

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada except Quebec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See "Plan of Distribution".*

*The securities offered by this short form prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States (as such term is defined under Regulation S promulgated under the U.S. Securities Act) except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".*

*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Executive Officer of Zentek Ltd. at 210-1205 Amber Drive, Thunder Bay, Ontario P7B 6M4, telephone (705) 618-0900, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## PRELIMINARY SHORT FORM PROSPECTUS

New Issue

November 22, 2021

# zentek

ZENTEK LTD.

**\$30,010,172**

**5,129,944 Common Shares**

**\$5.85 per Common Share**

This short form prospectus (the "**Prospectus**") is being filed in each of the provinces of Canada except Quebec (the "**Qualifying Jurisdictions**") by Zentek Ltd. (the "**Company**") to qualify the distribution of 5,129,944 common shares in the capital of the Company (each a "**Common Share**") at a price of \$5.85 per Common Share (the "**Offering Price**") for gross proceeds of \$30,010,172.40 (the "**Offering**"). 3,419,000 of such Common Shares (the "**Underwriter Shares**") will be issued and sold pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated November 22, 2021 between the Company, Eight Capital ("**Eight**") as lead underwriter and sole book runner, Leede Jones Gable Inc. and Research Capital Corporation (together with Eight, the "**Underwriters**" and, individually, an "**Underwriter**"). The Offering Price and certain other terms of the offering of the Underwriter Shares (the "**Underwritten Offering**") were determined by arm's length negotiation between the Company and Eight, with reference to the prevailing market price of the Common Shares on the TSX Venture Exchange ("**TSXV**"). 1,710,944 of such Common Shares (the "**Issuer-Direct Shares**") will be issued to certain purchasers (the "**Issuer-Direct Purchasers**") who have agreed to purchase the Common Shares directly from the Company at the Offering Price, for gross proceeds of \$10,009,022.40. See "**Plan of Distribution**".

The Common Shares are traded on the TSXV under the symbol "ZEN", and on the Frankfurt Stock Exchange under the symbol "A3C6TM" and are quoted on the OTCQB Venture Market in the United States under the symbol "ZENYF". The Company has also made application to list the Common Shares on the Nasdaq Capital Market ("**Nasdaq**"). On November 15, 2021, the last trading day prior to the announcement of the Offering, the closing prices of the Common Shares on the TSXV and the OTCQB Venture Market and the Frankfurt Stock Exchange were \$7.14, US\$5.70 and €4.74, respectively, and on November 19, 2021, the last trading day prior to the filing of this Prospectus, the closing prices of the Common Shares on the TSXV, the OTCQB Venture Market were \$6.84, US\$5.42 and €4.73, respectively. The Company will apply to list the Common Shares and the Option Shares (as defined herein) issuable pursuant to this Prospectus on the TSXV. Listing will be subject to the Company fulfilling all of the listing requirements of the TSXV.

	Price to the Public <sup>(1)</sup>	Underwriters' Fee <sup>(2)</sup>	Net Proceeds to the Company <sup>(3)</sup>
Per Underwriter Share	\$5.85	\$0.351	\$5.499
Per Issuer-Direct Share	\$5.85	nil	\$5.85
Total <sup>(4)</sup>	\$30,010,172.40	\$1,200,069	\$28,810,103.40

Notes:

- (1) The Offering Price for the Underwriter Shares was determined by arm's length negotiation between the Company and the Underwriters, with reference to the prevailing market price of the Common Shares.
- (2) In consideration for the services rendered by the Underwriters in connection with the Underwritten Offering, the Underwriters will be paid a cash fee (the "**Underwriters' Fee**") equal to 6% of the gross proceeds of the Underwriter Shares under the Offering (including pursuant to any exercise of the Over-Allotment Option, (as defined herein)). No fees are payable to the Underwriters in connection with the issuance and sale of Common Shares to the Issuer-Direct Purchasers (the "**Issuer Direct-Offering**"), and such purchasers shall waive any and all prospectus liability claims against the Underwriters associated with the purchase by the Issuer-Direct Purchasers of Common Shares pursuant to the Issuer-Direct Offering. See "*Plan of Distribution*".
- (3) As no fee is payable to the Underwriters on any Common Shares purchased by the Issuer-Direct Purchasers (and such purchasers shall waive any and all prospectus liability claims against the Underwriters associated with the purchase by the Issuer-Direct Purchasers of Common Shares pursuant to the Issuer-Direct Offering), the total "Underwriters' Fee" and "Net Proceeds to the Company" have been calculated by excluding the fee of \$0.351 per Common Share from the 1,710,944 Common Shares to be purchased by the Issuer-Direct Purchasers in the aggregate. The "Net Proceeds to the Company" also exclude the Company's expenses of the Offering including in connection with the preparation and filing of this Prospectus (estimated to be approximately \$300,000), which, together with the Underwriters' Fee, will be paid from the gross proceeds of the Offering.
- (4) The Company has granted the Underwriters an option (the "**Over-Allotment Option**"), exercisable in whole or in part in the sole discretion of the Underwriters at any time and from time to time up to 30 days from and including the Closing Date (as defined herein), to purchase up to an additional 512,850 Common Shares (the "**Option Shares**") (representing up to 15% of the number of Common Shares sold pursuant to the Underwritten Offering, at the Offering Price, to cover over-allocations, if any, made by the Underwriters and for market stabilization purposes. A person who acquires securities forming part of the Underwriters' over-allocation position acquires those securities under this Prospectus regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, and assuming no fees are paid to the Underwriters in respect of the Issuer-Direct Offering, the total Price to the Public, Underwriters' Fee and Net Proceeds to the Company will be \$33,010,344.90, \$1,380,079.35 and \$31,630,265.55, respectively, before deducting the expenses of the Offering. This Prospectus also qualifies the distribution of the Over-Allotment Option and the issuance of the Option Shares pursuant to the exercise of the Over-Allotment Option. References in this Prospectus to the "Underwriter Shares" includes the Option Shares, and references in this Prospectus to the "Underwritten Offering" includes the Over-Allotment Option, if and to the extent exercised. See "*Plan of Distribution*" and the table below.

The following table sets out the number of options and other compensation securities that have been issued or may be issued by the Company to the Underwriters and which are exercisable to acquire Common Shares:

Underwriters' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option <sup>(1)</sup>	512,850 Option Shares	30 days after and including the Closing Date	\$5.85 per Option Share
<b>Total</b>	512,850 Common Shares		

Notes:

- (1) This Prospectus qualifies the grant of the Over-Allotment Option and the issuance of the Option Shares issuable upon exercise of the Over-Allotment Option. See "*Plan of Distribution*".

The Underwriters conditionally offer the Underwriter Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters by Irwin Lowy LLP, on behalf of the Company, and by DLA Piper (Canada) LLP, on behalf of the Underwriters.

The Offering Price for the Underwriter Shares offered under this Prospectus and certain other terms of the Underwritten Offering were determined by arm's length negotiation between the Company and Eight. The Underwriters may offer the Underwriter Shares at a price lower than the Offering Price. See "*Plan of Distribution*". Notwithstanding any such reduction by the Underwriters in the Offering Price, the Company will still receive net proceeds of \$5.499 per Underwriter Share purchased by the Underwriters under the Underwritten Offering.

Subscriptions for the Underwritten Offering will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about December 8, 2021 or such other date as Eight and the Company may agree upon (the "**Closing Date**"); however, the Underwriter Shares offered pursuant to this Prospectus are to be taken up by the Underwriters, if at all, on or before a date that is not later than 42 days after the date of the receipt for the final short form prospectus. The Common Shares will be issued as non-certificated securities registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**"), which shall include Common Shares issued to purchasers in the United States that are "qualified institutional

buyers” (“**Qualified Institutional Buyers**”) within the meaning of Rule 144A (“**Rule 144A**”) under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and no certificates representing Common Shares will be issued under the Offering, except in certain limited circumstances. A purchaser of Common Shares in the United States that is an “accredited investor” (“**U.S. Accredited Investor**”) within the meaning of Rule 501(a) of regulation D under the U.S. Securities Act will receive definitive physical certificates representing the Common Shares. See “*Plan of Distribution*” and “*Depository Services*”.

Subject to applicable laws, the Underwriters may, in connection with the Underwritten Offering, over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Common Shares offered by this Prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

**The Company has not authorized anyone to provide purchasers with information different from that contained or incorporated by reference in this Prospectus. An investment in the Common Shares is speculative and involves a high degree of risk and must be considered speculative due to the nature of the Company’s business and the current stage of operations. Prospective investors should carefully review and consider the risk factors described in and incorporated by reference in this Prospectus. See “*Forward-Looking Information*” and “*Risk Factors*” in this Prospectus and in the AIF (as defined herein), “*Forward Looking Statements*” and “*Risks and Uncertainties*” in the Annual MD&A (as defined herein) and “*Forward Looking Statements*” and “*Risks and Uncertainties*” in the Interim MD&A (as defined herein).**

You should rely only on the information contained in this Prospectus (including the documents incorporated herein by reference). Neither the Company nor the Underwriters have authorized anyone to provide you with information different from that contained in this Prospectus. Readers should not assume that the information contained or incorporated by reference in this Prospectus is accurate as of any date other than the date on the front of this Prospectus or the respective dates of the documents incorporated by reference herein. The Company does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

The Company’s head and registered office is located at 210-1205 Amber Drive, Thunder Bay, Ontario, P7B 6M4.

All references herein to “\$” are to Canadian dollars unless otherwise specified.

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## FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated into this Prospectus contain such forward-looking statements and “forward-looking information” within the meaning of applicable Canadian securities laws (such forward-looking statements and forward-looking information being collectively hereinafter referred to as “forward-looking statements”). Forward-looking statements are based on expectations, estimates and projections as at the date of this Prospectus or the dates of the documents incorporated by reference herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as “expects”, “is expected”, “anticipates”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends”, or variations of such words and phrases (including negative and grammatical variations), or stating that certain actions, events or results “may” or “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: statements relating to the completion and expected timing of the Offering; the receipt of required regulatory (including stock exchange) approvals in respect of the Offering; statements relating to the net proceeds from the Offering, the Company’s use of the net proceeds from the Offering and the results of activities conducted using such net proceeds; the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company, including with respect to ongoing research and development activities, studies being conducted in respect of the Company’s products and the engineering for a plant to produce GO (as defined herein) and GO-silver; market position; ability to compete and future financial or operating performance of the Company; anticipated developments in the operations of the Company; the timing and amount of funding required to execute the Company’s business plans; capital expenditures; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the length of time required to obtain permits, certifications and approvals; the availability of labour; the potential expansion into the United States and other international jurisdictions selected by the Company; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; statements relating to the duration and effects of COVID-19 and any other pandemics on the Company’s workforce, business, operations and financial condition; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Company’s management, as well as on assumptions, which management of the Company believes to be reasonable based on information available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause results, performance or achievements to differ from those expressed or implied by the forward-looking statements, including, without limitation, related to the following: no operating revenues and history of losses, no guarantee of success, intellectual property, lack of revenue from graphene sales, product development and technological change, market development and growth, unpredictable sales cycles, government regulation and import/export controls, industry competition, lack of trading market for graphene, shortages, need for additional funding, no history of operations on mineral property, preliminary economic assessments, single primary asset, estimates of mineral resource risks, infrastructure, property titles, first nations, going concern, commodity markets, market fluctuation and commercial viability, operating hazards and risks, health, safety and community relations, environmental protection, pre-existing environmental liabilities, mining risks and insurance, reliance on key personnel, liquidity risk, share price fluctuations, public health crises such as the COVID-19 pandemic, climate change, conflicts of interest, uninsurable risks, cybersecurity threats, dilution and no dividends; which are outlined under the heading “*Risk Factors*” in the AIF, which is incorporated herein by reference.

The lists of risk factors set out herein and/or in the documents incorporated by reference into this Prospectus are not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results, performance or achievements could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Prospectus generally and certain economic and business factors, some of which may be beyond the control of the Company. In addition, global financial and credit markets have experienced significant debt and equity market and commodity price volatility, which could have a particularly significant, detrimental and unpredictable

effect on forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, prospective investors should not place undue reliance on forward-looking statements.

## FINANCIAL INFORMATION

The financial statements of the Company incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are reported in Canadian dollars.

## TRADE NAMES

This Prospectus and the documents incorporated herein by reference contain names, product names, trade names, trademarks and service marks of the Company. The Company owns or has rights to trademarks, service marks or trade names that it uses in connection with the operation of its business. In addition, the Company's name and logo are its service marks or trademarks. The other trademarks, trade names and service marks appearing in this Prospectus are the property of their respective owners. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this Prospectus are typically listed without the ©, ® and ™ symbols, but the Company will assert, to the fullest extent under applicable law, its rights or the rights of the applicable licensors to these trademarks, service marks and trade names.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Irwin Lowy LLP, counsel to the Company, in respect of the Underwriter Shares and the Issuer-Direct Shares, and DLA Piper (Canada) LLP, counsel to the Underwriters, in respect of the Underwriter Shares only, based on the provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder in force on the date hereof, the Common Shares issuable pursuant to this Prospectus, if issued on the date hereof, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, tax-free savings account ("**Registered Plans**") or a deferred profit sharing plan, provided that the common shares of the Company are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSXV).

Notwithstanding the foregoing, if the Common Shares are a "**prohibited investment**" (as defined in the Tax Act) for a particular Registered Plan, the annuitant, holder, or subscriber of the particular Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Common Shares will not be a "prohibited investment" for a Registered Plan provided the annuitant, the holder, or the subscriber, as the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest", within the meaning of subsection 207.01(4) of the Tax Act, in the Company. In addition, the Common Shares will not be a prohibited investment if such securities are "excluded property", for purposes of the prohibited investment rules, for a Registered Plan. Prospective investors should consult their own tax advisors as to whether the Common Shares will be a prohibited investment for such Registered Plan in their particular circumstances.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this Prospectus from documents filed with provincial securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Executive Officer of the Company at 210-1205 Amber Drive, Thunder Bay, Ontario, P7B 6M4, telephone (705) 618-0900, and are also available electronically at [www.sedar.com](http://www.sedar.com). The filings of the Company through the System for Electronic Document Analysis and Retrieval ("**SEDAR**") are not incorporated by reference in this Prospectus except as specifically set out herein.

The following documents, filed by the Company with the various provincial securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- a) the annual information form of the Company, dated July 27, 2021, for the year ended March 31, 2021 (the "**AIF**");

- b) the audited consolidated financial statements of the Company for the year ended March 31, 2021 and the related notes thereto and auditor's report thereon;
- c) the Company's management's discussion and analysis for the year ended March 31, 2021;
- d) the unaudited condensed interim consolidated financial statements of the Company for the three months ended June 30, 2021 and the related notes thereto (the "**Interim Financial Statements**");
- e) the Company's management's discussion and analysis for the three months ended June 30, 2021 (the "**Interim MD&A**");
- f) the material change report dated April 19, 2021 relating to the completion of a private placement of 1,735,199 units of securities of the Company for gross proceeds of \$4,377,998;
- g) the material change report dated November 2, 2021 relating to the development of new carbon-based nanotechnology-enhanced icephobic coating;
- h) the material change report dated November 4, 2021 relating to the change of the Company's name to Zentek Ltd.; and
- i) the management information circular of the Company dated August 19, 2021 in respect of the Company's annual and special meeting of shareholder held on September 27, 2021.

Any other documents of the type referred to in National Instrument 44-101 — *Short Form Prospectus Distributions* ("**NI 44-101**") required to be incorporated by reference in a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), financial statements and related management's discussion and analysis, business acquisition reports and information circulars, if filed by the Company with the provincial securities commissions or similar authorities in Canada subsequent to the date of this Prospectus and prior to the completion of the distribution of the Common Shares, are deemed to be incorporated by reference in this Prospectus.

**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed to constitute a part of this Prospectus, except as so modified or superseded.**

#### **MARKETING MATERIALS**

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that is used by the Underwriters in connection with the Offering does not form a part of this Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus. Any template version of any marketing materials that has been, or will be, filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus.

## THE COMPANY

The Company was incorporated as “1774119 Ontario Limited” under the *Business Corporations Act* (Ontario) on July 29, 2008. On November 24, 2009, the Company filed Articles of Amendment changing the name from “1774119 Ontario Limited” to “Zenyatta Ventures Ltd.” On January 16, 2019, the Company filed Articles of Amendment changing the name from “Zenyatta Ventures Ltd.” to “ZEN Graphene Solutions Ltd.” On October 27, 2021 (effective October 28, 2021), the Company filed Articles of Amendment changing the name from “ZEN Graphene Solutions Ltd.” to “Zentek Ltd.”

The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

## BUSINESS OF THE COMPANY

The Company commenced operations as a junior mineral exploration company focused primarily on mineral deposits in Northern Ontario, Canada. The Company was actively engaged in exploring mining projects and held an interest in exploration licences on properties in the “Arc of Fire” area in Northern Ontario, Canada. The properties, located north of Lake Superior and west of James Bay in north-western Ontario, Canada, were unpatented, non-contiguous, and consisted of nine claim blocks, including 234 claims comprised of 3,549 claim units over a total of 56,784 ha. Within such claim blocks, the Company still holds a 100% undivided interest in Claim Block 4F, which hosts the igneous-hosted, fluid-derived graphite deposit (the “**Albany Graphite Project**”). The Company did extensive work to determine potential uses for the graphite materials extracted from the Albany Graphite Project, including engaging in testing and studies on graphene materials.

In November 2019, the Company entered into an 18-month exclusive initial option agreement with the University of Guelph for intellectual property regarding an electrochemical exfoliation (“**ECE**”) process to produce graphene oxide (“**GO**”).

In February of 2020, the Company opened a research facility in Guelph, Ontario, to support its university and industrial partners’ ongoing research and to scale-up production of graphene product. Subsequently, the COVID-19 pandemic halted research at the Company’s collaborators’ laboratories. The Company pivoted to focus its resources to develop graphene-based solutions for the fight against COVID-19.

On June 8, 2020, the Company reported that it would be providing GO produced at its facility in Guelph, Ontario using material from the Albany Graphite Project for development of a rapid, ultrasensitive and low-cost biosensor to detect the presence of the SARS-CoV-2 antigen and/or antibodies in COVID-19 suspected patients. This research was funded by an initial grant of approximately \$400,000 from the National Sciences and Engineering Council.

On September 22, 2020 the Company announced, based on the results from a report to the Company dated September 18, 2020 from the ImPaKT Centre at the University of Western Ontario entitled “*Zen Graphene – Lab Test Report No. Z03-092020*”, the development and successful testing of a patent-pending graphene oxide/silver compound that showed to be 99.9% effective against COVID-19 virus a minimum of 35 days after application of the coating to N95 mask material. On December 22, 2020, the Company announced the successful testing at the Department of Microbiology at Mount Sinai Hospital/University Health Network of the graphene oxide/silver compound that showed to be 99.9% effective against both gram-positive and gram-negative aerobic bacteria as well as against fungus/yeast, based on a report to the Company dated December 18, 2020 entitled “*Evaluation of Graphene Oxide with Silver Cations (GO-Ag+) as an Antibacterial Agent against Respiratory Pathogens*”. The Company has filed three patent applications relating to its antimicrobial coating, and on April 13, 2021 announced the brand name ZENGuard™ for such coating.

The Company has entered into a License and Supply Agreement dated September 24, 2021 with Trebor Rx Corp. (“**Trebor**”), a Canadian manufacturer of personal protective equipment (“**PPE**”) and masks with a production facility located in Collingwood, Ontario, pursuant to which the Company granted a non-exclusive non-transferable license to Trebor to use the Zenguard™ coating in certain specified Trebor products displaying the Company’s branding, including surgical masks, mask filters, nitrile gloves, surgical gowns and scrubs and other healthcare and similar such products, and an exclusive license to sell and distribute ZENGuard™ coated Elastomeric Respirator Mask filters, whether fixed or replaceable, such exclusive license remaining in force only so long as Trebor sells a minimum of 60,000,000 filters per year with annual growth of at least 10%. Trebor agreed to use the ZENGuard™ coating on all

of its products sold unless the purchaser specifically refuses to the ZENGuard™ coated products, and agreed to purchase the ZENGuard™ coating from the Company by way of cash payments for a supply based on demand for Trebor products.

To meet anticipated demand for its ZENGuard™ proprietary antimicrobial compound, the Company began sourcing graphene oxide (“GO”) from third parties for the production of the ZENGuard™ coating. On November 11, 2021, the Company announced that it had reached an agreement to secure the necessary supply of GO to produce enough ZENGuard™ to coat the equivalent of three billion masks, with shipments scheduled to begin in December 2021 and to continue through the first six months of 2022.

The Company is currently in the process of optimizing the concentration and loading of its antimicrobial GO-silver-based nanomaterial and on PPE equipment (surgical masks, gloves and filters). The Company is also exploring the best coating process to apply its antimicrobial product to the various media/materials to ensure that the coating adheres sufficiently to the fibers and surfaces, achieving a consistent particle dispersion and distribution. The Company conducts its own research and development, including product development and optimization, at its laboratory in Guelph, Ontario, and additionally subcontracts product characterization, efficacy testing (viral, bacterial and fungal), coating performance and imaging, etc. The Company is collaborating closely with a number of meltblown polypropylene nonwoven fabric manufacturers and intends to work towards incorporating coating equipment (spray, pad-dry-cure etc.) into their production lines. The Company has engaged the services of an engineering firm to carry out detailed engineering for a plant to produce GO and GO-silver. This will include process design, mechanical and piping layout, electrical layout, civil/structural/architectural design, control systems and engineering. The engineering firm will also assist on budget pricing and bid evaluation. The intention is for the plant to be designed to be modular (sea can-sized modules) that can be transported to the Company’s manufacturing facility in Guelph, Ontario, installed and connected. See “*Risk Factors*”.

Currently the principal markets targeted by the Company are PPE manufacturers (for the use of antimicrobial coatings on surgical masks, filters, cartridges for reusable masks, nitrile gloves, gowns, shoe covers, etc.) and HVAC system manufacturers and suppliers (for the use of antimicrobial coated filters, pre and post-filters, high-efficiency particulate air (HEPA), etc.). The Company is continuing to identify new markets and uses for its graphene-based antimicrobial coating.

The Company works directly with PPE equipment and HVAC filter manufacturers and aims to ultimately supply the antimicrobial coating product directly to the manufacturers for use in their respective production lines, or as pre-coated material/product that will be supplied to manufacturers (e.g., coated polypropylene or polyethylene terathalate meltblown nonwoven media to be used in the construction of a surgical mask, coated nitrile gloves or pre-coated HVAC filtration media). The Company is also actively exploring arrangements with other parties interested in representing the Company and/or distributing its products in other global markets (Europe, India, Australasia, etc.).

Additionally, on June 17, 2021, the Company announced that it had signed an exclusive agreement with McMaster University to be the global commercializing partner for a newly developed aptamer-based, SARS-CoV-2 rapid detection technology. This patent-pending technology is validated with clinical samples from patients recruited under the supervision of two clinicians who also work at McMaster University. The project was funded by the Canadian Institutes of Health Research. This technology has demonstrated to be accurate (similar to current PCR tests), saliva-based, affordable, scalable and can provide results in under ten minutes. A license fee of \$100,000, comprised of \$50,000 cash and \$50,000 in Common Shares of the Company is payable to McMaster University as consideration.

The Company is now an intellectual property development and commercialization company focused on healthcare solutions in the areas of prevention, detection and treatment. The Company is currently focused on commercializing ZENGuard™, as well as on its rapid detection technology. The Company has no current plans to continue any significant work on the Albany Graphite Project and does not require materials extracted from the Albany Graphite Project for its current business plans. On October 18, 2021 the TSXV changed the Company’s classification from a “mining issuer” to an “industrial, technology, or life sciences issuer.” The change of classification was approved by the shareholders of the Company on September 27, 2021, in accordance with the rules and policies of the TSXV.

## **Recent Developments**

On September 22, 2021, the Company announced Health Canada approval of the ZENGuard™ coated disposable face mask manufactured by Trebor.

On September 23, 2021, the Company announced that it had delivered its first shipment of ZENGuard™ antimicrobial coating to Trebor, and commenced generating revenue. The Company also reported that the engineering work on its industrial plant had been completed and had entered the procurement stage.

On September 27, 2021, the Company announced test results from GAPLAB Environmental Microbiology demonstrating significantly enhanced bacterial filtration efficiency and viral filtration efficiency of the ZENGuard™ coating enhanced surgical masks. The ZENGuard™ coated masks were found to have removed 98.9% more bacteria and 97.8% more virus particles compared to a typical ASTM level 3, 3-ply uncoated mask.

On September 27, 2021, the Company announced that it had signed a definitive commercial agreement with Trebor for the manufacturing of ZENGuard™ enhanced PPE.

On October 4, 2021, the Company announced that shareholders had approved all resolutions put forward at the Company's annual and special shareholder meeting, including (i) the appointment of McGovern Hurley, LLP, Chartered Accountants as the auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration; (ii) the election of the directors of the Company for the ensuing year; (iii) the approval of an omnibus long-term incentive plan to potentially be adopted by the Company in the future; (iv) the approval to amend the articles of the Company to change the name of the Company; (v) the approval of a change of business pursuant to the policies of the TSXV such that the Company would cease to be classified as a "Mining Issuer" and would instead be classified as an "Industrial, Technology, or Life Sciences Issuer"; (vi) the authorization of the Company to make an application to voluntarily delist the Common Shares from the TSXV and to apply to list the Company's Common Shares on one or more alternative stock exchanges in Canada or the United States; and (vii) the approval of the Company's existing incentive stock option plan that was first adopted on August 1, 2010.

On October 4, 2021, the Company gave notice of accelerated expiry to the holders of 760,848 common share purchase warrants of the Company, which were issued pursuant to a private placement completed on April 8, 2021 and 1,419,753 warrants of the Company which were issued pursuant to a private placement completed on July 6, 2020, in accordance with the terms thereof, to November 3, 2021. All unexercised warrants following the accelerated expiry time became void and of no further effect. The accelerated expiry for all outstanding warrants of the Company was completed on November 3, 2021, and the Company received approximately \$3,800,000 in proceeds through the exercise of approximately 2,000,000 warrants.

On October 6, 2021, the Company announced that it had filed a full international patent application for its ZENGuard™ compound under the Patent Cooperation Treaty ("PCT") based on the global opportunities for the technology. The University of Guelph also filed a full international patent application under the PCT for the electrochemical exfoliation process to produce GO, which includes automation. Pursuant to a License Agreement dated September 22, 2020 between the Company and the University of Guelph, the Company holds the exclusive global rights to this technology. See "*Risk Factors*".

On October 13, 2021, the Company announced that it had submitted an application to list the Common Shares on Nasdaq. The listing of the Common Shares on Nasdaq remains subject to the approval by Nasdaq and the satisfaction of all applicable listing and regulatory requirements. See "*Risk Factors*".

On October 14, 2021, the Company announced that it had received final approval from the TSXV to change its classification from a "mining issuer" to an "industrial, technology, or life sciences issuer." The change of classification was approved by the shareholders of the Company on September 27, 2021, in accordance with the rules and policies of the TSXV. The change of industry classification was effective on the TSXV as of market open on October 18, 2021.

On October 27, 2021, the Company announced that it had filed articles of amendment to change its name to "Zentek Ltd." The name change was approved by shareholders of the Company at its annual and special meeting held on September 27, 2021.

On November 2, 2021, the Company announced the development of a new, patent-pending, carbon-based, nanotechnology-enhanced coating designed to prevent ice accretion. During the testing process with a 3<sup>rd</sup> party lab, various coatings were tested for adhesion strength as measured by pressure in kilopascals (kPa) required to dislodge ice from the surface. The Company's coating demonstrated an adhesion strength consistently around 20 kPa, a

significant improvement over the current commercial products. For comparison, the ice adhesion strength of a bare aluminum alloy is ~500 kPa while to be classified as icephobic, adhesive strength must be less than 100 kPa. The Company’s preliminary results have demonstrated a 96% improvement over aluminum and 80% improvement over the 100 kPa threshold. The Company’s coating is planned to be included in flight testing on a specially equipped research aircraft under real world ice-forming weather conditions. The Company also intends to test the feasibility of this coating as an effective passive means to de-ice drone propellers in flight to permit all-weather operations. On August 9, 2021, the Company filed a provisional patent on this technology with the United States Patent and Trademark Office. See “*Risk Factors*”.

On November 4, 2021, the Company announced that it had been selected as one of three technologies for phase 1 of the Innovation Solutions Canada (ISC) challenge to develop a portable detection device for SARS-CoV-2 in wastewater. The Company received a \$148,000 award from ISC to develop its first prototype. The Company, in partnership with Dr. Yingfu Li, Dr. John Brennan, and Dr. Leyla Soleymani at McMaster University and Forsee Instruments Ltd., have been chosen to develop a prototype based on the Company’s patent pending aptamer-based saliva sensor to detect SARS-CoV-2 in wastewater samples within the next 4 months. The goal of the ISC challenge, sponsored by the Public Health Agency of Canada and the National Research Council of Canada, is to produce a portable end-to-end SARS-CoV-2 wastewater detection device used for wastewater monitoring and designed to remove delays in the test-to-result pipeline. An additional goal is to provide important outbreak surveillance data to public health units. The challenge is a process whereby one solution that reaches the objectives of the program will receive \$350,000 to further develop the prototype into a final, commercial-ready solution.

On November 9, 2021, the Company provided an update on rapid detection technology. The Company contracted with NeoVentures Biotechnology Inc., which has validated the results from the McMaster University team that was described in the Company’s press release dated June 17, 2021 against spike proteins and is currently optimizing and simplifying the technology in preparation for regulatory submission and commercial production. The Company contracted with axiVEND to optimize the automated process of producing sensors upon which customized aptamers will be deposited. Through consultation with potential partners and in tandem with McMaster University, the Company developed an improved aptamer with a higher binding affinity for the COVID-19 Delta variant, reduced the three-buffer methodology developed by the McMaster University team to a two-buffer approach to simplify the user experience and optimized the production time of the aptamer-based sensor from 18 hours to 30 minutes with more consistent results.

On November 11, 2021, the Company announced that it had reached an agreement to secure the necessary supply of GO to produce enough ZENGuard™ to coat the equivalent of 3 billion masks with shipments scheduled to begin in December 2021 and continue through the first six months of 2022.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated share capitalization of the Company as at June 30, 2021, being the date of the Interim Financial Statements, (i) on an actual basis, (ii) on an adjusted basis to give effect to the Offering (prior to any exercise of the Over-Allotment Option), and (iii) on an adjusted basis to give effect to the Offering assuming the full exercise of the Over-Allotment Option. This table should be read in conjunction with the Interim Financial Statements and the Interim MD&A that are incorporated by reference in this Prospectus.

	As at June 30, 2021 before giving effect to the Offering	As at June 30, 2021 after giving effect to the Offering (prior to any exercise of the Over-Allotment Option)	As at June 30, 2021 after giving effect to the Offering (assuming full exercise of the Over-Allotment Option)
Common Shares	\$48,318,711 (88,947,197 Common Shares <sup>(1)</sup> )	\$77,128,814 <sup>(2)</sup> (94,077,141 Common Shares)	\$79,948,976 <sup>(3)</sup> (94,589,991 Common Shares)
Warrants	3,641,993 <sup>(4)</sup>	3,641,993	3,641,993
Broker Warrants	13,013 <sup>(5)</sup>	13,013	13,013
Stock Options	6,881,667 <sup>(6)</sup>	6,881,667	6,881,667

Notes:

- (1) Since June 30, 2021, the number of Common Shares outstanding increased from 88,947,197 to 92,555,042 as of the date of this Prospectus due to the exercise of 3,550,012 warrants and 43,333 options. As at the date of this Prospectus, there are 92,555,042 Common Shares, Nil Warrants, 6,000 Broker Warrants and 7,173,334 Stock Options.

- (2) Calculation based on net proceeds to the Company of \$28,810,103 (assuming the Over-Allotment Option is not exercised) and after deducting payment of the Underwriters' Fee of \$1,200,069, but before deducting expenses of the Offering, estimated to be approximately \$300,000.
- (3) Calculation based on net proceeds to the Company of \$31,630,265 (assuming the Over-Allotment Option is exercised in full) and after deducting payment of the Underwriters' Fee of \$1,380,079, but before deducting expenses of the Offering, estimated to be approximately \$300,000.
- (4) 1,292,142 of such warrants were exercisable for 1,292,142 Common Shares at a price of \$0.50 per Common Share. 1,482,253 of such warrants were exercisable for 1,482,253 Common Shares at a price of \$0.80 per Common Share. 867,598 of such warrants were exercisable for 867,598 Common Shares at a price of \$3.00 per Common Share. All such warrants were exercised or terminated by or on November 3, 2021.
- (5) 13,013 of such warrants are exercisable for 13,013 Common Shares at a price of \$0.50 per Common Share until December 19, 2021. 7,013 of such warrants have since been exercised leaving 6,000 warrants outstanding as of the date of this Prospectus.
- (6) Granted pursuant to the Company's stock option plan. Details regarding number of options, exercise price and expiry date are shown in the chart below:

Expiry Date	Exercise Price \$	Number of Options Granted
April 13, 2023	1.76	50,000
July 3, 2023	0.50	1,350,000
August 13, 2023	0.53	800,000
November 14, 2023	0.40	100,000
December 9, 2023	1.64	250,000
December 30, 2023	3.32	425,000
June 30, 2024	3.50	150,000
July 17, 2024	0.40	1,225,000
December 10, 2024	0.40	90,000
May 8, 2025	0.40	600,000
May 16, 2025	0.40	100,000
July 6, 2025	0.68	66,667
July 24, 2025	0.63	150,000
October 6, 2025	0.75	400,000
November 24, 2025	1.77	75,000
December 30, 2025	3.32	1,000,000
April 13, 2026	1.76	50,000

Other than as disclosed herein, there have been no material changes in the consolidated share and loan capital of the Company since June 30, 2021.

## USE OF PROCEEDS

### Net Proceeds

The net proceeds to the Company from the Offering (excluding any exercise of the Over-Allotment Option) are expected to be \$18,801,081 after deducting the payment of the Underwriters' Fee of \$1,200,069 payable to the Underwriters, but before deducting the expenses of the Offering (estimated to be approximately \$300,000).

The use of the net proceeds of the Offering by the Company is consistent with the Company's stated business objectives (see "*Business Objectives and Milestones*" below) and which the Company plans to allocate approximately as follows during the twenty-four month period following the Closing Date (see "*Forward-Looking Information*"):

Expenditure	Amount
General and Administrative	\$4,000,000
Acquisition of Graphene Oxide Supply <sup>(1)</sup>	\$1,000,000
Construction of GO-Silver Nanocomposite Production Plant <sup>(1)</sup>	\$1,500,000
Purchase of Coating Equipment <sup>(1)</sup>	\$1,000,000

Construction of GO Production Plant <sup>(1)</sup>	\$7,500,000
Potential Strategic Acquisitions <sup>(1)</sup>	\$1,500,000
Development of Rapid Detection Technology <sup>(1)</sup>	\$2,500,000
Building Inventory of Rapid Detection Tests <sup>(1)</sup>	\$3,000,000
Research and Development <sup>(1)</sup>	\$2,000,000
Purchase of Research and Development Facility <sup>(1)</sup>	\$2,000,000
Estimated Offering Costs <sup>(2)</sup>	\$300,000
Unallocated Funds Added to Working Capital	\$2,510,103
<b>Total Expenditures</b>	<b>\$28,810,103</b>

Notes:

- (1) See “Business Objectives and Milestones” below.
- (2) Estimate includes out of pocket expenses of the Underwriters, legal fees of each of the Company and the Underwriters, auditor fees of the Company, filing and regulatory fees.

The net proceeds received by the Company pursuant to any exercise of the Over-Allotment Option will be allocated to working capital.

The expected use of net proceeds from the Offering represents the Company’s current intentions based upon its present plans and business conditions, which could change in the future as its plans and business conditions evolve. The amounts and timing of the actual use of the net proceeds will depend on multiple factors and there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. The Company may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives, and the Company may determine to issue additional securities or incur debt to do so. The amount and timing of these expenditures will vary depending on a number of factors, including competitive and technological developments and the rate of growth of the Company’s business. As a result, management will retain broad discretion in the application of the net proceeds, and investors will be relying on management’s judgment regarding the application of the net proceeds from the Offering. See “*Risk Factors*”.

Pending the use of the net proceeds from the Offering, the Company may plan to invest the net proceeds in short- and intermediate-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or government securities, or hold them as cash.

During the last financial year the Company had negative operating cash flow because its revenues did not exceed its operating expenses. In addition, as a result of the Company’s business plans for the development of its products, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company’s cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products. The amounts set out above for use as working capital may be used to offset this anticipated negative operating cash flow. See “*Risk Factors*”.

## **Business Objectives and Milestones**

Using the net proceeds of the Offering as set out under “*Use of Proceeds*” above, the Company intends, over the next twenty-four months, to focus on the development and growth of its GO-silver nanocomposite coating for PPE and potentially other surfaces, as well as continue to develop new intellectual property and products. Specifically, the Company intends to work towards achieving the objectives and milestones set out below (see “*Forward-Looking Information*”).

### Acquisition of GO Supply

On November 11, 2021, the Company announced that it had secured a supply of GO sufficient to produce enough ZENGuard™ to coat the equivalent of 3 billion masks with shipments scheduled to begin in December 2021 and continue through the first six months of 2022. The Company has made payments for this order to date, but has additional payment obligations under the purchase order of approximately \$1,000,000 over the next six months. The Company believes this supply of GO secured significantly reduces supply risk and will allow the Company to continue to produce its ZENGuard™ coating as the need dictates.

### Construction of GO-Silver Nanocomposite Production Plant and Purchase of Coating Equipment

The Company intends to construct a production plant at which it can produce its ZENGuard™ GO-silver nanocomposite coating in house, rather than outsourcing such production. The Company has engaged the services of an engineering firm to carry out detailed engineering for a plant to produce GO-silver. This will include process design, mechanical and piping layout, electrical layout, civil/structural/architectural design, control systems and engineering. The engineering firm will also assist on budget pricing and bid evaluation. The intention is for the plant to be designed to be modular (sea can-sized modules) that can be transported to the Company's manufacturing facility in Guelph, Ontario, installed and connected. The engineering is largely completed to date, and the Company expects the plant construction to be completed in the first quarter of 2022. Additionally, the Company intends to purchase coating machinery and equipment to be used at the production plant, in order for the Company to be able to apply the ZENGuard™ produced onto various materials and products at the same site.

### Construction of GO Production Plant

In addition to the construction of a GO-silver production plant discussed above, the Company intends to construct a plant to produce GO over the next fifteen to eighteen months. The Company believes that the ability to produce GO itself rather than relying on third party suppliers of GO will be economically favourable to the Company over the long term, as well as reducing supply and shipping risk.

### Strategic Acquisitions

While the Company continues to focus on its existing business, intellectual property and products, the Company intends over the next twenty-four months to explore strategic acquisitions to acquire technology assets or engineering know-how that could aid the Company in its growth, the development of its business, and expedite bringing the Company's products and future products to market. The Company has not entered into definitive agreements in respect of these acquisitions and there can be no assurance that any negotiations will commence, result in definitive agreements or, if they do, what the terms or timing of any acquisition would be or whether these acquisitions will be completed. See "*Risk Factors*".

### Development of Rapid Detection Test Technology

The Company also has an exclusive agreement to be the global commercializing partner for a newly developed, highly scalable, aptamer-based rapid pathogen detection technology.

On June 17, 2021, the Company announced that it had signed an exclusive agreement with McMaster University to be the global commercializing partner for a newly developed aptamer-based, SARS-CoV-2 rapid detection technology. Through consultation with potential partners and in tandem with McMaster University, the Company has developed an improved aptamer with a higher binding affinity for the COVID-19 Delta variant, simplified the user experience, and optimized the production time of the aptamer-based sensor with more consistent results. The Company intends to continue to develop this technology, including the development of software and hardware, using outsourced third party developers. The Company intends to spend funds to bring the product to market as soon as possible, which will require having a working prototype prepared, having conducted baseline studies, and having made application for Health Canada approval of the rapid detection test. In addition, over the next twenty-four months, the Company expects to use funds to develop enhancements and new models of the product.

### Building Inventory of Rapid Detection Tests

Contingent on the development of the rapid detection tests and the feedback from Health Canada, the Company intends to allocate funds to the initial inventory orders of rapid detection tests during the 2022 calendar year, once the Company has determined that it is reasonably certain that the product can be brought to market. The Company expects the manufacturing to be outsourced to a third party manufacturer.

### Research and Development

In addition to the Company's focus on its existing ZENGuard™ GO-silver nanocomposite coating, and its development of the rapid detection technology discussed above, the Company also intends to spend funds over the next twenty-four months to conduct research and development to explore other potential products and uses, including,

but not limited to, using the GO-silver compound in therapeutic applications, fuel additive technology, and ice-phobic technology.

#### Purchase of Research and Development Facility

The Corporation intends to spend funds acquiring a dedicated location to conduct ongoing research and development activities, enabling the Company to control and adjust the environment within the facility according to the required parameters of the work being conducted.

### **PLAN OF DISTRIBUTION**

This Prospectus is being filed in the Qualifying Jurisdictions to qualify the distribution of 5,129,944 Common Shares (not including any Option Shares, the distribution of which shall also be qualified by this Prospectus) pursuant to the Offering.

Subject to the terms and conditions of the Underwriting Agreement, the Company has agreed to sell to the Underwriters, and the Underwriters have severally, and not jointly (or jointly and severally) agreed to purchase from the Company, as principal, a total of 3,419,000 Underwriter Shares at the Offering Price for total consideration of \$20,001,150 payable in cash to the Company against delivery of the Underwriter Shares. In addition, the Company has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part, at any time and from time to time for a period of 30 days after and including the Closing Date, to purchase up to an additional 512,850 Option Shares at the Offering Price, representing up to 15% of the Underwriter Shares to be issued pursuant to the Offering, to cover over-allocations, if any, and for market stabilization purposes. This Prospectus also qualifies the distribution of Option Shares issuable pursuant to the exercise of the Over-Allotment Option, and the grant of the Over-Allotment Option. A purchaser who acquires Option Shares forming part of the Underwriters' over-allocation position acquires such Option Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. The Underwriters have reserved the right to offer selling group participation, in the normal course of the brokerage business, to selling groups of other licensed broker-dealers, brokers or investment dealers.

In connection with the Underwritten Offering, the Company has agreed to pay the Underwriters' Fee of \$0.351 per Underwriter Share for an aggregate fee of \$1,200,069 (\$1,380,079.35 if the Over-Allotment Option is exercised in full). The Offering Price and certain other terms of the offering of the Underwriter Shares were determined by arm's length negotiation between the Company and Eight, on behalf of the Underwriters. Among the factors considered in determining the Offering Price were the market price of the Common Shares, prevailing market conditions, the historical performance and capital structure of the Company, Eight's estimate of the business potential and earnings prospects of the Company, the availability of comparable investments, an overall assessment of management of the Company and the consideration of the foregoing factors in relation to market valuation of companies in related businesses.

The Underwriter Shares will be offered in each of the Provinces of Canada, other than Québec, through the Underwriters or their affiliates who are registered to offer the Underwriter Shares for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Underwriter Shares in the United States or to, or for the account or benefit of, U.S. Persons, and in such other jurisdictions outside of Canada and the United States as agreed between the Company and the Underwriters, in each case in accordance with applicable laws provided that no prospectus, registration statement or similar document is required to be filed in any such jurisdiction.

As described above, the Issuer-Direct Purchasers have agreed to purchase, directly from the Company, an aggregate of 1,710,944 Common Shares in the Offering at the Offering Price. The Underwriters will not receive any fee in respect of any Issuer-Direct Shares, and the Issuer-Direct Purchasers shall waive any and all prospectus liability claims against the Underwriters associated with the purchase of any Issuer-Direct Shares.

Subscriptions for Common Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription book at any time without notice. The closing of the Offering is expected to occur on or about December 8, 2021, or such other date as the Company and the Underwriters may agree; however, the Underwriter Shares offered pursuant to this Prospectus are to be taken up by the Underwriters, if at all, on or before a date that is not later than 42 days after the date of the receipt for the final short form prospectus.

Under the terms of the Underwriting Agreement, the obligations of the Underwriters are several (and not joint nor joint and several) and may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to: (i) if there is a material change or a change in a material fact or a new material fact shall arise or there should be discovered any previously undisclosed material fact required to be disclosed in this preliminary short form prospectus or the (final) prospectus or any amendment thereto, in each case, that has or would be expected to have, in the sole opinion of Eight, a significant adverse change or effect on the business or affairs of the Company or on the market price or the value of the securities of the Company; (ii) if (A) there should develop, occur or come into effect or existence any event, action, state, condition (including without limitation, terrorism or accident) or major financial occurrence of national or international consequence (including by way of the COVID-19 pandemic but only to the extent that there are material adverse impacts related thereto after the date hereof) or a new or change in any law or regulation which in the sole opinion of Eight, seriously adversely affects or involves or may seriously adversely affect or involve the financial markets or the business, operations or affairs of the Company and its subsidiary, taken as a whole, or the market price or value of the securities of the Company; (B) any inquiry, action, suit, proceeding or investigation (whether formal or informal) is commenced, announced or threatened in relation to the Company or any one of the officers or directors of the Company or any of its principal shareholders where wrongdoing is alleged or any order is made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality including without limitation the TSXV or securities commissions which involves a finding of wrong-doing; or (C) any order, action or proceeding which cease trades or otherwise operates to prevent or restrict the trading of the Common Shares or any other securities of the Company is made or threatened by a securities regulatory authority; or (iii) the Company is in breach of a material term, condition or covenant of the Underwriting Agreement or any representation or warranty given by the Company in the Underwriting Agreement becomes or is false in any material respect.

The Company has agreed to indemnify the Underwriters and their respective affiliates and each of their respective directors, officers, employees, shareholders, partners, advisors and agents against certain liabilities and expenses.

Pursuant to the Underwriting Agreement, the Company agreed that, for a period ending 90 days after the Closing Date, it will not, without the prior written consent of Eight, directly or indirectly, issue any Common Shares or other equity securities or other financial instruments convertible, exchangeable or exercisable into Common Shares or other equity securities, or announce any intention to do so, other than issuances: (i) pursuant to the Underwriting Agreement, including the sales to Issuer-Direct Purchasers; (ii) the issuance of securities of the Company upon the conversion, exercise or exchange of convertible, exercisable or exchangeable securities existing on the date hereof; or (iii) the issuance of securities of the Company in connection with an arm's length acquisition of assets or securities of a company or business.

Pursuant to the Underwriting Agreement, the directors and officers of the Company and their respective associates are required to execute and deliver agreements to the Underwriters pursuant to which they will agree not to, for a period ending on the date that is 60 days following the Closing Date, directly or indirectly, without the prior written consent of Eight, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, or publicly announce any intention to do any of the foregoing, any Common Shares or other equity securities of the Company held by them, directly or indirectly, subject to customary exceptions.

**Evidence of ownership of the Underwriter Shares will be issued in non-certificated form to CDS or its nominee and will be deposited with CDS on the day of closing of the Offering. Except in certain limited circumstances, no certificates evidencing Underwriter Shares will be issued, and registration will be made only through the depository services of CDS. A purchaser of Common Shares in the United States that is a U.S. Accredited Investor will receive definitive physical certificates representing the Common Shares.**

Neither the Company nor the Underwriters will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Common Shares held by CDS or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Common Shares; or (iii) any advice or representation made by or with respect to CDS and those contained in this Prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS participants. The rules governing CDS provide that it acts as the agent and depository for the CDS participants. As a result, CDS participants must look solely to CDS and persons, other than CDS participants, having an interest in the Common Shares must look solely to CDS participants for payments made by or on behalf of the Company to CDS in respect of the Common Shares.

The Underwriters propose to offer the Common Shares acquired by the Underwriters initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of such Common Shares at the Offering Price, the Offering Price may be decreased, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for such Common Shares is less than the gross proceeds paid by the Underwriters to the Company. Any such reduction will not affect the net proceeds received by the Company.

The Company will apply to list the Common Shares issuable pursuant to this Prospectus on the TSXV. Listing will be subject to the Company fulfilling all of the listing requirements of the TSXV.

The Common Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws and, subject to registration under the U.S. Securities Act and applicable state securities laws or certain exemptions therefrom, may not be offered, sold, transferred, delivered or otherwise disposed of, directly or indirectly, within the United States. The Underwriters have agreed that, except as permitted under the Underwriting Agreement, they will not offer, sell, transfer, deliver or otherwise dispose of, directly or indirectly, the Common Shares at any time within the United States, except pursuant to an exemption from registration under the U.S. Securities Act.

The Underwriting Agreement permits the Underwriters, acting through their registered United States broker-dealer affiliates, to (i) re-offer and re-sell the Common Shares that they have acquired pursuant to the Underwriting Agreement in the United States to Qualified Institutional Buyers in accordance with Rule 144A under the U.S. Securities Act, and (ii) to offer the Common Shares for sale by the Corporation in the United States to substituted purchasers that are U.S. Accredited Investors, in compliance with Rule 506(b) of Regulation D under the U.S. Securities Act, and in each case pursuant to similar exemptions under applicable state securities laws. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Common Shares outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Common Shares that are sold in the United States will be restricted securities within the meaning of Rule 144(a)(3) of the U.S. Securities Act and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Common Shares in the United States or to, or for the account or benefit of, U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Common Shares within the United States or to, or for the account or benefit of, U.S. Persons by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act and similar exemptions under applicable state securities laws.

## **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

This Prospectus qualifies the distribution of the Common Shares, the grant of the Over-Allotment Option, and the distribution of any Option Shares pursuant to the exercise of the Over-Allotment Option.

### **Authorized Share Capital**

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As at the date hereof there are 92,555,042 Common Shares issued and outstanding.

### **Common Shares**

All of the Common Shares are of the same class as the Company's outstanding Common Shares and, once issued, will rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up. No Common Shares have been issued subject to call or assessment.

The Common Shares contain no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a securityholder to contribute additional capital.

## PRIOR SALES

The following table summarizes details of all issuances of Common Shares, or securities convertible or exchangeable into Common Shares, during the 12-month period prior to the date of this Prospectus.

Date of Issuance	Security	Issue/Exercise Price per Security (\$)	Number of Securities
October 8, 2020 to November 23, 2020	Common Shares (Warrant Exercises)	\$0.60	636,667
October 9, 2020	Stock Options	\$0.75	400,000
October 30 2020 to September 23, 2021	Common Shares (Warrant Exercises)	\$0.50	1,685,741
October 23, 2020 to November 16, 2021	Common Shares (Warrant Exercises)	\$0.80	2,355,283
November 24, 2020 to June 29, 2021	Common Shares (Option Exercises)	\$0.72	450,000
November 24, 2020	Stock Options	\$1.77	75,000
December 7, 2020 to July 21, 2021	Common Shares (Option Exercise)	\$0.68	66,666
December 9, 2020	Stock Options	\$1.64	250,000
December 30, 2020	Stock Options	\$3.32	1,425,000
January 6, 2021 to July 26, 2021	Common Shares (Option Exercises)	\$0.40	70,000
April 8, 2021	units <sup>(1)</sup>	\$2.50	1,735,199
April 8, 2021	Common Shares <sup>(2)</sup>	\$2.50	15,592
April 13, 2021	Stock Options	\$1.76	100,000
June 17, 2021	Stock Options	\$2.61	100,000
June 30, 2021	Stock Options	\$3.50	150,000
July 23, 2021	Stock Options	\$3.10	25,000
September 3, 2021	Stock Options	\$3.69	100,000
September 20, 2021 to November 18, 2021	Common Shares (Warrant Exercises)	\$3.00	853,049
September 21, 2021	Stock Options	\$4.08	120,000
October 13, 2021	Stock Options	\$4.92	100,000
October 26, 2021	Stock Options	\$4.77	50,000
November, 16, 2021	Common Shares (Option Exercise)	\$0.53	60,000

Notes:

- (1) Each unit was comprised of one Common Share and one half of one warrant, each whole warrant exercisable to acquire one Common Share at a price of \$3.00 until April 8, 2023 subject to acceleration provisions.
- (2) Issued in lieu of cash commissions.

## TRADING PRICE AND VOLUME

### Common Shares

The Common Shares are listed for trading on the TSXV under the trading symbol “ZEN”. The following table sets out the high and low closing market prices and the volume traded of the Common Shares on the TSXV since November 2020:

2020	HIGH (\$)	LOW (\$)	VOLUME
November	2.23	1.05	9,118,540
December	3.77	1.38	11,881,528
<b>2021</b>			
January	3.76	3.17	6,819,904
February	3.49	2.77	3,247,472

March	3.49	2.28	5,641,264
April	3.00	1.71	7,084,792
May	2.44	1.93	2,238,021
June	3.59	2.48	4,290,710
July	3.51	2.82	2,106,651
August	3.34	2.71	1,376,705
September	5.99	3.15	7,992,770
October	5.48	4.30	4,468,373
November 1 to 19	7.18	5.67	5,244,131

## RISK FACTORS

An investment in the Common Shares is subject to certain risks. Risk factors relating to the Company are discussed in the AIF (on pages 15 through 28), all of which are incorporated by reference in this Prospectus. These risk factors relate to the following: no operating revenues and history of losses, no guarantee of success, intellectual property, lack of revenue from graphene sales, product development and technological change, market development and growth, unpredictable sales cycles, government regulation and import/export controls, industry competition, lack of trading market for graphene, shortages, need for additional funding, no history of operations on mineral property, preliminary economic assessments, single primary asset, estimates of mineral resource risks, infrastructure, property titles, first nations, going concern, commodity markets, market fluctuation and commercial viability, operating hazards and risks, health, safety and community relations, environmental protection, pre-existing environmental liabilities, mining risks and insurance, reliance on key personnel, liquidity risk, share price fluctuations, public health crises such as the COVID-19 pandemic, climate change, conflicts of interest, uninsurable risks, cybersecurity threats, dilution and no dividends.

These risk factors, together with all of the other information included or incorporated by reference in this Prospectus, should be carefully reviewed and considered before a decision is made to invest in the securities offered hereunder. The Company has encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. Additional risks not currently known may also negatively impact the Company's business operations and results of operations. If the Company's assumptions regarding these risks and uncertainties (on which the Company relies in the planning of its business) are incorrect, change due to changes in the Company's markets, or if the Company does not address these risks and uncertainties successfully, the Company's business, prospects, financial condition and results of operations could differ materially from its expectations and/or could be materially and adversely affected. In addition to such risk factors, investors should consider the following additional risks related to the Offering:

### Negative Operating Cash Flow

During the financial year ended March 31, 2021 and the interim period ended June 30, 2021, the Company had negative operating cash flow because its revenues did not exceed its operating expenses. In addition, as a result of the Company's business plans for the development of its products, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company's cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products. To the extent the Company has negative cash flow in any future period, the Company may be required to use net proceeds from the Offering to fund such negative cash flow from operating activities. In order to stay in business, in the absence of cash flow from operations, the Company will have to raise funding through financing activities. However, there is no certainty the Company will be able to raise funds at all or on terms acceptable to the Company in the event it needs to do so. Furthermore, additional funds raised by the Company through the issuance of equity or convertible debt securities would cause the Company's current shareholders to experience dilution. Such securities also may grant rights, preferences or privileges senior to those of the Company's shareholders. The Company does not have any contractual restrictions on its ability to incur debt and, accordingly, the Company could incur significant amounts of indebtedness to finance its operations. Any such indebtedness could contain restrictive covenants, which likely would restrict the Company's operations.

## **Uncertainties Relating to the Company's Business Plans**

There is no assurance that broad successful commercial applications may be feasible for the Company. The Company is continuing to explore, develop, and test its current products and new products, and there can be no assurance that new uses of existing products or new products will be fully developed for commercial application, that test results will be successful, if completed at all, or that any necessary permits or approvals required in order to market such products will be obtained by the Company.

The Company's business is in part dependent on patents, trade secret and other intellectual property laws of Canada, and potentially foreign jurisdictions. The Company may be unable to prevent third parties from using its intellectual property without its authorization. Some of the Company's current or future technologies and trade secrets may not be covered by any patent or patent application, and the Company's issued and pending patents may not provide the Company with any competitive advantage and could be challenged by third parties. The Company's inability to secure issuance of pending patent applications may limit its ability to protect the intellectual property rights these pending patent applications were intended to cover. The Company's competitors may attempt to design around its patents to avoid liability for infringement and, if successful, could adversely affect the Company's market share. Furthermore, the expiration of the Company's patents may lead to increased competition.

Additionally, the Company plans to construct facilities for some of its operations and business activities. There can be no assurance that locations will be secured on terms favourable to the Company or at all, that engineering plans will be completed or will be satisfactory for the intended business activities of the Company, or that construction of such facilities will be completed. If such facilities are not constructed, there could be a material adverse effect of the Company's planned business and operations.

## **Listing Application in the United States**

The Company has applied to list its Common Shares on Nasdaq in the United States, and such listing will be subject to the Company fulfilling all of the listing requirements of Nasdaq. The Company cannot provide assurances listing on Nasdaq will be completed, or that an active trading market will develop in the United States or will be sustained if listed.

## **Unallocated Proceeds of the Offering**

The Company intends to use the net proceeds of the Offering (the "**Offering Proceeds**") in the manner described under the heading "*Use of Proceeds*". However, the Company's management will have broad discretion concerning the use of the Offering Proceeds as well as the timing of their expenditures, and there can be no assurance as to how the funds will be allocated. The failure of the Company to apply these funds effectively could negatively impact the success of the Company's business.

Until utilized, the Offering Proceeds will be held in cash balances in the Company's bank account or invested at the discretion of the directors of the Company. As a result, a purchaser will be relying on the judgment of management of the Company for the application of the Offering Proceeds. The results and the effectiveness of the application of the Offering Proceeds are uncertain. If the Offering Proceeds are not applied effectively, the Company's business, prospects, financial condition and results of operations may suffer, which could have material and adverse effect on the trading price of the Common Shares in the market.

## **Dilution**

While the net proceeds of the Offering are expected to enhance the Company's liquidity, to the extent that a portion of the net proceeds of the Offering remains as cash, the Offering may dilute the interest of holders of Common Shares. In the future, the Company may raise funds through the sale of additional Common Shares or securities convertible or exchangeable into or exercisable for Common Shares. Any such issuances may dilute the interests of the then-current holders of Common Shares and may have a negative impact on the market price of the Common Shares.

## **TRANSFER AGENT AND REGISTRAR**

Effective as of November 22, 2021, the registrar and transfer agent of the Company is TSX Trust Company, having an address of 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 1S3.

## **PROMOTERS**

No person or company is or has been, within the two most recently completed financial years or during the current financial year, a promoter of the Company.

## **INTEREST OF EXPERTS**

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Prospectus as having prepared or certified a report, valuation, statement or opinion in this Prospectus.

Irwin Lowy LLP, counsel for the Company, DLA Piper (Canada) LLP, counsel for the Underwriters, may opine as to certain matters related to the Offering. As of the date hereof, partners and associates of Irwin Lowy LLP and DLA Piper (Canada) LLP, each as a group, own, directly or indirectly, in the aggregate, less than 1% of the securities of the Company.

The auditor of the Company, McGovern, Hurley, Cunningham, LLP, has informed the Company that it is independent with respect to the Company within the meaning of the Code of Professional Conduct of Chartered Professional Accountants of Ontario.

## **STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

**CERTIFICATE OF THE COMPANY**

Dated: November 22, 2021

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada except Quebec.

Signed: "*Greg Fenton*"  
Chief Executive Officer

Signed: "*Brian Bosse*"  
Chief Financial Officer

On behalf of the Board of Directors

Signed: "*Francis Dubé*"  
Director

Signed: "*Eric Wallman*"  
Director

## **CERTIFICATE OF THE UNDERWRITERS**

Dated: November 22, 2021

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada except Quebec.

### **EIGHT CAPITAL**

Signed: "*Tony P. Loria*"  
Principal, Vice Chairman, Calgary

### **LEEDE JONES GABLE INC.**

Signed: "*Jim Dale*"  
Chief Executive Officer

### **RESEARCH CAPITAL CORPORATION**

Signed: "*David Keating*"  
Managing Director, Head of Equity Capital Markets and  
Co-head Capital Markets