax rate varies from the statutory rate of tax in Canada due to the following factors:

	<u>2021</u>
Statutory tax rate	26.50 %
Valuation allowance	(26.50)
Small business deduction	-
Share issue costs	-
Effective corporate tax rate	<u>- %</u>

The Company has the following Deferred income tax assets:

	<u>2021</u>
Non capital losses	\$ 1,640
Investments and Canadian exploration and development expenditures	-
Valuation allowance	<u>(1,640)</u>
Benefit recognized in the financial statements	<u>\$ -</u>

GRAPHANO ENERGY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021

(Expressed in Canadian Dollars)

8. Financial Risk Management:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company's cash and short term investments are held in its parent company's solicitor's trust account in a large Canadian Financial Institution. The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is presently cash and cash equivalents held in trust which are used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities.

Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity. The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. It is anticipated that the Company will continue to rely on equity and debt financing to meet its ongoing working capital requirements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not presently have any interest bearing debt and therefore, in management's opinion, is not exposed to any significant interest rate risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices.

Fair value of financial instruments

The Company values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. Level 3 fair values are based on a number of valuation techniques other than observable market data. There are no level 3 values currently recorded on the Statement of Financial Position of the Company.

	<u>Level</u>	<u>2021</u>
Fair value through profit and loss		
Cash	Level 1	4,096,979
Financial liabilities measured at amortized cost		
Accounts payable and accrued liabilities	Level 1	6,000

GRAPHANO ENERGY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021
(Expressed in Canadian Dollars)

9. Commitments

The Company has signed agreements with certain Key Management Personnel for management fees for the 3 year period ending October 5, 2023. Under the terms of these agreements the Company is committed to paying the following amounts:

Fiscal year end	\$ Amount
2022	\$ 234,000
2023	234,000
2024	58,500
Total	\$ 526,500

10. Capital Management:

The Company's policy is to attain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risks characteristic of the underlying assets. As a Company without an operating business, the Company considers its capital structure to be comprised of its Shareholders Equity (Share Capital, potentially plus Reserves for Warrants and Options, less Accumulated Deficit) only. In order to maintain or adjust the capital structure, the Company will adjust its capital spending and new Share Issues to manage current and projected expenditure levels. The Company has conformed to this policy by having arranged the Issue of Subscription Receipts for common shares which are presently awaiting Closing which has been delayed by the various review procedures of the TSX Venture Exchange (the "Exchange") and have required the recent successful extension of the permissible latest Closing date.

The Company has not paid or declared any dividends since the date of its incorporation, nor are any dividends contemplated in the foreseeable future.

The Company does not have any externally imposed capital requirements. With its anticipated listing on the Exchange, the Company will take on an obligation to have a certain amount of working capital for future anticipated operations which it expects to be able to conform to.

There were no changes in the Company's approach to capital management during the period.

11. COVID-19

The Company's business could be adversely affected by the effects of health epidemics, including the global COVID-19 pandemic. In December 2019, a novel strain of COVID-19 was reported in China. Since then, the COVID-19 has spread globally, to include Canada, the United States and most European countries. The spread of COVID-19 from China to other countries has resulted in the World Health Organization (WHO) declaring the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease, on March 11, 2020. Many countries around the world, including Canada, have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus, and have closed non-essential businesses. The spread of COVID-19, which has caused a broad impact globally, may materially affect the Company economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a pandemic could result in significant disruption of global financial markets, reducing the Company's ability to access capital, which could in the future negatively affect the Company's liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 could materially affect the Company's business and the value of the Company's common shares. The global outbreak of COVID-19 continues to rapidly evolve. The extent to which COVID-19 may impact the Company's business, operations and clinical trials will depend on future developments, including the duration of the outbreak, travel restrictions and social distancing in Canada and other countries, the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease and whether Canada and other countries are required to move to complete lock-down status. Although vaccines have been shown to be highly effective at limiting the affects of the virus, the ultimate long-term impact of COVID-19 is still highly uncertain and cannot be predicted with confidence, but presently does seem to be ameliorating, especially in Canada.

GRAPHANO ENERGY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION (OCTOBER 5, 2020) TO JULY 31, 2021
(Expressed in Canadian Dollars)

12. PROPOSED TRANSACTION AND FINANCING

The Company intends to go public through a plan of arrangement ("Plan") with its Parent Corp. Manganese X-Energy Corp. ("Manganese"). Manganese will spin out the Graphano shares it received for the transfer of the Lac Aux Bouleaux ("LAB") graphite property, located in the Province of Quebec (see Note 3) to the Company. Under the Plan the Manganese will distribute the 15,525,050 common shares to its shareholders. The transactions contemplated by the Arrangement Agreement (collectively, the "Arrangement") will be completed as a statutory plan of arrangement (the "Plan of Arrangement") under the Business Corporations Act (British Columbia). Under the Plan of Arrangement, shareholders of Manganese (the "Shareholders") are expected to receive, in exchange for each common share held, a "Common Share " (i) one new common share of Manganese (having identical terms as the Common Shares) ("New Common Shares"), and (ii) 0.125 of a common share in the capital of the Company (each, a "Graphano Share").

Following completion of the Arrangement, the Company will cease to be a wholly-owned subsidiary of Manganese. Graphano is expected to focus on the exploration and development of the LAB Graphite Property as an independent public company.

The arrangement has been approved at a special meeting of the shareholders of Manganese. In connection with the Arrangement, Graphano also has applied to list the Graphano Shares on the TSX Venture Exchange (the "Exchange"). The closing of the agreement is contingent on conditional approval from the Exchange to list its shares on the Exchange.

In connection with the Arrangement, Graphano completed two Private Placements for Subscription Receipts. One on December 22, 2020 (the "Closing Date"), the Company issued 54,434,140 subscription receipts at a price of \$0.05 per subscription receipt for aggregate gross proceeds of \$2,721,707. In April 2021 the Company closed a further subscription receipts offering of 27,844,520 Subscription Receipts at the same price for gross proceeds of \$1,375,876. Each Subscription Receipt will entitle the holder thereof to receive, upon conversion and without any further action on the part of such holder or payment of any additional consideration, one unit of Graphano (a "Unit"), with each Unit comprised of one (1) Graphano Share and one common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable into one further (1) Graphano Share at an anticipated exercise price of \$0.08 per Graphano Share, for an exercise period of two years.

The conversion of the Subscription Receipts is subject to the satisfaction or waiver of certain customary escrow release conditions (the "Escrow Release Conditions"), including the listing of the Graphano Shares on the Exchange, on or prior to June 30, 2021 (the "Outside Date"). On June 30, 2021 Manganese announced that it had obtained approval of Subscriber to the Subscription Receipts for an extension of the Outside Date from June 30, 2021 to August 31, 2021.

The gross proceeds of the Graphano Private Placement less certain expenses (the "Escrowed Proceeds" - total of \$4,096,978), are held in escrow on behalf of the subscribers in the Graphano Private Placement by Garfinkle Biderman LLP, as escrow agent for the Subscription Receipts (the "Subscription Receipt Agent"), and is invested in an interest-bearing account pursuant to the terms and conditions of the subscription receipt agreement entered into in connection with the Graphano Private Placement. Upon the satisfaction or waiver of the Escrow Release Conditions, the Escrowed Proceeds will be released to Graphano. Upon receipt thereof, Graphano is expected to use the Escrowed Proceeds to fund the exploration of the LAB Graphite Property and general working capital (including, potential future acquisitions). In the event that the Escrow Release Conditions are not satisfied prior to the extended Outside Date, the Escrowed Proceeds will be returned pro rata to each holder of Subscription Receipts, and the Subscription Receipts will be automatically cancelled, void and of no value or effect. The Exchange has recently indicated that it expects Graphano's Listing to be approved within the time required.

The Subscription Receipts and the Graphano Shares and Warrants issuable in exchange for the Subscription Receipts are subject to a four-month statutory hold period expiring four months and one day from the Closing Date.

**APPENDIX “C”
MD&A**

See attached.

**GRAPHANO ENERGY LIMITED (THE “COMPANY”)
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
FOR ITS INITIAL PERIOD ENDING JULY 31, 2021**

Graphano Energy Limited (“Graphano” or the “Company”) was incorporated on October 6, 2020 as a newly formed, wholly owned subsidiary of Manganese X Energy Corp. (“MN”), a public company whose shares are listed on the TSX-Venture Exchange (the “Exchange”) to hold MN’s Lac aux Bouleaux (“LAB”) graphite property in the Province of Quebec, Canada. The intent was and is to serve as a vehicle for the separate listing on the Exchange (the “Listing”) of the shares of Graphano and the spin-out to MN’s shareholders of the LAB property providing greater focus to its further exploration and development as a separate operation. The spin-out is to be accomplished by way of Plan of Arrangement (the “plan”) and MN’s shareholders approved the Plan at a shareholders’ meeting held April 12, 2021. While the Exchange has provided conditional approval for the Listing, final approval is still pending and, accordingly, these financial statements and MD&A reflect only the dividend by which Graphano ceased to be a wholly owned subsidiary of MN and not the Issue of further capital stock (discussed below) which is awaiting final approval by the Exchange of the Listing.

An application has been filed with the Exchange for the separate listing of Graphano’s shares and Conditional Approval has been provided by the Exchange for the Listing under the trading symbol GEL.

In the meantime, private placements of units of the Company’s securities (the “Private Placements”) have been undertaken whose Closing is conditional on certain events including the Listing. Each unit consists of one common share of the equity of the Company and one warrant to purchase a further common share at a price 8 cents per share for a period of two years following Closing (the “Unit”) at a price of 5 cents per Unit. On June 22, 2021, the Exchange informed the Company’s counsel that it would not be possible to give its final approval to the Listing by June 30, 2021, the date which had been set as the final date pursuant to the Subscription Agreements for the Private Placements. As a result, Subscribers to the Private Placements were requested to provide a two month extension of the final date to August 31, 2021. In excess of 66 2/3% of the Subscribers having voted positively, the date has been so extended.

The Company is a British Columbia provincially registered corporation whose main office will be in Toronto, Ontario at 120 Carleton St. East Suite 219. Its initial Directors were Mr. Nathan Rotstein, Ms Luisa Moreno (Chief Executive Officer) and Mr. James Richardson (Chief Financial Officer) and Mr. Roger Dahn and Mr. Robert Tjandra have subsequently been added as Directors.

July 31 has been chosen as the year end date for the Company’s fiscal years to provide as much inclusion as possible into this first fiscal period and, as much as possible, have its initial operations commence as early as possible in its first full fiscal year, commencing August 1, 2021.

**GRAPHANO ENERGY LIMITED (THE “COMPANY”)
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
FOR ITS INITIAL PERIOD ENDING JULY 31, 2021**

Wasserman Ramsay CPA’s have been named by the Board of Directors to be the Company’s Auditor and to report to the Company’s shareholders, accordingly. Wasserman Ramsay are a firm of Canadian Chartered Public Accounts and are qualified by the Canadian Public Accounting Board to conduct audits of public companies and has been for a number of years the Auditor of MN, the Company’s parent company.

The functional and reporting currency of the Company is the Canadian Dollar (“CAD”).

Forward Looking Statements:

While the Company is not (and does not intend to become) in the practice of making forecasts, it is obliged by the nature and purpose of MD&A’s to make certain forward looking statements. All such statements are qualified in their entirety by the Company’s claim of “Safe Harbour” for such statements made in good faith.

This MD&A, except for historical information, may contain “forward looking statements” that reflect Graphano’s current expectations and projections about future results. When used in this MD&A, forward-looking statements can be identified by the use of words such as “estimate”, “consider”, “anticipate”, “expect”, “objective”, “potential”, “forecast”, “believe”, “project”, “plan” and similar expressions or variations of such words. Forward-looking statements are, by their very nature, not guarantees of the Company’s future operational or financial performance and these statements may involve known and unknown risks, uncertainties and other factors that may cause the actual level of activity, results, prospects and performance to differ materially from any future levels of activity, results, prospects and performance expressed in, or implied by, these forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guaranteeing of future performance and actual results or developments may differ materially from those in the forward-looking statements and there are no guarantees that any of Graphano’s projects will otherwise prove to be economic. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties referred to elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Company Objective:

It is the Company’s intention to be a significant entity in the graphite (and potentially other industrial minerals) resource exploration and development business and to assemble a significant resource for further development and exploitation potentially including future production by others or by the Company.

Commencing with the initial LAB property, it is the Company’s intention to explore the property (known to contain significant deposits of graphite bearing material) to establish

GRAPHANO ENERGY LIMITED (THE “COMPANY”) MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”) FOR ITS INITIAL PERIOD ENDING JULY 31, 2021

the magnitude of resource it might contain and to review other potential acquisitions with the same objective in view.

Project:

The LAB Graphite Property is comprised of 14 mineral claims in one contiguous block totalling 738.12 hectares’ land near the town of Mont-Laurier in southern Québec. The property is subject to a 2% NSR half (1%) of which may be acquired for \$1,000,000 (and the Company has entered into an agreement with the original vendors of the property to Manganese to acquire the 1% for 1,000,000 Graphano common shares)

The LAB graphite mineralisation was discovered in 1957 and passed through several hands prior to being held by TIMCAL until November 2014, but then allowed to lapse. Finally, in 2019, it was acquired by Manganese X Energy Corp., the parent of the Company until the Closing of the Plan Of Arrangement transaction.

The LAB Graphite property is underlain by Precambrian age rocks of the Grenville Series comprised of quartzo feldspathic, garnetiferous paragneiss and limestone / marble beds. Quartzites are the least abundant of rocks in this Series. The igneous rocks which have invaded the metasedimentary sequence consist of gabbros, monzonites, anorthosites and diabase. Paragneiss is generally fine to medium grained with a variety of compositions such as, quartzo-feldspathic gneiss, biotite gneiss, biotite-garnet gneiss, biotite-garnet-silliminite gneiss and biotite-hornblende gneiss. All compositional varieties contain some graphite.

The LAB Graphite Property lies adjacent to the south of TIMCAL’s Lac des Iles graphite mine in Quebec which is a world class deposit and was producing 25,000 tonnes of graphite annually. There are several graphite showings and past producing mines in its vicinity. Graphite is commonly found in the Grenville Province rocks throughout this region and has been commercially mined from a number of deposits located between Mont-Laurier in the north to the Ottawa River in the south.

As indicated in the most recent NI 43-101 technical report (dated June 8, 2021), in the Qualified Person’s opinion, the character of the Lac Aux Bouleaux Graphite Property is enough to merit a follow-up work program, which can be accomplished through a two-phase exploration program as described below.

Phase 1 – Trenching, Channel Sampling and Diamond drilling

Perform stripping and trenching work on target areas identified in airborne and ground geophysical surveys. Additionally, 1200 metres diamond core drilling is recommended to test the geophysical survey conductors. This drilling, if successful, will help not only to add new exploration targets but also to expand the potential graphite resource target for the Property. The estimated budget for this phase is \$417,000 and should take four months’ time to complete.

**GRAPHANO ENERGY LIMITED (THE “COMPANY”)
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
FOR ITS INITIAL PERIOD ENDING JULY 31, 2021**

Phase 2 – Exploratory Drilling, Metallurgical Test work and Resource Estimation

Contingent upon the success of the Phase 1 work, a 2,500 meters’ diamond core drilling is recommended on the historical graphite resource areas and new geophysical survey targets tested in Phase 1. Additional metallurgical test work is also recommended to improve upon the graphite recovery percentage and quality of the previous test work. Total estimated budget for this phase is \$473,000 and will take approximately five months’ time to complete. Management of the Company intends to carry out these programs as soon as possible after Closing of the Plan of Arrangement.

Operations During the Initial Period:

As the Private Placements have not Closed, the Company is without funds by which to commence any operations (beyond any funds which may have been or may be provided by MN, its parent) and, accordingly, is unable to commence active business operations. As this is its initial period (the period from Incorporation on October 6, 2020 to the financial statements’ presentation date), there is no prior comparative period to compare to.

As a result, the Company’s Statement of Financial Position as at July 31, 2021 (the “Statement”) consists simply of the value of the LAB property which was transferred to the Company by its parent in exchange for shares which are to be dividended out to MN’s shareholders on a one-for-eight basis pursuant to the Plan, and certain minor accruals.

In keeping with the announced intent of certain regulatory bodies to simplify future regulatory filings and avoid repetition by combining financial statements and MD&A, this document will not repeat the material contained in the Audited Financial Statements for the period under review including the comprehensive Notes regarding Accounting policies and others which appear in those Statements.

Capital Resources:

The Private Placements referred to and described above resulted in Subscriptions for 82,278,660 Units at a price of 5 cents per Unit for a total of \$4,097,583 which is being held in escrow in the Company’s Solicitors’ (Garfinkle Biderman) Trust account pending satisfaction of the conditions for Closing. This amount is more than sufficient for the recommended initial exploration program and the sustaining of all of the Company’s operations for at least 18 months into the future. As such, the Company would be in compliance with the Rules of the Exchange.

It is the intention of the Company to manage its Capital (Shareholders’ Equity including Share Capital, Reserves and Deficit) to ensure that it has sufficient resources and liquidity to meet its obligations as they fall due and provide for its future operations for a reasonable time into the future. As such, and given that the Company’s prospective revenues amount to only the modest amount that it may be able to earn on cash deposits

**GRAPHANO ENERGY LIMITED (THE “COMPANY”)
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
FOR ITS INITIAL PERIOD ENDING JULY 31, 2021**

Table of Quarterly Comparisons:

Quarters Ended (\$000’s)	July 31, 2021	April 30, 2021	January 31, 2021
Revenues	nil	nil	nil
Net Loss	6	nil	nil
Per Share	0.00	Not applicable as only Qualifying Share outstanding	

Annual Remuneration of Named Executive Officers

(\$000’s)	Cash Fees paid or accrued	Other Awards	Value of Options Granted
Dr. Luisa Moreno (Chief Executive Officer)	nil	nil	nil
James A. Richardson (Chief Financial Officer)	nil	nil	nil
Nathan Rotstein (Director)	nil	nil	nil

The above amounts are for the initial period from Incorporation to July 31, 2021. Future tables will provide information with respect to multiple years, as appropriate.

Environmental, Social and Governance Responsibilities:

The Company is vitally aware of its responsibilities to its communities and publics, especially those to its indigenous and other neighbours in its communities of operation. It will strive in all ways practicable to foster good relations with its neighbours, take their needs into account in its operations (especially their need for responsible employment) and operate in a context of social responsibility. More detailed statements in these regards will be included in future MD&A’s.

As a potential future supplier of graphite to the industrial world, the Company is immediately aware of the growing need for graphite in the battery industry and the role that will be played in the rapidly growing electrical vehicle market among others. The world’s rapidly growing acknowledgement of the realities of global warming and the impacts on climate change suggest that the growth in demand for graphite is likely to exceed population or other normal growth rates long into the future.

The LAB Project is located in a forested area and the growing incidence of major forest fires may have an adverse impact on future operations.

Subsequent Events:

There are no subsequent events to report.

**GRAPHANO ENERGY LIMITED (THE “COMPANY”)
MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)
FOR ITS INITIAL PERIOD ENDING JULY 31, 2021**

The Company will soon be launching its website at www.graphano.com and will maintain there exhibitions of its primary SEDAR filings, corporate and investor presentations and other useful information.

Management welcomes comments and questions from investors and other members of the public and suggestions for improvement in its communications, presentations and this document.

On behalf of the Board of Directors:

Dr. Luisa Moreno
August 15, 2021

**APPENDIX “D”
STOCK OPTION PLAN**

See attached.

GRAPHANO ENERGY LTD.

2021 STOCK OPTION PLAN

Approved by Shareholders April 12, 2021

1 Definitions and Interpretation

1.1 Defined Terms

Where used herein, the following terms shall have the following meanings:

- (a) “**Acceleration Right**” means a Participant’s right, in certain circumstances, to exercise its outstanding Option as to all or any of the Common Shares in respect of which such Option has not previously been exercised and which the Participant is entitled to exercise, including in respect of Common Shares not otherwise vested at such time;
- (b) “**Board**” means the board of directors of the Corporation;
- (c) “**Business Day**” means each day other than a Saturday, Sunday or statutory holiday in the City of Vancouver in the Province of British Columbia, Canada;
- (d) “**Common Shares**” means the common shares in the capital of the Corporation or, in the event of an adjustment contemplated by Section 8 hereof, such shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- (e) “**Corporation**” means Graphano Energy Ltd. and includes any successor corporation thereof;
- (f) “**Exchange**” means, as applicable, (i) the TSX Venture Exchange, if the Common Shares are listed on the TSX Venture Exchange, or (ii) if the Common Shares are not then listed and posted for trading on the TSX Venture Exchange, then on any stock exchange in Canada on which such shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board;
- (g) “**Exchange Corporate Finance Manual**” means, as applicable, (i) the corporate finance manual published by the TSX Venture Exchange, if the Common Shares are listed on the TSX Venture Exchange, or (ii) if the Common Shares are not then listed and posted for trading on the TSX Venture Exchange, the policies of such other exchange or quotation system on which the Common Shares are listed or quoted for trading;
- (h) “**Exercise Notice**” means the notice in writing signed by the Participant in the form set out as Schedule “B” hereto or in such other form as the Board may approve from time to time, specifying an intention of such Participant to exercise all or a portion of the Option;
- (i) “**Expiry Time**” means the time at which the Options will expire, being 4:00 p.m. (Vancouver time) on a date more particularly set forth in an Option Certificate at the time the Option is granted, which date will not be more than ten years from the date of grant;
- (j) “**Fair Market Value**” means, for the purposes of Section 9.4 hereof, at any date in respect of the Common Shares, the closing price of the Common Shares as reported by

the Exchange on the last trading day immediately preceding such date or, if the Common Shares are not listed on any stock exchange, a price determined by the Board;

- (k) “**Insider**” has the meaning ascribed thereto in, as applicable, (i) the corporate finance manual published by the TSX Venture Exchange, if the Common Shares are listed on the TSX Venture Exchange, or (ii) if the Common Shares are not then listed and posted for trading on the TSX Venture Exchange, the policies of such other exchange or quotation system on which the Common Shares are listed or quoted for trading, or (iii) if the Common Shares are not then listed and posted for trading on any exchange or quotation system, the *Securities Act* (British Columbia);
- (l) “**Investor Relations Activities**” has the meaning ascribed thereto in, as applicable, (i) the corporate finance manual published by the TSX Venture Exchange, if the Common Shares are listed on the TSX Venture Exchange, or (ii) if the Common Shares are not then listed and posted for trading on the TSX Venture Exchange, the policies of such other exchange or quotation system on which the Common Shares are listed or quoted for trading, or (iii) if the Common Shares are not then listed and posted for trading on any exchange or quotation system, the *Securities Act* (British Columbia);
- (m) “**Option**” means an option to purchase Common Shares from treasury granted by the Corporation to a Participant subject to the provisions contained herein;
- (n) “**Option Certificate**” means the certificate, substantially in the form set out as Schedule “A” hereto or in such other form as the Board may approve from time to time, evidencing an Option;
- (o) “**Option Price**” means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted herein, calculated in accordance with Section 5.1 hereof and as may be more particularly set forth in an Option Certificate;
- (p) “**Participants**” means the directors, officers and employees of, and consultants to, the Corporation or its Subsidiaries and, subject to compliance with the applicable requirements of the Exchange (if, and to the extent applicable to the Corporation at the relevant time), the Personal Holding Companies of such persons, to whom an Option has been granted by the Board pursuant to the Plan and which Option or a portion thereof remains unexercised and has not terminated in accordance with the provisions of the Plan;
- (q) “**Personal Holding Company**” means a company of which 100% of the voting shares are beneficially owned, directly or indirectly, by a director, officer or employee of, or consultant to, the Corporation or its Subsidiaries and such entity shall be bound by the Plan in the same manner as if the Options were held directly;
- (r) “**Plan**” means this stock option plan of the Corporation, as the same may be amended or varied from time to time;
- (s) “**Subsidiary**” means any corporation that is a subsidiary of the Corporation, as such term is defined under the *Business Corporations Act* (British Columbia), as such provision is from time to time amended, varied or re-enacted, or a “related entity” as defined in Section 2.22 of National Instrument 45-106 – *Prospectus Exemptions*; and
- (t) “**Take Over Bid**” has the meaning ascribed thereto in the *Securities Act* (British Columbia), as such provision is from time to time amended, varied or re-enacted.

2 Purpose of the Plan

The purpose of the Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified directors, officers and employees of, and consultants to the Corporation or its Subsidiaries, to reward such directors, officers, employees and consultants with Options under the Plan from time to time for their contributions toward the long term goals of the Corporation and to enable and encourage such directors, officers, employees and consultants to acquire Common Shares as long term investments.

3 Administration of the Plan

- 3.1 The Board shall administer the Plan. Options granted under the Plan shall be in accordance with determinations made by the Board in its sole discretion pursuant to the provisions of the Plan as to:
- (a) the Participants to whom and the award date at which the Options will be granted;
 - (b) the number of Common Shares which shall be the subject of each Option;
 - (c) the Option Price, Expiry Time and expiry date for the exercise of each such Option;
 - (d) subject to any specific requirements of the Exchange (if, and to the extent applicable to the Corporation at the relevant time), the vesting period or periods within the Option term, during which a Participant may exercise an Option or a portion thereof; and
 - (e) other terms and conditions in respect of the Options, if applicable;

provided however, that each Participant shall have the right not to participate in the Plan and any decision not to participate therein shall not affect the employment by or engagement with the Corporation. If, and to the extent applicable at the relevant time, the Board shall ensure that Participants under the Plan are eligible to participate under the Plan in accordance with the provisions of the Exchange Corporate Finance Manual, and, if required by the Exchange, shall confirm and be responsible for ensuring that the Participant is a bona fide employee, consultant or management company employee (as prescribed in the Exchange Corporate Finance Manual).

- 3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board (the “**Committee**”). The Committee shall be comprised of two or more members of the Board who shall serve at the pleasure of the Board. Vacancies occurring on the Committee shall be filled by the Board.
- 3.3 The Committee (or the Board where the Committee has not been constituted) shall have the power to delegate to any member of the Board or officer so designated (the “**Administrator**”), the power to administer the Plan including, but not limited to, to make the determinations set forth in Section 3.1, and the Administrator shall make such determinations in accordance with the provisions of the Plan and with applicable securities and stock exchange regulatory requirements, subject to final approval by the Committee or Board.

4 Granting of Options

- 4.1 Participants may be granted Options from time to time. The grant of Options and issue of Common Shares by the Corporation pursuant to the exercise of an Option is subject to applicable securities laws, the provisions of the Plan and compliance with (i) the laws, rules and regulations of all regulatory bodies applicable to the issuance and distribution of such Common Shares, and (ii) if, and to the extent applicable to the Corporation at the relevant time, the requirements of the Exchange. The holder of an Option agrees to comply with all such laws, rules and regulations and agrees to furnish to the Corporation any information, report and/or undertaking required to comply therewith and to fully co-operate with the Corporation in respect thereof.
- 4.2 Any grant of Options under the Plan shall be subject to the following restrictions:
- (a) the Options shall not be assignable, transferrable or negotiable;
 - (b) the aggregate number of Common Shares of the Corporation allocated and made available to be granted to Participants under the Plan shall not exceed 10% of the issued and outstanding Common Shares of the Corporation as at the date of grant (on a non- diluted basis);
 - (c) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Participant, other than a consultant, in any 12 month period may not exceed 5% of the Corporation’s total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;

- (d) the aggregate number of Common Shares issuable pursuant to Options granted to Insiders pursuant to the Plan and other security based compensation arrangements may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
 - (e) the aggregate number of Common Shares issued to Insiders pursuant to the Plan and other security based compensation arrangements in any 12 month period may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
 - (f) no more than 2% of the total issued and outstanding Common Shares at the time of grant may be granted to any one consultant in any 12-month period; and
 - (g) no more than an aggregate of 2% of the total issued and outstanding Common Shares at the time of grant may be granted to all persons engaged to conduct Investor Relations Activities in any 12 month period and all Options issued to persons engaged to conduct Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than ¼ of the Options vesting in any three (3) month period.
- 4.3 Each Option granted hereunder shall be evidenced by an Option Certificate representing the Option so awarded.
- 4.4 Any issuance of Common Shares from treasury pursuant to the exercise of Options shall automatically replenish the number of Common Shares available for Option grants under the Plan. Common Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional shares may be purchased or issued hereunder.
- 4.5 The Corporation shall at all times, during the term of the Plan, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of the Plan.
- 4.6 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange (if, and to the extent applicable to the Corporation at the relevant time), and of any other regulatory body having jurisdiction.

5 Option Price

- 5.1 Subject to applicable Exchange approval (if, and to the extent applicable to the Corporation at the relevant time), the Option Price shall be fixed by the Board at the time the Option is granted to a Participant. In no event shall the Option Price be less than the "discounted market price" (as such term is defined in the Exchange Corporate Finance Manual, if, and to the extent applicable at the relevant time) or, if the Common Shares are not listed on any stock exchange, a price determined by the Board.
- 5.2 Once the Option Price has been determined by the Board, accepted by the Exchange (if, and to the extent required at the relevant time) and the Option has been granted, if the Participant is an Insider, the Option Price may only be reduced if disinterested shareholder approval is obtained provided that such disinterested shareholder approval is then a requirement of the Exchange or other regulatory body having jurisdiction, as the case may be.

6 Term of Option

- 6.1 The term of the Option shall be a period of time fixed by the Board, not to exceed ten (10) years from the date of grant and will be more particularly set forth in an Option Certificate. Unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are herein contained, as the Board may from time to time impose, or as may be required by the Exchange or under applicable securities law, as the case may be.
- 6.2 Each Option and all rights thereunder shall be expressed to expire at the Expiry Time, but shall be subject to earlier termination in accordance with the provisions of the Plan. Any Option or part thereof not exercised by the Expiry Time shall terminate and become null, void and of no effect as at the Expiry Time.

- 6.3 If, and to the extent applicable to the Corporation at the relevant time, in addition to any resale restriction under securities laws, an Option may be subject to a four (4) month Exchange hold period commencing on the date the Option is granted.
- 6.4 Except in the case of an Option that terminates in accordance with the provisions of the Plan, in the event that the term of any Option expires within or immediately following a “blackout period” imposed by the Corporation, the Option shall expire on the date (the “**Blackout Expiration Date**”) that is ten (10) Business Days following the end of such blackout period.

7 Exercise of Option

- 7.1 Subject to the provisions of the Plan and the terms of any Option Certificate, an Option or a portion thereof may be exercised, from time to time, by delivery of the Exercise Notice to the Corporation’s office as more particularly set forth in the Exercise Notice. The Exercise Notice shall state the intention of the Participant to exercise the said Option or a portion thereof and specify the number of Common Shares in respect of which the Option is then being exercised, and shall be accompanied by the full purchase price of the Common Shares which are the subject of the exercise. As long as the Corporation is listed on a stock exchange, the purchase price must be paid by cash, certified cheque or bank draft.

8 Adjustments in Shares

- 8.1 If the outstanding shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through a re-organization, plan of arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of shares optioned and the exercise price per share with respect to: (a) previously granted and unexercised Options or portions thereof which have not otherwise terminated in accordance with the provisions of the Plan, and (b) Options which may be granted subsequent to any such change in the Corporation’s capital.
- 8.2 Determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Corporation shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.

9 Accelerated Vesting

- 9.1 In the event that certain events such as a liquidation or dissolution of the Corporation or a re-organization, plan of arrangement, merger or consolidation of the Corporation with one or more corporations, as a result of which the Corporation is not the surviving corporation, or the sale by the Corporation of all or substantially all of the property and assets of the Corporation to another corporation prior to the Expiry Time, are proposed or contemplated, the Board may, notwithstanding the terms of the Plan or any Option Certificates issued hereunder, exercise its discretion, by way of resolution, to permit accelerated vesting of Options (subject to, if, and to the extent applicable to the Corporation at the relevant time, the prior written approval of the Exchange if the original vesting condition is mandatory under the policies of the Exchange) on such terms as the Board sees fit at that time. If the Board, in its sole discretion, determines that the Common Shares subject to any Option granted hereunder shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Corporation, to exercise such Options to the extent specified and permitted by the Board and within the time period specified by the Board, which shall not extend past the Expiry Time.
- 9.2 An Option may provide that whenever the Corporation’s shareholders receive a Take-Over Bid and the Corporation supports such bid, pursuant to which the “offeror” would, as a result of such Take-Over Bid being successful, beneficially own in excess of 50% of the outstanding Common Shares, the Participant may exercise the Acceleration Right. The Acceleration Right shall commence on the date of the mailing of the Board circular recommending acceptance of the Take-Over Bid and end on the earlier of:
- (a) the Expiry Time; and
 - (b) (i) in the event the Take-Over Bid is unsuccessful, the expiry date of the Take-Over Bid; and (ii) in the event the Take-Over Bid is successful, the tenth (10th) day following the expiry date of the Take-

Over Bid.

- 9.3 At the time of the termination of the Acceleration Right, the original vesting terms of the Options shall be reinstated with respect to the Common Shares issuable thereunder which were not acquired by the holders of such Options pursuant to the terms thereof. Notwithstanding the foregoing, the Acceleration Right may be extended for such longer period as the Board may resolve.
- 9.4 Provided that the Corporation is listed on a stock exchange and is in compliance with the applicable stock exchange's requirements, the Corporation may satisfy any obligations to a Participant hereunder by paying to the Participant in cash the difference between the exercise price of all unexercised Options granted hereunder and the Fair Market Value of the Common Shares to which the Participant would be entitled upon exercise of all unexercised Options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied.

10 Decisions of the Board

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Corporation who are eligible to participate under the Plan.

11 Ceasing to be a Director, Officer, Employee or Consultant

- 11.1 Subject to the terms of the applicable Option Certificate and subject to Sections 12.2 and 12.5 hereof, in the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation or a Subsidiary for any reason other than death, including the resignation or retirement of the Participant or the termination by the Corporation or a Subsidiary of the employment or the engagement of the Participant, prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such Common Shares in respect of which the Option has not previously been exercised (and as the Participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of: (a) the Expiry Time, and (b) the date that is ninety (90) days (or such other period as may be determined by the Board in accordance with the Exchange Corporate Finance Manual (if, and to the extent applicable at the relevant time) provided that such period is not more than one (1) year) following the effective date that such Participant ceases to be a director, officer, employee or consultant of the Corporation or a Subsidiary, after which the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.
- 11.2 In consideration of the Option hereby granted, in the event of the resignation or retirement of the Participant or the termination of employment by the Corporation without cause, the Participant hereby covenants not to sue the Corporation for damages arising from the loss of rights granted hereunder and releases the Corporation from any damages.
- 11.3 Notwithstanding the foregoing, in the event of termination for cause, such Option (including an Option held by a Participant's Personal Holding Company) shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause to the Participant by the Corporation or a Subsidiary and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.
- 11.4 In the event of the death of a Participant on or prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to purchase), by the legal personal representatives of the Participant at any time up to and including (but not after) a date one (1) year from the date of death of the Participant, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.
- 11.5 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

12 Amendment or Discontinuance of Plan

- (a) The approval of the Board and the requisite approval from the Exchange (if, and to the extent applicable to the Corporation at the relevant time) and disinterested shareholders shall be required for any of the following amendments to be made to the Plan:
 - (i) any increase to the fixed maximum percentage of Common Shares issuable under the Plan;
 - (ii) a reduction in the Option Price of an Option (other than for standard anti-dilution purposes) held by or benefiting an Insider;
 - (iii) an increase in the maximum number of Common Shares that may be issued to Insiders within any one year period or that are issuable to Insiders at any time;
 - (iv) an extension of the term of an Option held by or benefiting an Insider;
 - (v) any change to the definition of “Participants” which would have the potential of broadening or increasing Insider participation;
 - (vi) provided that the Corporation is listed on the TSX Venture Exchange, the addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Plan reserve;
 - (vii) any other amendments that may lead to significant or unreasonable dilution in the Corporation’s outstanding securities or may provide additional benefits to Participants, especially Insiders, at the expense of the Corporation and its existing shareholders; and
 - (viii) a change to the termination provisions of an Option which does not entail an extension beyond the original expiry date, except as contemplated in Section 6.4 above.
- (b) The Board may, without shareholder approval but subject to receipt of requisite approval as required by the Exchange (if, and to the extent applicable to the Corporation at the relevant time), in its sole discretion make all other amendments to the Plan that are not of the type contemplated in subsection 12(a) above including, without limitation:
 - (i) amendments of a housekeeping nature; and
 - (ii) a change to the vesting provisions of an Option.

13 Participants’ Rights

- 13.1 A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.
- 13.2 Nothing in the Plan or any Option shall confer upon any Participant any rights to continue in the employ or in business with the Corporation or any Subsidiary or affect in any way the right of the Corporation or any such Subsidiary to terminate the employment or engagement of the Participant at any time, nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Subsidiary to extend the employment or engagement term of any Participant beyond the time such Participant would normally retire or cease engagement pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary, or beyond the time at which such Participant would otherwise be retired or cease engagement pursuant to the provisions of any contract of employment or engagement with the Corporation or any Subsidiary.

14 Approvals

The Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the shareholders of the Corporation (it being the case, for greater certainty, that for the purposes of the initial approval of the shareholders of the

Corporation, the approval of the shareholders of Manganese X Energy Corp. (“**Manganese X**”) entitled to vote at the special meeting (the “**Manganese Special Meeting**”) of the shareholders of Manganese X to be held on April 12, 2021 or any adjournment or postponement thereof (such shareholders of Manganese X expected to constitute the initial shareholders of the Corporation other than Manganese X upon completion of the statutory plan of arrangement proposed to be approved at the Manganese Special Meeting), shall be sufficient). Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

15 Government Regulation

15.1 The Corporation’s obligation to issue and deliver Common Shares under any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction; and
- (c) payment by a Participant of the applicable Option Price in full in respect of the exercise of an Option.

15.2 In this regard, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares and, if desired and to the extent the Common Shares are listed on the Exchange at the relevant time, for the listing of such Common Shares on the Exchange, in compliance with applicable securities laws. If any shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such shares shall terminate and the Option Price actually paid to the Corporation will be returned to the Participant.

16 Costs

The Corporation shall pay all costs of administering the Plan.

17 Interpretation

This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

18 Compliance with Applicable Law

If any provision of the Plan or any Option contravenes any law or any order, policy, bylaw or regulation of any regulatory body or the Exchange (if applicable), then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

SCHEDULE "A"

GRAPHANO ENERGY LTD.

STOCK OPTION PLAN OPTION CERTIFICATE

This Certificate is issued pursuant to the provisions of the stock option plan (the "**Plan**") of Graphano Energy Ltd. (the "**Corporation**") and evidences that [●] (the "**Holder**") is the holder of an option (the "**Option**") to purchase up to [●] common shares (the "**Common Shares**") in the capital stock of the Corporation at a purchase price of \$[●] per Common Share (the "**Option Price**"). Subject to the provisions of the Plan:

- (a) the award date of this Option is [●] (the "**Award Date**"); and
- (b) the expiry date of this Option is [●] years from the Award Date (the "**Expiry Date**").

The right to purchase Common Shares under the Option for the Holder is subject to the following vesting period: [●].

Subject to the accelerated vesting and early termination provisions of the Plan, this Option may be exercised in accordance with its terms at any time and from time to time from and including the Award Date through to and including up to 4:00 p.m. (British Columbia time) on the Expiry Date, by delivery to the Board or the Administrator, as the case may be, an Exercise Notice, in the form provided in the Plan, together with this Certificate and either cash, a certified cheque or bank draft payable to "Graphano Energy Ltd." in an amount equal to the aggregate of the Option Price of the Common Shares in respect of which the Option is being exercised. If the Holder is an employee, consultant or management corporation employee, the Holder confirms that it is a bona fide employee, consultant or management corporation employee, as the case may be.

This Certificate and the Option evidenced hereby are not assignable, transferable or negotiable and are subject to the detailed terms and conditions contained in the Plan. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

Without prior written approval of the Exchange (if applicable) and compliance with all applicable securities legislation, the securities represented by this certificate and the Common Shares issuable upon the exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [●], [●].

GRAPHANO ENERGY LTD.

Per: _____

SCHEDULE "B"
EXERCISE
NOTICE

TO: Graphano Energy Ltd.
[●]

1. Exercise of Option

The undersigned hereby irrevocably gives notice, pursuant to the stock option plan (the "Plan") of Graphano Energy Ltd. (the "Corporation"), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable item):

- (a) all of the Common Shares; or
- (b) [●] of the Common Shares;

each of which are the subject of the option certificate attached hereto.

2. Calculation of total exercise price:

Number of Common Shares to be Acquired	[●] Common Shares
Option Price per Common Share	[\$●]
Total exercise price, as enclosed herewith	[\$●]

The undersigned tenders herewith cash, a certified cheque or bank draft (circle one) in the amount of \$[●] payable to "Graphano Energy Ltd. " in an amount equal to the total exercise price of the Common Shares, as calculated above, and directs the Corporation, upon payment in full of such exercise price, to issue the share certificate evidencing the Common Shares in the name of the undersigned and to be mailed to the undersigned at the following address:

[Name]
[Delivery Address]

The undersigned undertakes to comply, to the satisfaction of the Corporation, with all applicable requirements of the Exchange and any applicable regulatory authorities.

Capitalized terms used in this exercise notice which are not otherwise defined shall have the meaning given thereto in the Plan.

Dated the [●] day of [●], [●].

Witness

Signature of Holder

Name of Witness (Print)

[●] (Print name of Holder)

**APPENDIX “E”
AUDIT COMMITTEE CHARTER**

See attached.

GRAPHANO ENERGY LTD.
(the “**Company**”)
AUDIT COMMITTEE CHARTER

1. Audit Committee's Charter

This Charter establishes the responsibilities of the Audit Committee (“**Committee**”) of the Board of Directors (“**Board**”) of Graphano Energy Ltd. (the “**Company**”). The Committee’s primary responsibility is for the oversight, integrity, and fair presentation of the Company’s financial reporting. This responsibility includes the monitoring of the Company’s systems of internal controls, risk and risk management policies, and the quality and integrity of all financial and public disclosure documents. The Committee is also responsible to act as liaison between the Board and the external auditor as well reporting on the independence and performance of the external auditor.

2. Composition, Qualifications, and Authority

The Committee shall consist of a minimum of three members, all of whom shall be directors of the Company and meet the requirements for independence as defined in Multilateral Instrument 52-110 Audit Committees Members of the Committee and the Chair of the Audit Committee will be appointed by the Board for a one-year term and may serve any number of consecutive terms.

Committee members must meet the criteria for being financially literate which is defined as having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

The Committee will have the authority, independent of the Board and management, to retain counsel, advisors or consultants as required in the course of discharging its duties. The Committee will have unrestricted access to the Company’s records, full cooperation of its employees and will communicate directly with the Company’s external auditor.

3. Meetings

The Committee will endeavour to meet on a quarterly basis and additional meetings will be called if deemed necessary. Members of the Committee may attend meetings by conference call. The CEO, CFO, and other directors or officers, may be invited to attend and participate in meetings at the discretion of the Committee. Minutes of the meetings are accurately recorded to reflect the business of the meeting and will detail any decisions reached.

4. Duties and Responsibilities of the Committee

- (a). Review this charter on an annual basis and recommend any proposed changes to the Board for approval.
- (b). Maintain free and open communications between directors, officers, management and the external auditors of the Company.
- (c). Review and address significant matters identified during audits or quarterly reviews.
- (d). Establish procedures for the anonymous and confidential receipt and treatment of complaints or concerns received regarding accounting, internal controls, or auditing matters.
- (e). Review and assess the Company’s financial risk exposures and the controls in place to manage those risks.

- (f). Assess managements systems of internal control and financial reporting procedures to obtain reasonable assurance that such systems are reliable and operating effectively for the Company.
- (g). Review and assess any proposed changes in accounting policies or internal controls.
- (h). Review and approve for presentation to the Board and dissemination to the public, all material financial information that requires disclosure according to securities laws and stock exchange regulations. This includes quarterly and annual financial statements, management discussion and analysis, news releases or any other document containing information extracted from the financial statements.

5. Relationship with External Auditor

The external auditor must report directly to the Audit Committee. The Audit Committee is responsible for overseeing the work of the external auditor engaged for preparing or issuing an auditor's report or performing other audit, review or attest services, including resolution of disagreements with management and the external auditor regarding financial reporting.

6. Duties of the Audit Committee concerning its Relationship with the External Auditor

- (a). Review and discussion with the external auditor of any relationships or services that may affect the objectivity or independence of the external auditor and obtaining a written notice from the external auditor each year confirming their independence.
- (b). Establishing that the external auditor must report directly to the Audit Committee and meeting with the external auditor, independent of management, on a regular basis.
- (c). Recommending to the Board that the external auditor be nominated for the purpose of issuing an auditor's report or performing other audit or review services.
- (d). Recommending to the Board the compensation for the external auditor.
- (e). Pre-approving all non-audit services to be provided by the external auditor, together with estimated fees. Non-audit services include but are not limited to appraisal or valuation services, fairness opinions, management functions, human resources, legal services, tax planning and consulting. The Committee may delegate the authority for pre-approval of non-audit services to one or more of its independent directors but delegation may not be made to management. The pre-approval of any non-audit service by a designated independent committee member must be presented to the Audit Committee at its first scheduled meeting following the pre-approval.
- (f). Reviewing with the external auditor and if necessary, legal counsel, any matters that would have a material effect upon the financial position of the Company and the manner in which they are disclosed in the financial statements.

7. Procedure for Receipt of Complaints and Submissions Relating to Accounting Matters

Any director, officer or employee who has any concern or complaint regarding accounting, internal accounting controls, questionable auditing or accounting matters or potential violations of law may make an anonymous submission to any member of the Audit Committee. All complaints or submissions, as well as the identity of the complainant will be kept confidential and a record of any complaints or submission will be kept for five years. The Audit Committee, upon receipt of a submission or complaint will discuss the matters presented and take any action that the Audit Committee might deem appropriate.

8. Limitation on the Oversight Role of the Audit Committee

Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives financial and other information, and the accuracy of the information provided to the Company by such persons or organizations.

**APPENDIX “F”
PRO FORMA STATEMENT AS AT JULY 31, 2021**

See attached.

Graphano Energy Limited
Pro Forma Statement of Financial Position
as at July 31, 2021
(in Canadian dollars)
UNAUDITED - PREPARED BY MGMT

	Graphano July			
	31, 2021	Adj #	Adjustments	Pro Forma
Assets	\$		\$	\$
Cash	4,096,979			4,096,979
Total Current Assets	4,096,979		-	4,096,979
Exploration Property	776,253		1,699	777,952
Total Assets	<u>4,873,232</u>		<u>1,699</u>	<u>4,874,931</u>
Liabilities				
Accounts payable	6,000			6,000
Subscription Receipts	4,097,168		(4,097,168)	-
Total Liabilities	<u>4,103,168</u>		<u>(4,097,168)</u>	<u>6,000</u>
Shareholders' Equity:				
Share Capital	776,254	1,2	2,406,914	3,183,168
Warrant Reserve	-		1,691,953	1,691,953
	<u>776,254</u>		<u>4,098,867</u>	<u>4,875,121</u>
Accumulated Deficit	(6,190)			(6,190)
Total Shareholders' Equity	<u>770,064</u>		<u>4,098,867</u>	<u>4,868,931</u>
Total Liabilities and Shareholders' Equity	<u>4,873,232</u>		<u>1,699</u>	<u>4,874,931</u>

Graphano Energy Limited
Pro Forma Statement of Loss and Comprehensive Loss
Period from incorporation (October 5, 2020) to July 31, 2021
(in Canadian dollars)
UNAUDITED - PREPARED BY MGMT

	Graphano July	Adj #	Adjustments	Pro Forma
	31, 2021			
	\$		\$	\$
General and Admin expenses	6,190		-	6,190
Loss and Comprehensive loss	6,190		-	6,190

The *pro forma* statements have been prepared without audit and are solely the responsibility of management.

NOTES TO PRO FORMA FINANCIAL STATEMENTS

These Pro Forma financial statements as at and for the period ended July 31, 2020 have been prepared by using the Company's July 31, 2021 audited financial statements and reflecting the pro forma adjustments noted below.

1. The completion of the Plan Of Arrangement to be voted upon by the shareholders of Manganese X Energy Corp on April 12, 2021 by which the shares of its subsidiary Graphano Energy Limited ("Graphano") will be distributed to its Shareholders on the basis of one share of Graphano for each 8 shares of Manganese X Energy Corp. Held
2. The conversion of the subscription receipts to Common Shares and Warrants

Share capital is as noted below:

	<u># shares</u>	<u>\$ Value</u>
Issued on incorporation	1	1
Issued for Mineral property from Manganese	15,559,048	777,952
Issued for Private placement	81,945,660	4,097,168
Value of warrants issued		(1,691,953)
	97,504,709	3,183,168
Share consolidation 6.5:1	(82,503,989)	-
Pro forma balance July 31, 2021	15,000,720	3,183,168

Common shares issued consists of the following:

The issuance of 15,559,048 common share for the mineral property from Manganese at \$0.05 per share.

The completion and conversion of the private placement of 81,945,000 Subscription Receipts of Graphano Energy Ltd. at a price of \$.05 per receipt, each receipt representing on fully paid share of Graphano and one warrant to buy an additional share of Graphano at a price of \$0.08 per share for a period of 2 years.

The Warrant Reserve was established based on a Black-Scholes pricing model with two year duration, zero dividend, 1.2% risk free interest rate and 100% volatility