

INVESTOR RIGHTS AGREEMENT

NANO ONE MATERIALS CORP.

AND

SUMITOMO METAL MINING CO. LTD.

OCTOBER 4, 2023

INVESTOR RIGHTS AGREEMENT

THIS AGREEMENT is made as of the 4th day of October, 2023.

AMONG:

NANO ONE MATERIALS CORP., a corporation existing under the laws of the Province of British Columbia (hereinafter referred to as the “**Company**”),

- and -

SUMITOMO METAL MINING CO. LTD., a company existing under the laws of Japan (hereinafter referred to as the “**Investor**”).

WHEREAS

- A. The Investor has agreed to subscribe for the Subscription Shares, by way of a private placement, on the terms and conditions set forth in the Subscription Agreement;
- B. In connection with the purchase of the Subscription Shares, the Company and the Investor have entered into the Collaboration Agreement under which the parties have agreed to explore lithium iron phosphate and nickel manganese cobalt production using the Company’s one-pot process; and
- C. As partial consideration for the Investor agreeing to enter into the Subscription Agreement, the Company has agreed to provide the Investor with the rights provided for herein.

NOW THEREFORE, in consideration of the respective covenants and agreements of the parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree hereto as follows:

SECTION 1 GENERAL

1.1 Definitions

As used in this Agreement the following terms shall have the following respective meanings:

- (a) “**Affiliate**” has the meaning given to it in National Instrument 45-106 – *Prospectus Exemptions* (“**NI 45-106**”), subject to the terms “person” and “issuer” in NI 45-106 being ascribed the same meaning as the term “Person” in this Agreement;
- (b) “**Agreement**” means this investor rights agreement among the Company and the Investor and all schedules hereto, as well as any amendment or modification which may be made hereto in writing as permitted by Section 6.4 from time to time;

- (c) “**Board**” means the board of directors of the Company;
- (d) “**Bought Deal**” means a sale of securities of the Company to underwriters for reoffering to the public as described in the definition of “bought deal agreement” in Section 7.1 of National Instrument 44-101 – *Short Form Prospectus Distributions*;
- (e) “**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia or Japan;
- (f) “**Closing Date**” has the meaning given to that term under the Subscription Agreement;
- (g) “**Collaboration Agreement**” means the collaboration agreement dated October 4, 2023 entered into by the Company and the Investor;
- (h) “**Company**” has the meaning set forth in the preamble hereto;
- (i) “**Common Shares**” means the common shares in the share capital of the Company;
- (j) “**Control**”, “**Controlled by**” and “**under common Control with**”, as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise;
- (k) “**Convertible Securities**” means any evidences of indebtedness, shares or other securities directly or indirectly convertible, exchangeable or exercisable for or into, with or without consideration, any Common Shares or other equity security of the Company, including any warrants, options, convertible debt or other rights;
- (l) “**Hostile Action**” has the meaning set forth in Section 3.1;
- (m) “**Investor**” has the meaning set forth in the preamble hereto;
- (n) “**Investor Group**” means the Investor and any of its Affiliates;
- (o) “**Investor Percentage**” means the percentage of the Common Shares owned beneficially by the Investor and its Affiliates, collectively, calculated in accordance with Section 1.3;
- (p) “**New Securities**” has the meaning set forth in Section 2.1(a);
- (q) “**Offered Securities**” has the meaning set forth in Section 2.1(a);
- (r) “**Outstanding Equity Securities**” means the number of the Common Shares and other equity securities issued or outstanding at a particular time on a non-diluted basis;
- (s) “**Parties**” means, collectively, the Company and the Investor and “**Party**” means either one of them;
- (t) “**Person**” means any individual, corporation or company with or without share capital, partnership, joint venture, association, trust, unincorporated organization, trustee, executor,

administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

- (u) “**Restricted Period**” has the meaning set forth in Section 3.1;
- (v) “**Shareholders**” means the shareholders of the Company;
- (w) “**Subscription Agreement**” means the subscription agreement dated September 23, 2023 entered into by the Company and the Investor;
- (x) “**Subscription Shares**” means the 5,498,355 Common Shares purchased by the Investor pursuant to the Subscription Agreement;
- (y) “**Third Party**” has the meaning set forth in Section 2.1(a); and
- (z) “**TSX**” means the Toronto Stock Exchange.

1.2 Rules of construction

In this Agreement:

- (a) the recitals form an integral part of this Agreement;
- (b) the terms “**Agreement**”, “**this Agreement**”, “**the Agreement**”, “**hereto**”, “**hereof**”, “**herein**”, “**hereby**”, “**hereunder**” and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;
- (c) references to a “**Section**” or “**Schedule**” followed by a number or letter refer to the specified Section of or Schedule to this Agreement;
- (d) the division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (e) words importing the singular number only shall include the plural and *vice versa* and words importing the use of any gender shall include all genders;
- (f) the word “**including**” is deemed to mean “including without limitation”;
- (g) any reference to a statute, regulation or rule shall be construed to be a reference thereto as the same may from time to time be amended, re-enacted or replaced, and any reference to a statute shall include any regulations or rules made thereunder;
- (h) all dollar amounts refer to Canadian dollars;
- (i) any time period within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and

(j) whenever any action is required to be taken or period of time is to expire on a day other than a Business Day, such action shall be taken or period shall expire on the next following Business Day.

1.3 Calculation of Investor Percentage

For the purpose of this Agreement, the Investor Percentage at any given time shall be calculated by using the number of the Common Shares then owned directly or beneficially by, or over which control or direction is exercised by, the Investor Group (assuming the exercise or conversion of Convertible Securities owned or controlled or directed by the Investor Group) and dividing such number by the number of Outstanding Equity Securities (assuming the exercise or conversion of Convertible Securities owned or controlled or directed by the Investor Group but otherwise calculated on a non-diluted basis).

SECTION 2 PRE-EMPTIVE RIGHTS

2.1 Pre-emptive Rights

(a) If the Company allots or issues any Common Shares or Convertible Securities (as the case may be, the “**New Securities**”) to any Person other than an Investor Group member (a “**Third Party**”), then the Company shall offer to the Investor the opportunity to subscribe, and, subject to any TSX or other stock exchange requirements, the Company hereby grants the Investor the right to subscribe, for such number of securities (the “**Offered Securities**”) of the same class as (or otherwise having attributes identical to) the securities comprising the New Securities such that the ratio that the Offered Securities bears to the sum of the New Securities and the Offered Securities is the same as the Investor Percentage.

(b) Such Offered Securities shall be offered and, if applicable, issued to the Investor on the same terms and conditions (including price) as the terms and conditions on which the New Securities are to be or were allotted or issued to the Third Party; provided that, if the structure of the offering of the New Securities does not permit (or does not practically permit, including with respect to the time periods contemplated or otherwise) the Investor to participate directly, then such Offered Securities may be offered by way of a separate concurrent private placement to the Investor Group or by way of a separate private placement to the Investor Group completed as soon as practicable thereafter, but in accordance with the time periods set out in Section 2.2, it being understood and agreed that irrespective of the structure, the intention of the Parties is to ensure consistence of terms and conditions.

2.2 Pre-emptive Rights Process

(a) Any offer required to be made under Section 2.1 shall be made by written notice to the Investor in accordance with Section 6.13, referencing Section 2.1 and specifying the number and class of securities offered, the subscription price, any other terms and conditions and the period, being at least 10 Business Days, within which the offer, if not accepted, will be deemed to have been declined. Notwithstanding the foregoing, in the case of a Bought Deal or “overnight marketed” prospectus offering, the Company shall give the Investor Group as much prior written notice as is practicable under the circumstances given the speed and urgency with which Bought

Deals and “overnight marketed” prospectus offerings are conducted and the Investor shall have not less than one (1) Business Day from the time the Investor receives notice of such Bought Deal or “overnight marketed” prospectus offering, from the Company to provide written notice of its acceptance to participate.

(b) In response to any offer required to be made under Section 2.1, the Investor may elect to participate in such offer by providing a written notice to the Company within the acceptance period set forth in the notice under Section 2.2(a), which acceptance notice shall set forth the maximum amount of such offer for which the Investor wishes to subscribe.

(c) The Investor and the Company shall use commercially reasonable efforts to complete the issuance of Common Shares issued to the Investor pursuant to the exercise of the right under Section 2.1 concurrently with the completion of the securities issuance related to the applicable exercise of such offer (or as soon as practicable thereafter); provided that in no event shall the Investor be required by the Company to close any subscription for its respective portion of the issuance prior to 10 Business Days (or one (1) Business Days in the case of a Bought Deal or “overnight marketed” prospectus offering) from the date of the acceptance of the offer by the Investor under Section 2.2(b); and provided further that the failure of the Investor to so subscribe within such period shall not in any way affect or impede the ability of the Company to complete the issuance of the New Securities to any Third Party at the end of such time period.

2.3 Pre-emptive Rights Exclusions

(a) The Company shall not be obligated to make an offer under or to otherwise comply with, and the Investor shall have no right to acquire any securities pursuant to, Section 2.1, if the New Securities were issued pursuant to:

(i) options or other securities issued under compensatory plans in favour of the management, directors, employees or consultants of the Company to purchase Common Shares;

(ii) a share split, share dividend or any similar recapitalization offered to all Shareholders holding Common Shares and in which all Shareholders are affected equally (provided that nothing in this Section 2.3(a)(ii) restricts the Investor from accepting that offer as a Shareholder);

(iii) a shareholder rights plan of the Company;

(iv) the exercise, conversion or exchange of any Convertible Securities that were issued by the Company and were outstanding on or prior to the date hereof or which were issued subsequent to the date hereof as New Securities issued in compliance with Section 2.1 or pursuant to the provisions of this Section 2.3;

(v) a consolidation, amalgamation, merger, arrangement, corporate reorganization or similar transaction or business reorganization with respect to the Company, in each case resulting in a combined corporation;

(vi) as full or partial consideration for any shares, business, assets or property acquired by the Company or its subsidiaries or in connection with a joint venture or collaboration; or

- (vii) as compensation for services rendered in support of equity financings of the Company.

SECTION 3 STANDSTILL

3.1 Standstill

Subject to sections 3.2 and 3.3, the Investor shall not (and it shall cause its Affiliates to not), in any manner, directly or indirectly for a period of 24 months from the Closing Date (the “**Restricted Period**”):

- (a) subject to Section 3.3, acquire any Common Shares or Convertible Securities;
- (b) without the prior consent of the Board, commence a take-over bid for any securities of the Company or effect, seek, offer or propose any take-over bid, amalgamation, merger, arrangement, business combination, re-organization, restructuring or liquidation with respect to the Company or any of its subsidiaries, or disposition of more than a majority of the assets of the Company;
- (c) solicit proxies from Shareholders or form, join or participate in a group to so solicit, other than any solicitation of proxies voting in favour of the nominees of management of the Company for election to the Board;
- (d) advise or encourage any person (including forming a “group” with any such person) proposing any of the foregoing; or
- (e) make any public announcement or take any action in furtherance of the foregoing,

(each, a “**Hostile Action**”).

3.2 Exceptions to Standstill in the Event of Sale of Company

- (a) The provisions of Section 3.1 shall cease to apply, and the Investor and its Affiliates shall be permitted to take a Hostile Action, from and after:
 - (i) the commencement or public announcement of a take-over bid by a Person or Persons that are not part of the Investor Group, which if completed would result in the acquisition of 50% or more of the then outstanding voting securities of the Company by any such person or group of persons; or
 - (ii) the approval or entering into by the Company of, or the public announcement of the approval or entering into by the Company of, a transaction or definitive agreement providing a transaction (including any merger, business combination, amalgamation, arrangement, re-organisation, restructuring or similar transaction), which if completed would result in the acquisition of 50% or more of the then outstanding voting securities of the Company or more than a majority of the assets of the Company by any Person or group of Persons that are not part of the Investor Group.

(b) For the avoidance of doubt, the Investor may during the Restricted Period make confidential proposals and related communications to the Company or the Board from time to time and contact the Company or its Representatives directly on a confidential basis in connection with a Hostile Action, provided however that the foregoing shall not relieve the Investor from its obligations under Section 3.1.

3.3 Exceptions to Standstill for Certain Purchases

(a) Notwithstanding Section 3.1, the Investor and its Affiliates are permitted to make market and private purchases of Common Shares or Convertible Securities during the Restricted Period provided that the Investor shall not during the Restricted Period make any market or private purchases of Common Shares or Convertible Securities, if, after completion of any such purchase, the Investor Percentage would exceed 9.9%.

(b) For the avoidance of doubt, nothing in this Section 3.3 restricts the Investor or its Affiliates from exceeding the Investor Percentage of 9.9% if that outcome results from:

(i) the purchase of the Subscription Shares pursuant to the terms of the Subscription Agreement; and/or

(ii) the exercise of the pre-emptive rights under Section 2.1 (including any Common Shares or Convertible Securities issued upon the exercise of those pre-emptive rights).

SECTION 4 RESTRICTIONS ON TRANSFER

Except as otherwise provided hereunder, the Investor shall not (and shall cause its Affiliates to not), in any manner, directly or indirectly, until after the 12 month anniversary of the Closing Date, without the Company's prior written consent, transfer, sell or otherwise dispose of any interest in the Subscription Shares, except:

(a) to an Affiliate, provided such Affiliate agrees to the restrictions on transfer in this Section 4 and such transfer is made in compliance with Section 6.5; or

(b) following the approval or entering into by the Company of, or the public announcement by the Company, of a transaction or definitive agreement (including any merger, business combination, amalgamation, arrangement, reorganisation, restructuring or similar transaction), which if completed would result in the acquisition of 50% or more of the then outstanding voting securities of the Company or more than a majority of the assets of the Company, by any Person or group of Persons, that are not part of the Investor Group.

SECTION 5 TERMINATION

This Agreement shall terminate on the earlier of:

(a) if the Investor does not purchase within the time periods contemplated in Section 2.2(c) all of the Offered Securities which it is entitled to purchase in two subsequent offerings of New

Securities by the Company over any 24-month period after the Closing Date, the date the second offering of New Securities closes, provided that, if the Company does not complete two offerings during such 24-month period, the time period for participation in offerings for purposes of this termination right shall be extended accordingly; and

(b) the third anniversary of the Closing Date;

provided that notwithstanding such termination,

(c) if such termination occurs prior to the end of the Restricted Period, Section 3 and Section 4 shall survive any termination until the end of the Restricted Period;

(d) Section 6 shall survive any termination; and

(e) termination will not affect the parties' rights and liabilities which may have accrued under this Agreement before the date of termination.

SECTION 6 MISCELLANEOUS

6.1 Governing Law; Specific Performance

This Agreement shall be governed by and construed under the laws of the Province of British Columbia and the federal laws applicable therein. It is agreed and understood that monetary damages would not adequately compensate an injured party for the breach of this Agreement by any party, that this Agreement shall be specifically enforceable, and that any breach or threatened breach of this Agreement shall be the proper subject of a temporary or permanent injunction or restraining order, without bond. Further, each party hereto waives any claim or defense that there is an adequate remedy at law for such breach or threatened breach.

6.2 Further Assurances

Each of the parties hereto shall, from time to time hereafter and upon any reasonable request of the other, promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things as may be required or necessary for the purposes of giving effect to this Agreement.

6.3 Statements as to Factual Matters

All statements as to factual matters contained in the recitals, any certificate or other instrument delivered pursuant hereto in connection with the transactions contemplated hereby shall be deemed to be representations and warranties under this Agreement.

6.4 Amendments

No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall

constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

6.5 Assignment

No party may assign any of its rights or benefits under this Agreement, or delegate any of its duties or obligations, except with the prior written consent of the other party. Notwithstanding the foregoing, the Investor may assign and transfer all of its rights, benefits, duties and obligations under this Agreement in their entirety, upon 10 Business Days' prior written notice to the Company, to an Affiliate of the Investor in connection with either an assignment or transfer of the Subscription Agreement and an assignment or transfer of all of the Subscription Shares.

6.6 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by and against the parties and their respective permitted assigns and successors or executors or administrators.

6.7 Entire Agreement

This Agreement, the Subscription Agreement, the Collaboration Agreement and the other agreements and documents delivered pursuant hereto and thereto constitute the entire understanding and agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings, negotiations and discussions, whether written or oral, including the Memorandum of Understanding dated April 28, 2023. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement, the Subscription Agreement and the Collaboration Agreement.

6.8 Public Filing

The parties hereby acknowledge that the Company will file this Agreement on the System for Electronic Document Analysis and Retrieval (SEDAR) available at www.sedar.com.

6.9 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

6.10 Delays or Omissions

It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any holder, upon any breach, default or noncompliance of any party under this Agreement shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on any party's part of any breach, default or noncompliance under the Agreement or any waiver on such party's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to holders, shall be cumulative and not alternative.

6.11 Counterparts

This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in any number of counterparts (including by electronic mail), with the same effect as if all parties had signed and delivered the same document, and all counterparts shall be construed together to be an original and will constitute one and the same agreement.

6.12 Expenses

Each party will pay for its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated herein, including the fees and expenses of legal counsel, financial advisors, accountants, consultants and other professional advisors.

6.13 Notices

Any notices, requests, demands, designations and other communications required or permitted in this Agreement shall be effective if in writing and (i) delivered personally, (ii) sent by e-mail, or (iii) sent by overnight courier, in each case, addressed as follows:

(a) in the case of the Investor:

Sumitomo Metal Mining Co. Ltd.
[Redacted]

Attention: [Redacted]
Email: [Redacted]

with a copy to:

[Redacted]

Attention: [Redacted]
Email: [Redacted]

(b) in the case of the Company:

Nano One Materials Corp.
101B – 8575 Government Street
Burnaby, British Columbia V3N 4V1
Canada

Attention: [Redacted]
Email: [Redacted]

with a copy to:

Fasken Martineau DuMoulin LLP
550 Burrard Street
Vancouver, British Columbia V6C 0A3
Canada

Attention: [Redacted]
Email: [Redacted]

Unless otherwise specified herein, such notices or other communications shall be deemed to have been delivered (i) on the date received, if personally delivered, (ii) on the date received if delivered by e-mail on a Business Day before 5:00 p.m. (local time at the recipient's location), or if not delivered on a Business Day or after 5:00 p.m. (local time at the recipient's location) on a Business Day, on the first Business Day thereafter and (iii) two (2) Business Days after being sent by overnight courier. Each party shall be entitled to specify at any time a different address for service by giving notice as aforesaid to the other party in accordance with this Section 6.13.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Investor Rights Agreement as of the date set forth above.

SUMITOMO METAL MINING CO. LTD.

Per: *(signed)* _____
Name:
Title:

NANO ONE MATERIALS CORP.

Per: *(signed)* _____
Name:
Title:

Per: *(signed)* _____
Name:
Title: